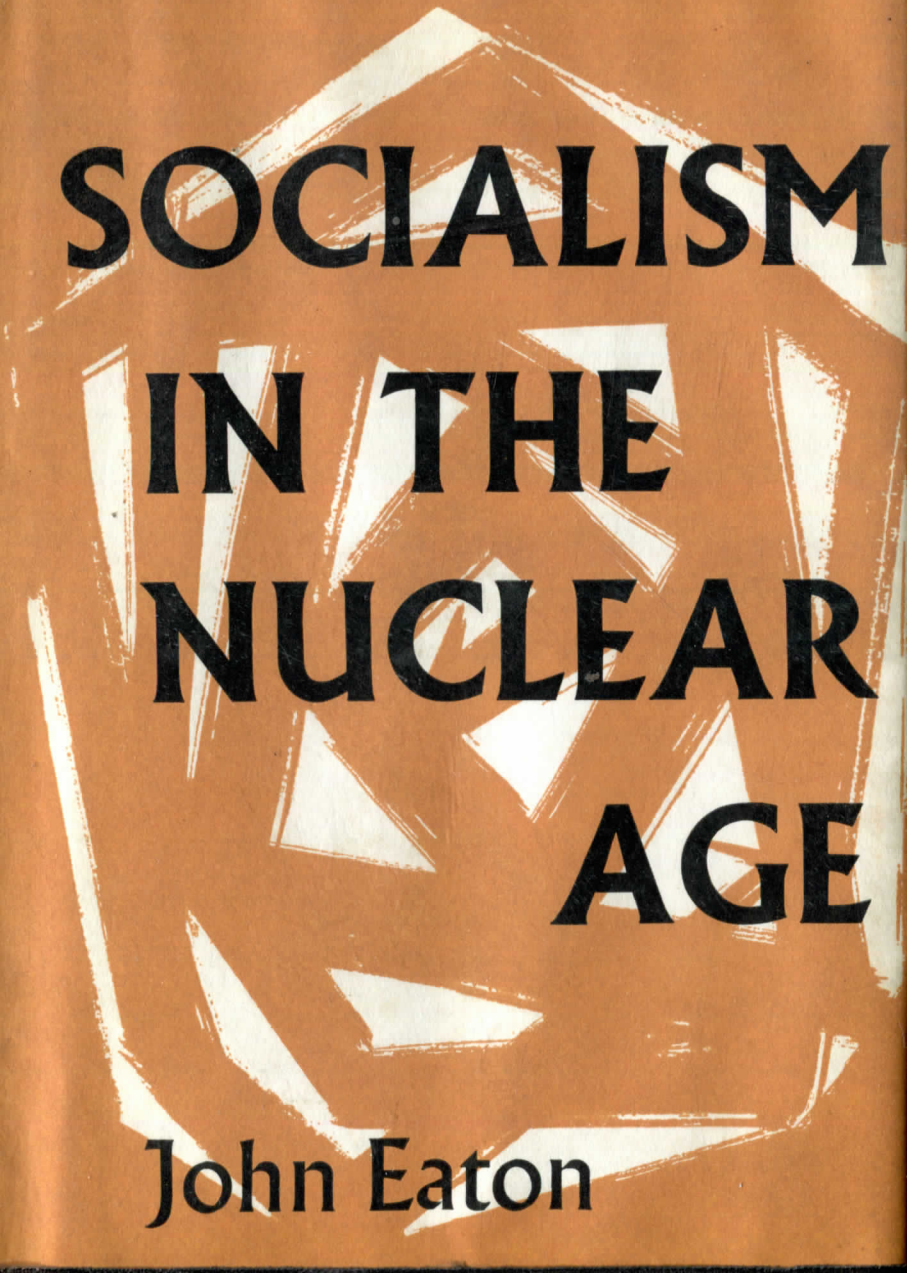
SOCIALISM IN THE NUCLEAR AGE



John Eaton

by the same author:

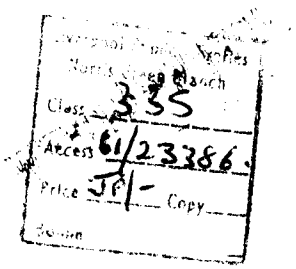
POLITICAL ECONOMY, A MARXIST TEXTBOOK
MARX AGAINST KEYNES
ECONOMICS OF PEACE AND WAR

SOCIALISM IN THE NUCLEAR AGE

by

John Eaton

1961
LAWRENCE & WISHART
LONDON



Printed in Great Britain by
Taylor Garnett Evans & Co. Ltd,
Watford, Herts, for the publishers,
Lawrence & Wishart, London

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PREFACE

We live in a nuclear age. Or one might call it "the atomic age" or "the age of automation" or "the second industrial revolution". Whatever the phrase, the essential fact is that we live at a time when new scientific knowledge and techniques are profoundly changing the bases of social life, of relationships between man and man and nation and nation.

These profound changes in the technical basis of man's life coincide with vast political changes. Within my own lifetime socialist economic systems have come into being in about a dozen countries—or between one-third and one-half of the world—and in this year 1960, as I write, one after another new nation emerges towards political independence after years of colonial subjection.

But there is a great question-mark the shadow of which lies across every facet of the present. Is it possible to prevent the cataclysm of a nuclear war? In agreeing that the paramount necessity in the present is the fight for peace, many who are socialists and many who are not can unite with a common purpose to create a terrain on which the strivings of humanity for progress can continue.

Yet the position demands of us an attitude towards the future. Are not we in fact all half conscious that to have hope and confidence of escaping from the shadow of war would be the beginning of the opening for the whole world of a new way of life? In 1917 we were quick in Britain to sense the world significance of the Russian Revolution. We are beginning now to sense that the first action to bury war in the past will lay the foundation stone of a new kind of world.

It is against this background that I have reviewed in my own mind the case for socialism—in which I have long believed—

and set down my conclusions in this book under the general title of *Socialism in the Nuclear Age*. If this book provides some guiding ideas for discussion and thinking about contemporary society, or if it in any way helps others who are trying to shape their own attitudes towards the future, it will have served its purpose.

J. E.

I

DEFINING SOCIALISM

Main features of socialism and capitalism contrasted—"scientific socialism"—historical development—the market, money and incentives—directness of planned socialist production contrasts with circuitousness and "anarchy" of capitalist production—the defects of "laissez-faire".

SOCIALISM can be defined quite briefly and precisely. A simple definition is that it is "planned production for use, the property basis being public social ownership of the means of production". Is such a definition "scientific"? I think it is; but it is very far from being an undisputed definition, in the sense that definitions of species in, say, biological sciences or chemical compounds in the science of chemistry are more or less generally accepted.

Quite a war goes on about the *meaning* of the word socialism and, in fact, this war will long continue because it is an aspect of the war about socialism itself. I don't intend to do battle with all the rival definitions of socialism; but rather to defend, explain and justify the definition given.

The force and the meaning of the above definition derive from the distinctions it points to between a "socialist economy" and a "capitalist economy". A capitalist economy may, in brief, be defined as "commodity production for private profit, the property basis being private (capitalist) ownership of the means of production". This definition refers to a national economy as a whole, and points to its predominant character (and the question of whether such a thing as a "mixed economy" is possible is for the time being set altogether to one side).

By "commodity production" I mean production of goods for the market, for exchange by sale. This is the sense in which Marx uses the term. His very detailed study of commodities (i.e. goods produced for exchange) forms the starting point and, logically, the foundation stone of his whole analysis of capitalism; since capitalism is an economic system saturated throughout with innumerable and incessant commodity exchanges, and one in which the mass of the people depend for their living on turning their power to work into a commodity which they daily sell for wages. Commodity production in this sense contrasts with production directly for use without the intervention of the market as, for example, food-production to feed the producing community in primitive societies or on a feudal estate.

Socialism is, in fact, "the opposite" of capitalism; and this oppositeness appears in all the parts of the definition. Planned production contrasts with commodity production; use as the purpose of production in one case contrasts with profit in the other; public ownership of the means of production contrasts with private.

The explanation of these differences, these contrasts, could be very lengthy. To explain commodity production and production for profit is to explain the whole of the system that emerged in Europe out of feudalism. The definition of this system is simply a sort of summary of the essential economic characteristics of society as it emerged in various national communities. The definition is a thumbnail sketch of something that existed—and exists—in human history (as the definition of a species describes essential characteristics of types of creatures that have existed and exist in the history of living things on this earth).

Socialism also exists in human history—in Russia, China, Czechoslovakia, Poland, etc.; but whilst a lot is being and will be learned by concretely examining the economic systems developing in these countries, the definition of a socialist system in essentials was made long before any socialist system

anywhere existed. A number of social and political theorists contributed to the conception of socialism, but the first scientific definition of socialism must be attributed to Marx and Engels. They themselves used the word "scientific" to distinguish their conception of socialism from the ideas of their socialist predecessors.

The point about science is that it observes and analyses objective reality; it defers absolutely to the actuality of objective reality. How then is it that it was possible to define socialism "scientifically" before it actually existed? This was possible because the definition arose out of the most detailed examination of what actually existed. It is as if a scientist had an opportunity of studying in great detail, observing, dissecting, analysing eggs, caterpillars, and chrysalises but had never been able to see a butterfly emerge from a chrysalis. Even so it would be possible for him to deduce certain essentials about the characteristics of the creature that would eventually emerge from the chrysalis.

In the nineteenth century a number of capitalist societies were there to be studied; as economies (whatever one may think of other aspects) the capitalist countries represented the most advanced forms of social development. What would emerge out of them could only be deduced from a study of what existed—but such a study did make some very general, very broad deductions possible as to the essentials of the type of economic system that might emerge from capitalism.

However, what Marx and Engels had to say about socialism could not—in the nature of things—be detailed or extensive. Their great achievement was to point to the basic features of a new economic system which they said were determined by the historical possibilities which the evolution of capitalist society had opened up. There was not much more to say in advance of the actual emergence of socialist societies, whereas what they (and others) have had to say about capitalism fills many volumes, and even so there are many fields for fruitful scientific investigation that remain untouched. Lengthy scientific

volumes about socialist economies will only begin to appear (and they are beginning to appear) as actual, historically-existing socialist societies begin to develop. Anyone who turns to Marx, Engels or other scientific socialists of the nineteenth or early twentieth century, looking for a detailed, specific, "full" description of a socialist economy does not yet understand what "scientific socialism" or for that matter "scientific economics" is. The prediction of the bare essentials of socialism was a deduction from the actual nature of capitalism. The flesh and bones of actual socialist societies will be determined by the historical circumstances of their formation.

It is because the concreteness of actual historical development is left out that the formal definition tells only a fraction of the whole story about socialism. But provided the limitations of a general definition, its abstractness, etc. are recognised from the start, it can nonetheless be used as a point of departure for economic analysis.

The general definition is abstract in the sense that it is devoid of actual historical content; and no feat of imagination can make good this deficiency. How different in fact are the formations of socialism emerging in China from those of the Soviet Union, and yet the two countries' systems conform to the definition of a socialist economy and are identical so far as the terms of the abstract definition go.

In certain respects there were similarities between the social conditions of Russia and China prior to their socialist revolutions; for example, the preponderance of a backward peasantry and the comparative smallness and weakness of modern industry. It follows with even greater force that it would be "more impossible" to forecast by a feat of the imagination what the characteristics and peculiarities of socialism would be within such a country as Britain. The British people will make socialism in their own way, not out of their imaginations or the imaginations of a few great leaders but out of the actualities of historical development. The present as shaped by history is the raw material to which the wills of living people will be applied.

But the elementary form of change in the economic basis of society—if there is to be a change that goes to the root of things—has already been determined by the course of history to date. To say this is, in fact, to say very little. It is simply saying that British socialism, however different it may be from socialism as it will have developed in other parts of the world, will still conform to the broad general definition, will through all the differences and specific peculiarities retain a common element with socialist economies elsewhere in respect of (a) the property basis, viz. public social ownership of the main means of production, and (b) the purpose of production—for use not for profit, and (c) closely linked with this the form of organisation, namely, to accord with a social plan, as contrasted with the planlessness ("anarchy") of commodity production which is socially co-ordinated not by a social plan but by market conditions and price levels.

In one case the consciously-shaped plan is the master, in the other the market is the "unconscious" resultant of a number of decisions taken in isolation by producers and consumers, buyers and sellers of commodities.

(We are dealing here only with the *economic* formations and not with the political forces, the *classes* supporting and operating this economic system. Behind the market system of capitalism stands the capitalist class as the political master and behind the conscious plan of a socialist economy stands a democratic, classless society as the goal of the working-class struggle against capitalism, a classless democracy being the type of society that is to meet the situation which arises with the ending of the political and economic mastery of the capitalist class.)

What reasons compel the conclusion that history has already determined the broad outline of any new society emerging out of capitalism, and what is the nature of this determination? It is not in fact absolute. It might be that some cataclysmic event such as, for example, a nuclear war or a gigantic natural calamity could break altogether the thread of historical development. In predicting the "necessity" of socialism,

continuity of historical development is assumed; and this is much the same thing as saying that the form of the new society is shaped in the womb of the old. Historical development implies economic progress in the sense that more advanced methods of production prevail over less advanced. Those methods of production which increase man's mastery over nature oust those that restrict or encumber such mastery.

It was in this way that capitalism made headway against feudalism. Better methods of production enlarged the profits of the capitalist producer. The freer and wider the markets opened to the capitalist, the more the productively advanced capitalist was strengthened. The freeing of markets and the freeing of individual initiative and scientific thought and experimentation were the slogans of developing progressive capitalism.

Through the market, individuals within a country are economically linked and interrelated one to another, and through the world market nations are economically linked and interrelated, causing the arena within which capitalism now operates as an economic system to be world-wide in its extent.

The market has developed to a very high degree the social interdependence of economic life. Today the economic unit on which each individual is dependent for his work and well-being is the whole nation. Production and distribution is social now on a national scale and only remains individual or family-based to a trivial extent. But production is still in the main conducted to serve the private purposes (the making of profit through exchange on the market) of the owners of the means of production (the factories, the mines, the land, the machines, the raw materials, the funds for payment of wages, etc.).

Whatever the horrors and abuses it drew in its wake, the pursuit of profit originally served the socially valuable purpose of developing modern industrial machine-production rapidly and widely. But once this development of the forces of production had been achieved, the profit system, its planlessness and

lack of consciously co-ordinated social purpose, turned into an obstacle to social progress.

Huge social efforts are exerted which achieve results in total quite different from what people individually or collectively want. Society is unable to reap the fruits of its command over nature. Power to control nature should give men a sense of security, but in fact rarely has humanity felt so insecure as it does today in the capitalist world. There is no guarantee—for most—of continuing employment, leave alone congenial employment. Life becomes an unending "rat race", or a sort of lunatic "musical chairs" with human beings pushing and shoving their fellows, vainly trying to make themselves sure of a seat of their own to sit upon.

This however is only a quarter of the total insecurity; for the race to invent progressively more horrific weapons and other "scientific" means of destruction constantly makes it problematical whether there will be a future to worry about.

So how to change? Clearly the new forces of production, the new means of command over nature are not for throwing away but for being used. They spell potential wealth for everyone. Any return to the "simplicity" of primitive life is out of the question.

Mankind will certainly retain, use and develop the most modern means of production and the most advanced technical knowledge and science. This means large scale social organisation of production and exchange of products. It is this basic fact that determines the essential characteristics of any new economic system emerging out of capitalism. There must be innumerable variations in the different communities that develop upon the basis of socialist economic relations, but as to the fundamentals there is no room for difference. If the means of production are not privately owned, is not the only alternative that they should be publicly owned? If the decision as to what is to be produced is not to be governed by the market, by prices and the balance of supply and demand expressing itself through the movement of prices on the

market, how else is it to be governed but by consciously planned targets co-ordinating all the various branches of production so that the desired quantity of end products may be produced? And the incentive of production, instead of being circuitous as it is in a capitalist economy, so becomes quite straightforward.

There is no conceivable possibility of undoing and reversing the technical revolutions that have already taken place. Inevitably today the means of production must be concentrated in massive installations representing also a vast concentration of economic power, untrammelled by social authority so long as ownership of capital is in private hands. The choice is not between numerous competing *entrepreneurs* owning their own factories and centralised State ownership; it is between highly centralised, but socially irresponsible private monopolies and highly centralised publicly-owned plants that are answerable to the public—that is, to everyone. Once the necessity of public ownership in this present age of automation and nuclear energy is recognised, the political problems of enabling the whole mass of people, each with freedom to express his own will, to function as a governing social force can the better be tackled.

In a capitalist economy, money opens all doors; a great thirst for money develops. Money in a commodity-society is the means of living and the only means of living; it is power, position, material freedom condensed, as it were, into universally usable measurable divisible transferable quantitative units. To be without it is to be without the power to obtain the means of living, to be at the mercy of others, to suffer the material constraints of poverty.

Unlike the goods that money buys, the appetite for it —within a capitalist society—is never satiated. A starving man will do a lot for a loaf of bread; but once a man is fed it is no great incentive to offer him food. It is broadly the same with all commodities from the point of view of their use. But money continues without limit to serve as an incentive; for the poor man it is the means to the means of life. For the

not-so-poor it is the means to a fuller life. For the rich it is the means to power, position, prestige, security.

In a capitalist economy the pursuit of money leads to the carrying out of the social processes of production as a by-product of the pursuit of money. That is what I mean when I say that men are induced in a capitalist society in a *circuitous* way to engage in the mastering of nature to meet their needs, viz. in the process of production.

Money entices the worker to sell his labour-power. The main incentive that gets the world's work done is the workers' need to "*earn a living*"—that is, in the words of the song, "To earn the money to buy the bread to get the strength to go to work to earn the money to buy the bread to . . ." etc., etc. *ad infinitum*. To the capitalist, money in the form of profit is the incentive to use his property productively, to use his money as capital, to turn it over so as to turn money into more money, i.e. to make a profit. He must do so to maintain his power, status and position as a capitalist. To maintain his position as a capitalist he must never cease to engage his capital actively. The life of capital consists in its endlessly repeated turnover and the life of the capitalist is derived from this. If he pauses in this endless cycle of turning money into more money he will be pushed aside by those who more actively and successfully pursue this course.

Later on I will discuss economic incentives from a different angle and more thoroughly. Here, only enough needs to be said to help to find the basic essentials of a socialist economy, doing so here negatively by contrasting it with what it is not —with what it supersedes and ousts, what it "negates".

In a socialist economy the social purpose of production is straightforward and conscious; in a capitalist economy *as such* the social purpose of production is only circuitously fulfilled and is not the conscious purpose in the minds of the actual producers (the workers) or those who direct production (the capitalists), for both of whom the conscious purpose is to make money.

Please bear in mind that I am still dealing with the *definition* of a socialist economy and am expressing extremely *general ideas* about socialism. I am trying to *contrast* the fundamental characteristics of a commodity economy and a planned economy. A capitalist economy is a fully developed commodity economy.

Commodity exchange (commerce and trade) had a place in the ancient slave societies and in feudal society, but it did not constitute the sole or most important economic relation. In particular, the relationship in the production process between worker and master was, neither in slavery (where the master owned the slave-worker) nor in feudalism (where the master controlled the labour of the serf by custom and by right), a commodity or market relationship.

In capitalist economy all economic relations have become commodity relations and the worker now *sells* his labour-power to the capitalist. All social relations of production distribution and exchange have become commodity relations. The economic activities of men are linked one to another always through the market. The market rules in determining the direction of each man's economic activities.

Capitalist production is "anarchic"; that is, there is no controlling conscious purpose other than that of submitting oneself to the rule of the market. The order imposed upon the economy—such as it is—is the order of the market. Men submit themselves to the domination of the market as they would to the domination of natural forces, as for example, the weather or the tides. The resultant of the actions of myriads of men all following their own courses without any social co-ordination of their purposes confronts mankind in just the same way as a natural force. Men bow their heads before an economic crisis as they would before a storm.

At the back of this emergence of economic forces external to the will of man, operating as if they were natural forces, is a conscious political act of acceptance—viz. the acceptance of

the whole policy of freeing commodity production from the trammels of feudalism.

This acceptance was far from passive. Prolonged and bloody revolutionary struggles were needed to win freedom for the capitalist way of life. And once it had emerged, the defence of capitalism has always revolved around one basic proposition, namely that of *laissez-faire*—the doctrine that social interests are best served by each pursuing his own personal economic advantage.

The one conscious deliberate decision that men need to take is to leave their economic affairs to be regulated by the laws of the market; in this way—so runs the case for laissez-faire—the social product and its distribution will be of such a character as to reflect all the nuances of individual choices and preferences.

Historical experience has combined with theoretical criticism to demolish the theory of laissez-faire. The case for freeing commodity production and exchange from the restrictions of feudal society was justified by the fact that capitalism developed new forces of production. But the notion that commodity production left to itself would lead to a sort of paradise of anarchy was quite without foundation; it was a myth gaining currency because it made such a good case for capitalism out of such unpromising material. "Let each seek his own financial advantage without need for conscious co-ordination and all will be for the best in the best of all possible worlds"—what a delightful way of life that would have been if only it had truly been the way things went! In fact, instead of giving men scope for the development of all their needs and faculties as many-sided human beings, capitalism has horribly cramped the vast majority of them into poverty of body and poverty of mind, into soul-destroying subjection to the pursuit of money.

What capitalism achieved has been the liberation of human society from the spiritual and material fetters of feudalism and the expansion of productive forces at a hitherto unprecedented

rate. Alongside of this has gone a great growth in the natural sciences. But once the break-through had been effected, the historical limitations of capitalism began to become apparent. The planlessness of capitalism, its lack of conscious social co-ordination, leads to appalling waste of resources. Technical and scientific potentialities are not developed. Despite the vastly increased powers to produce wealth, the vast majority of people spend their working and sleeping hours wearing themselves out with effort or care imposed by the difficulties and uncertainties of trying "to make a living"—difficulties and uncertainties not due to human inability to master natural circumstance but due to human inability to control humanity's own social and economic relationships, the relationships of man to man. Instead of enriching man, the specialised pursuit of wealth through exchange has turned the faculties of human beings into commodities and, by dehumanising them, drained men of freedom to satisfy their desires and pursue their dreams.

The short definition of socialism spotlights the salient differences between capitalism *in general* and socialism *in general*. To spend some time considering the purpose of production under capitalism (production for profit) contrasted with the purpose of production under socialism (production for use) has been necessary because, on the face of it, it seems that all production must always be *for use*—otherwise it is quite pointless. However, in fact this necessity of human life, viz. engaging in production, is achieved under capitalism circuitously and indirectly, and until this fact is recognised "production for use" appears a banal and platitudinous concept and the revolutionary significance of a socialist transformation of a country's economy is quite missed.

As soon as the contrasts between capitalism and socialism begin to be considered at a less abstract, generalised level, a host of questions arise. For example: (i) Is not the economic system of Britain (and for that matter other industrial countries of the West such as U.S.A. and Germany) quite different today from the laissez-faire capitalism of the nineteenth century?

Is it still capitalism? (ii) Is it not to some extent possible to give a conscious social direction to the development of capitalist production and distribution whilst retaining its commodity form? (iii) How can needs, which are the needs of many millions of individuals, find expression in the shaping and direction of a highly centralised production plan? (iv) Is planning incompatible with private ownership and commodity production? (v) Do not commodity production and the money incentive continue within socialism? Does not socialism itself retain many of the features of capitalism?

The definitions I have so far been considering—of socialism and of capitalism—relate to historical reality viewed, as it were, from afar, in its broad outlines. In posing the questions listed above I am moving closer to the particular circumstances of the British economy at the present time. The discussion of these and associated questions forms the main content of the next few chapters.

2

IS CONTEMPORARY CAPITALISM STILL CAPITALISM?

Changes in contemporary capitalism great but not fundamental—theory of managerial revolution—smaller shareholders dominated by big capital—profit the motive force of production.

I

Is not the economic system of Britain today quite different from laissez-faire capitalism of the nineteenth century? Is it still capitalism? Currently the attack of British social-democracy on Marxism largely supports itself on the proposition that capitalism has changed so radically as to be a different type of economic system.

It is the contention of a dominant trend of social-democracy that what we now have in Britain is a "mixed economy"—an economy, that is, in which there is a mixture of public ownership and control with private, and also one in which the State is able (despite the fact that public ownership is limited to a minority share) to control on broad lines the distribution of the product and the direction of the economy. They distinguish the new system sharply from "laissez-faire capitalism" for which all their barbs of criticism are reserved.

Marxists do not dispute that capitalism has changed radically, and maintain that more or less at the turn of the century capitalist society passed into a new *stage*, namely that of monopoly capitalism—a stage in which the hitherto existing competitive capitalism began to be dominated by a handful of powerful industrial and financial giants.

The difference between the Marxists who describe these changes as a new *stage* of capitalism and social democrats who speak of a new *system* are really very profound and lead to immense differences in practical politics. The social-democratic theory leads to the conclusion that—as the economic system has already changed *fundamentally*—the struggle between capitalism and socialism is no longer important as an economic struggle, but continues only as a "moral" contest, a struggle about political and social values, about the aims to be pursued in administering and directing the economy.

Marxists say that the fundamental aim and fundamental need, if there is to be any possibility of lasting social, moral and material progress, is to transform the economic basis of society; in place of planless commodity production for profit on a basis of private ownership of the means of production, to organise planned production for use on a basis of public ownership of the means of production.

To uphold the Marxist case for such a revolutionary transformation it is necessary to demonstrate that present-day capitalism, despite the emergence of monopolies, despite the substantial publicly-owned sector, despite the extensive involvement of the State in economic affairs including control of the monetary system, administration of a huge tax revenue, price controls, distribution of industry controls, subsidies, extensive social services expenditure and the rest of it—it is necessary to demonstrate that despite all these new activities of monopoly capitalism and State monopoly capitalism, this so-greatly-changed economy remains unchanged in the most fundamental principles of its organisation, remains a type of society which it is scientifically correct to define as capitalism.

The essential characteristics of a capitalist economy are private ownership of the means of production and the predominance of commodity production for private profit, viz. the rule of the market as opposed to the rule of a consciously conceived plan of production. An economic system in which

these characteristics predominate is by consequence one in which the capitalist class exploits the wage-labour of the working-class, controls the surplus-product and is established in a position of social and political dominance.

2

It is easy to demonstrate that in a technical sense private ownership predominates in Britain. The nationalised publicly-owned sector accounts only for about one-fifth of the total production.

But it is then further argued that the key sectors of industry are great trusts which are owned not individually but by a large number of different shareholders none of whom has a block of shares sufficient to give control of policy. In a sense, it is argued, capital has been partially socialised by the widely dispersed ownership of shares. The manager or the managing board of directors are neither themselves the owners nor in any real sense the servants or appointees of the actual owners of the capital. Therefore, the argument runs, the managers of the great trusts are in no essential way different from the managers of, say, nationalised industries.

This line of argument is commonly described as the theory of the *managerial revolution*. The essential of this theory is that property ownership no longer counts, and control of the economic system has now passed into the hands of a self-appointing self-perpetuating managerial élite. The struggle for power is the struggle for position between members of the industrial, commercial and financial bureaucracy. The contest is not between those who have capital but between those who have managed to plant their feet on the ladder of managerial advancement, the hierarchy of the great power-organisations.

The implications of this line of argument are, of course, that the same rat-race goes on and will go on in the vast organisa-

tions of a socialised economy. It is one of the lines of argument tending to equate socialism and monopoly capitalism. Like all good lies it is built on a half-truth. (I will leave for later discussion the problem of bureaucracy, careerism and place-seeking in a socialist society, and concentrate at this stage on the situation in a monopoly capitalist society.)

The half-truth in the false theory of the managerial revolution is the undoubted fact that highly-placed executives in the great financial and industrial organisations of monopoly capitalism do exercise considerable social power, just as generals or highly placed civil servants do. Moreover, in some of the large trusts shareholding is so widely dispersed and the shareholders so little able to assert a co-ordinated policy against the management, that the real controlling power of the management is much greater than the nominal control of the shareholders.[1]

There are however two good reasons for totally rejecting the theory of the managerial revolution. The first is that the extent to which the managerial direction is divorced from ownership of capital is grossly exaggerated. The facts tell a different story; there are still a number of giant concerns controlled by families which have inherited property in the business. There are also many great trusts in which a decisive shareholding is held by a few key directors whose votes dominate the policy of the company.

The first refutation of the theory that management has become divorced from ownership is that over a large part of industry it has not. But what of the sectors of the economic system in which such a divorce appears to have taken place?

The question to ask here is who—if the power of the shareholders is only formal—really exercises power that is sufficient,

[1] In such cases, however, whilst there are numerous small shareholders there generally are blocks of larger shareholders concentrated in comparatively few hands so that a consortium of larger shareholders is in a position to exercise decisive control.

should it come to a showdown, to put the "manager"[1] in his place?

The answer is really very simple—it is the men with the biggest reserves of economic power at their command, which in the last analysis means the £ millions that they personally own and control. The competition between capitalists—perhaps rivalry is a better term, since "competition" implies more usually price competition in the market according to straightforward rules of buying and selling—the rivalry, then let me say, between capitalists is like warfare in which the main factors are the number and equipment of forces, but in which also generalship and skilful manoeuvre count for a great deal.

The simple equation, economic power equals £ s. d., may be too simple; but in the last analysis economic power becomes real only in so far as it can consolidate itself in the form of personal ownership and control of capital. In the case of large companies in which there are no decisive personal shareholdings, there will certainly be several large blocks of institutional shareholdings by banks, insurance companies, investment trusts, etc. In an emergency, influential individuals in these investing institutions will usually be able to co-ordinate the use of these institutional votes and so control the company's policy. But oftener than not the managers will know on which side their bread is buttered, and a word or two from a recognised power in the world of finance and investment will be enough to bring them into line with the policy of the "big guns", the real owners and controllers of capital.

In practice any management that got at cross-purposes with the financial interests on which it normally depends would soon run into difficulties unless it was able—and this would

[1] By "manager" I here mean the key executive, the highest point of authority within the organisation; his actual designation will vary from company to company. He may, for example, be managing director or chairman of the board of directors, etc., etc. The title of manager is normally used for executives rather lower in the hierarchy.

usually be a perilous operation—to transfer allegiance to some other equally powerful financial group.

Generally it is recognised that certain concerns lie within the sphere of particular groupings of finance capital. (For example, in America there are firms recognised as part of the Morgan Group even though there is nothing in the ownership of the firm's property or in its financial commitments to indicate this connection.) However, at times conflicts do break out and battle is joined over the control of particular companies (as in the case recently of British Aluminium where rivalries both within Britain and within the U.S.A. were involved). Such open conflicts are, however, the exception rather than the rule.

The essential fact is that direction of the great economic institutions rests in the hands of the biggest owners of capital, the owners personally or through family connections of large fortunes. (It goes without saying that the power of "the men of property" extends also to politics and social leadership generally, but here the matter at issue is a more narrowly economic one.)

Things have changed considerably since the nineteenth century, when the typical capitalist was the owner of the bank or factory that he managed. Today such capitalists are small fry and the most powerful capitalists, typifying the decisive owners of the most important economic organisations, are the finance capitalists, the owners of "finance capital", the blocks of capital through which control is exercised over vast industrial, banking, commercial, insurance, shipping, mining transport, etc. organisations.

In place of the direct ownership, control and management that was typical of capitalist society in the period of competitive capitalism a hundred years ago, say, there is now indirect control through which a few £ millions control many hundreds of £ millions. Big blocks of personally owned capital are used to control vast accumulations of social capital.

This indirect control takes a wide variety of forms. Typical

of the less complicated forms is the decisive minority shareholding; for example, a large company with a capital of say £10 millions may in practice be quite easily controlled by a single personal shareholding of say £1 million if all the other shareholdings are dispersed in relatively small holdings not exceeding, say, £50,000 each.

It is also possible for a merchant bank or an investment company, which is controlled by the personal fortunes of a few individuals, to serve as an instrument by which control is exercised over industrial and other organisations through which the nation's economic life is generally conducted.

Today, in fact, banks, insurance companies, building societies and similar institutions sweep together from the whole population all funds available for use as capital. The owners of the funds, in return, receive relatively limited rates of interest and the funds are, in effect, at the disposal of comparatively small numbers of financial capitalists placed at the peaks of the various pyramids of social capital.

In reality a certain degree of "socialisation" of capital has taken place in that available capital is brought together from numerous sources to supply funds for a few huge institutions. But these great institutions are not socially or publicly controlled; they are controlled by the owners of private capital at the centre of things.

Private property and private wealth are still in command. This is the key point; despite tremendous changes in the forms of capital ownership and control the essence remains the same, viz. ownership and control of the means of production is in private hands and the deployment of the main economic resources is governed by the rights of private property in the means of production.

If one asks quite simply what is the property basis of the British economy today, one cannot escape the answer that it is private property. The key question is, of course, who owns the means of production. To this the formal answer is "the shareholders in the various companies that utilise the means

of production". The exception is the fifth of industry (in the widest sense) which is nationalised. The nationalised sector consists mainly of service industries—power, fuel, transport—and the decisive sector reckoned by amount and significance is the privately owned sector.

3

It is argued that the shareholders are only the formal owners and that a separation has developed between ownership of the factories, etc. and the directing of the work done in them. This is true for about nine out of ten of the formal owners, but their voice in direction is surrendered not to public authorities or representatives of the people, but to a minority of the property and capital owners.

The capitalist class may be considered to be a "democracy" of shareholders or property owners. It was such in the nineteenth century in the same sense that Athenian society in the fifth century B.C. was a "democratic" community of free citizens comprising a *minority* of the population, the majority being slaves who had no political rights.

The change that has taken place in capitalist society is that the capitalist class as a whole is now subordinated to an oligarchy, the "rule of a few", the most wealthy and active of the owners of capital.

It is this line of reasoning that has led Marxists to describe this dominant minority of capitalists as "the finance oligarchy". But it should be recognised that the majority of shareholders who have surrendered control whilst retaining formal ownership, do so on a definite understanding that the capital they have made over for others to use will be used to make profits in which they will share. They expect to receive dividends or interest on their shares and normally do so, though the share of profits so distributed tends to decline. However, the bond that unites the conflicting interests of the "finance oligarchy"

and the rest of the capitalists is the common and agreed purpose of utilising capital to produce profits.

4

The prevalence of the purpose of producing profits indicates the second essential characteristic of the economy in which we live. The first is that the ownership of the means of production is private; the second that I am now trying to establish is that production is for exchange, that commodity production prevails, that the economic order, such as it is, is that imposed by the market. Production for profit implies production for exchange; the purpose of production is to *sell* the product at a profit.

Machine tools, furniture, motor cars, all the commodities produced, are produced not because there is a use for them, because So-and-so needs a table, because So-and-so needs a machine tool, but because So-and-so is willing and able to buy a table or a machine tool.

This, it may be thought, is a distinction without a difference; but careful analysis shows that this distinction, however fine it may seem, makes the world of difference.

The fundamental nature of this difference is blurred by the fact that no commodity has value in exchange unless it is useful to somebody, but what the producer is after is the production of exchange values. He is interested only in the buyer's willingness and ability to pay. He will look at the usefulness of his product only from this angle. Here the millionaire's demand for a trinket competes with the old-age pensioner's demand for a smoke—his one cigarette of the week, say. Or the "use" that sells the commodity may be want created in the buyer by a bombardment of advertisements. So whilst "usefulness" is an indispensable condition of sale it would be utterly wrong to imagine that a "commodity-exchange economy" is one with a built-in mechanism adapting

production to social needs. On the contrary, production is motivated by the aim of maximising exchange values realised in relation to costs incurred, that is, the aim of production is *exchange* at a profit, and the distribution of incomes is governed by this profit-production system.

The relevance of this to the definition of the economy of contemporary Britain is that this economy, despite all the changes that have taken place, the growth of monopolies, new forms of shareholding and company control, etc., etc. remains a commodity-producing economy, in which, of course, to say that profit is the aim is the same as saying the aim is to maximise profits.[1]

It is quite impossible to deny that the contemporary economic system in Britain is predominantly one of production for profit; any defence of the system must be along the line of saying either that a system so motivated serves the community well or that a system so motivated can be consciously directed, by government intervention, to desired aims.

The first is the well worn—and now thoroughly discredited—defence of laissez-faire capitalism. There is no need to argue anew against its central contention that the good of all is *automatically* best served by leaving every individual free to pursue his own personal economic advantage. But it is necessary to point out that those who inveigh against laissez-faire capitalism but defend the present economic order of things often place themselves in a highly inconsistent position. The difference between the economic order of today and that of the nineteenth century (apart from the greatly increased economic role of the State which is a very important difference

[1] This does not mean always putting selling prices at a maximum; but pursuing an overall policy that makes profits realised, over time, as large as possible. The great trusts in contemporary society which are in a monopolistic position and able to determine price levels tend, for example, to take a long-term view in pricing policy and, being alive to anti-monopoly feelings, often hesitate to increase prices, except when they can connect such increases with outside causes, e.g. wage-increases, and so mask the fact that they are also enlarging the profit margin.

that has yet to be dealt with) is the emergence of monopolies and the "finance oligarchy", and it must be emphasised that the economic catastrophes (not to mention the political catastrophes of two world wars) that did most to discredit the doctrines of laissez-faire capitalism took place in the twenties and thirties of this century, long after the emergence of monopoly capitalism.

Monopolies plan how to make as big profits for themselves as they can; but they do not plan the economy as a whole. The bulk of production is in the hands of fewer producing units, but these industrial giants are still producing for exchange at a profit—the ruling principle in the economy is the market and not a production plan. Production remains planless commodity production even though the character of the constituent units buying and selling on the market has changed. The anarchy of the fight between the big trusts socially is, indeed, a more formidable affair than normal capitalist competition—as, indeed, organised gang-warfare is far more serious than brawls between petty thieves. And let me add there are still with us all the miseries of the dog-eat-dog scramble to make a living by selling whatever saleable commodities one has, all the uncertainty and insecurity, all the drudgery of boring, dead-end, uncongenial labour. All the cultural and moral deficiencies of the commodity-exchange system still pollute the lives of most human beings, even if the wage-worker can today buy, after squandering his nerves and energy and the best hours of the day in earning the wherewithal, a somewhat greater quantity and variety of goods.

The emergence of the monopoly capitalist does not remove the principle of laissez-faire from commodity production except in so far as the monopolies can play what is still an unplanned market to their advantage. If the capitalist market is not to be left to rule according to the automatic laws of its own workings, interference and modification must come from outside the economic system. The laws of commodity exchange do work differently if the buyers and sellers include huge blocs

of exceptional wealth dominating whole branches of industry, but they remain laws of commodity exchange which are the resultant of numerous independent economic transactions motivated by the pursuit of profit.

On this question there is not much more to say. The economy has changed tremendously, but it remains a capitalist economy as defined by the private ownership of the means of production and the prevalence of commodity production for private profit. But the answering of this question has immediately opened up the second question. The practical issue is not whether the economy of Britain is or is not a capitalist economy but whether it can be made to work in the interest of the community. From the standpoint of labour politics the inescapable question is: "Is it necessary to change the economic system or can it be made to work in our interests?" It is this question that is the subject matter of the next chapter.

3

"MANAGED CAPITALISM" AND THE "MIXED ECONOMY"

The State and economic controls—how far is the capitalist class able to "steer" the economy?—capitalist measures to control production—attitude of capitalists to the "public sector"—arms expenditure—nationalised industries—social services and public works—stimulants to consumer expenditure—capital export and overseas economic policy—contradictions in capitalist measures to increase employment—obstacles to capitalist state controlling what is produced—capitalist economic relations at war with modern production and techniques—can capitalism control distribution of the product?

I

Is it not to some extent possible to give a conscious social direction to the development of capitalist production and distribution whilst retaining its commodity form, whilst, that is, still using the market and profit mechanism?

Left to itself, capitalism, competitive or monopoly, does not succeed in making good use of social resources for the obvious purpose of freeing humanity as a whole from cares, hardships and wasted efforts in the struggle for means of existence.

If capitalism is not to be left to itself, it means intervention by the State. The advocates of State capitalism see many advantages in it. For example, it obviates a revolutionary struggle over the ownership of property and makes it possible to use money incentive "to get things done". The reason why Keynes' "General Theory" made such a profound impact on economic thinking in the capitalist world was because it

provided a theoretical basis for this general line of policy. The State, it suggested, could fix the broad objectives of the economy as a whole, set the course of the economy as a whole much as the programme of work might be determined for an automated plant and the machines be left to carry on by themselves. Capitalism is the machine; the State the programme-fixer. This conception of things can therefore be described also as "controlled capitalism".

These theories raise a host of questions, and it is not possible here to deal with all of them. The key one is: "To what extent is control possible?" For the moment I am leaving aside the question of who controls the State and the purposes and interests which that control, such as it is, may be likely to serve. (Whilst, however, my approach leaves to one side the political character of the State, the reader who pauses to consider the matter will probably have little difficulty in appreciating that there must inevitably be a very close connection between the nature of the economy and the nature of the State. "Money is power," as the saying goes, and the money-power of the finance oligarchy inevitably dominates the machinery of the State and determines the economic and social policies that it pursues. Nor, if new hands were to lay hold on the machinery of the State to use it against the interests of big capital, would they be able to hold and exercise State-power for long without breaking the money-power of those they aim at controlling and subordinating.)

One of the really big differences between capitalism today and capitalism of fifty or 100 years ago is the degree to which the State is directly involved in economic activities.

The main aspects of this involvement are as follows. It controls the institutions of the monetary system and can to a considerable extent influence the availability of funds for investment. It administers a substantial nationalised sector of the economy and controls investment policy in this sector. It administers substantial social services and controls capital and current expenditure for these services. A considerable

number of people are directly and indirectly employed by the State. It administers a vast national debt. A huge revenue mainly derived from taxation passes through the hands of the State. In addition to imposing taxes it can give subsidies. It can impose price controls, exchange controls, import and export controls, building controls, controls on the distribution of industry, etc. It is clear that the economic involvement of the State goes deep. But can this involvement be used to give "a conscious social direction" to the economy as a whole?

There is no clear-cut answer to this question. Quite certainly the economic intervention of the State can *to a certain extent* give a social direction to the economy. But the practical issue is precisely "to what extent?"

This, for the student of political economy, is a crucial issue. The most fundamental question for the science of political economy to clarify is the adequacy or otherwise of the existing economic system.

The judgment whether to be for or against capitalism or socialism will clearly involve personal aims, values and standards; but the political orientation of individuals must be greatly influenced by the answers of economic science. So much so that the judgment of economic science seems often to be distorted in the direction of reaching conclusions which accord with pre-existing susceptibilities, the subjective aims or sense of values of the writer himself or his accustomed public.

There is perhaps no science in which it is so difficult to be objective. There is, legitimately, room for a variety of opinions on many important issues, even when the analysis is made with the most scrupulous objectivity and by well-tried scientific methods. So when purses and political passions are deeply touched according as the conclusion veers this way or that, it is not surprising that standards of objectivity get mangled in the battle. If this were not so the economist would be saved much trouble. But as it is, too many issues need still to be argued over and over again in the noisy forum of contending interests.

The noise of these contentions is bound to blur the issue that I am now trying to deal with. Giving the economy a "social direction" means different things for different people. Many capitalists would like to see social changes, but a typical capitalist has very different ideas from a typical worker on the matter of what constitutes social improvement. Moreover, to repeat a point on which I have already touched, in a society where wealth carries with it preponderance in political power and prestige, the State inevitably reflects what is preponderant in the society by which it is supported. If the underlying society revolts against the abuses of capitalism, it is hardly likely to find in a "reformed capitalism" a social order capable of opening up the potentialities of science and human wisdom of which the subordinate mass of people has hitherto been deprived.

There is a certain confusion between what can be done and what will be done. There are some things which are conceivable in terms of economic feasibility which are inconceivable in terms of political likelihood.

It is absurd to hypothesise a capitalist economy being controlled, except very temporarily, by a State administration uncompromisingly hostile to capitalist interests. It is absurd because either the capitalist interests would be strong enough to sabotage the State administration, or the State administration would be strong enough to eliminate the over-powerful capitalist interests (which, if its support comes from forces hostile to these big capitalists, it must hasten to do).

Private ownership of the means of production (by a small minority of the people) must always be a thorn in the side of any genuinely democratic State administration, since the interests of the people as a whole must conflict with those of the capitalists who monopolise the society's production resources.

At times the State administration may rather radically alter the direction of the economy as a whole, but when it does so it is either with the support of the capitalist class or else as a

temporary stage leading to the elimination of private ownership of the means of production.

The period of the New Economic Policy in the Soviet Union or the period from 1949 to 1956 in China are examples of the latter. War economy is an example of the former; and it is worth noting, in passing, how sharply a capitalist State in the period of monopoly capitalism can change the character of the social product under the pressure of military needs. However, it is absurd to expect a capitalist class to make equally sharp changes in the direction of the economy in times of peace against its own interests. State capitalism in the period of the N.E.P. in Russia or in the years immediately after 1949 in China could operate against capitalism because socialists firmly controlled the commanding heights of the economy. The "old school ties", bankers, colonels, knights and aspirants to knighthoods who predominate in the top economic positions in Britain today are obviously not there to arrange the burial of capitalism.

The basic reason for the impossibility of planning capitalism is, however, very simple. If economic resources are predominately privately owned, how can those charged with implementing a social plan hope to deploy these resources to meet the purposes of the social plan? The only guarantee of the resources being disposable according to the requirement of the plan is the removal of the owners' right to dispose of them according to their private purposes, which means nothing else but the elimination of private property rights.

2

The issue, therefore, that we are concerned with is how far a capitalist economy can be steered by the capitalist class itself or by a political administration to which the capitalist class gives its general support. This question is one of considerable importance also to socialist politicians. A socialist

(according to the definition given in Chapter 1) advocates public ownership and planned production. But a socialist politician has to be ready to make alliances with other political forces and support programmes, within the context of existing political circumstances, which are to be carried out within a capitalist economy. The criterion of support will be the results to be expected from trying to carry through a programme. If a programme were moonshine and a string of demagogic promises, it would be dangerous to support it; or if on quite other political grounds this may be unavoidable, it would also be dangerous to support it without voicing criticism of its lack of realism. It is desirable, too, to be able to estimate whether the achievement of a particular capitalist economic policy will help to prepare the way for socialism.

It is against this sort of background that economic policies of the State within a capitalist society need to be assessed. There are good grounds for thinking (if I may anticipate some conclusions that still have to be more fully argued) that popular pressure and working-class pressure in particular can enforce policies which are, to a limited degree, against capitalist interests; but the workers should be careful not to exaggerate to themselves the extent of their gains in this way. They should measure their gains not only against their situation in the past, but also against the potentialities opened up by the advances of technology and science and the growth in their own political strength. Also, they should never forget that any gain disadvantageous to capitalist interests is bound to be ephemeral so long as wealth means power. Such gains have to be fought for anew from year to year and from month to month, or else they will be taken away before they are enjoyed.

Directional policies operated by the State fall mainly into three types: A. Measures designed to maintain or expand the *volume of production* and the level of employment and to control cyclical crises. B. Measures designed to change the *composition* of the social product, what is produced and what is

not produced. C. Measures designed to change the *distribution* of the social product.

3

What can the State do to influence the level of production?

For the last twenty-five years—since Keynes wrote his "General Theory"—there has been an unending world-wide discussion on this issue. Opponents and champions of capitalism have argued that the State can do nothing good. Opponents have argued that State intervention only aggravates tendencies towards crisis and decline; champions have held that the State impedes the natural processes of the free market which alone can develop the potentialities of capitalism.

Today defenders of these extreme positions are hardly to be found. On the other hand, few now believe any more the claims of the most sanguine Keynesians who pictured a "brains trust" of economists watching the economic indicators and prescribing a few simple measures by which the State could set the economy on to any desired course.

Omitting the immediate post-war crisis, there have since 1946 been three general economic crises affecting all or a great part of the capitalist world. They have been called "recessions", reflecting perhaps a reluctance to admit helplessness to control such events; and, indeed, the economic intervention of the State has had an impact on the level of economic activity in these years and at times has been deliberately aimed at stimulating economic expansion (as, for example, in the second quarter of 1958 in U.S.A. and at the end of 1958 and beginning of 1959 in U.K.). But the experience of these years has also demonstrated that in a capitalist economy the contradictions of the economy reappear as dilemmas of policy. No capitalist State has been in a position unreservedly and single-mindedly to pursue the objective of economic expansion, because expansionary measures have always involved dangers

of inflation. Consequently the economic policies pursued by the State have tended to oscillate between two opposed objectives—expansion of economic activity on the one hand and deflation to protect the value of money on the other.

Expansionary measures that may be taken by the State include the following: (i) Easy money policies reducing interest rates and increasing the funds available to Banks and other financial institutions, funds which represent increased amounts of money capital available to the economy. (ii) Increased investment by the State in nationalised industry, social services or public works or measures to support or stimulate investment, e.g. State-supported mortgages to promote building. (iii) Measures to stimulate consumption e.g. tax reductions, removal of control on hire purchase, etc. (iv) State purchase of armaments, of agricultural products, of commodities used by social service, military or other State institutions.

Such measures—listed here in their most general form but concretely applicable in a great variety of ways—can be used to stimulate economic activity. Few would dispute this; but what is now becoming clearer to economists is that such measures also give rise to harmful consequences which—in the eyes of the capitalist administrators—often seem worse than the harm they are designed to cure. Hence the contradictory, oscillating character of State economic policies between expansionary and deflationary measures.

The central financial authorities can manage the national debt, buy or sell government bonds, change interest rates (within certain limits imposed by circumstances) and (what is now virtually an automatic consequence of these policies) meet the banking system's need for notes and carry through other associated monetary operations in such a way as to expand the funds of money-capital available to the economy.

An "easy money policy" and low interest rates may give a slight encouragement to investment and stimulate economic activity, but many economists today are tending to the view

—which I think is correct—that monetary policy cannot *on its own* do much to stimulate the economy. It can perhaps do more to brake expansion (as it did in Britain, for example, in 1956 and 1957; but even as a "brake" monetary policy is clumsy and limited, and in these years direct controls, e.g. on hire-purchase, were more effective). Put another way this means that non-financial expansionary measures could be frustrated if there were no matching financial policy, but for an impetus to expansion it is necessary to look—mainly—elsewhere, i.e. to non-monetary stimuli.

Assume a strong impetus to expansion is given by the government placing large arms orders. Firms receiving orders will go to the banks to obtain advances against them, or the government itself will use its own credit in order to pay. Many other firms will also go to the banks to get advances in order to increase stocks or production of material or components that may be in greater demand as a result of the arms orders. The new direct and indirect demand arising from the arms orders, because it stimulates production, will also expand wages which when spent create a further new demand further stimulating the economy.

The impact of the new arms orders on the economy as a whole will be different under different circumstances. If there is idle capacity and unemployed labour, these will be drawn into use; and the increased money-capital infused into the system will have as a counterpart in the world of production an increase in the capital and labour-power engaged in making things.

So far it is assumed that a sufficiently easy money policy is being pursued to enable industrial and commercial demands for additional capital to be met. If a tight money policy were pursued whilst the additional arms orders were being placed, the government would face some very formidable difficulties. On the financial side, Draconian taxation would be called for to raise in advance of or simultaneously with the arms orders the funds required to pay for them. On the production side,

strong control measures would almost certainly be necessary to direct productive activity from the production of something else to the production of arms.

Now consider the case in which arms orders are placed when the country's productive resources are already being fully utilised. If an easy money policy is followed a demand additional to the country's productive capacity will be injected into the economy. Prices of everything will go up. This in turn will create new demands for capital and a great inflationary pressure will be built up in the economy as a whole. Moreover, in order to get resources diverted to arms production, exceptionally high profits will have to be allowed to the arms producers, of which even the most rigorous control will at best only slow down and not eliminate the rate of increase.

If a tight money policy is attempted, the difficulties of the government administration will become almost insurmountable and the extent to which administrative physical and financial controls will have to be applied will be very much greater. An attempt to cope with a large arms programme without inflation would probably cause serious disruption of the non-arms producing sectors of the economy.

The theoretical situations that I have been dealing with so far are two opposites, one where the required new capacity and resources are ready unused and fully available and the other where they are already being used and altogether unavailable. Any actual situation is likely to fall between these two extremes; that is, even when there is idle capacity in the economy as a whole, the new orders are likely to call for some things which exceed the existing capacity's ability to supply whilst not being able to utilise other resources which will remain idle. Or, in the case of so-called full employment, almost certainly there will be some slack to be taken up and some increased output possible as a result of improved productivity facilitated by the expansion of orders.

The point is that "the economy as a whole" is a complex of interlocking industries and any additional demand con-

centrated on particular types of products is bound to involve new relationships of supply and demand between the various sectors and sub-sectors of the whole economy.

Inevitably this means *increased profits* in those sectors where demand increases most. Other sectors, where there is over-supply, will find it hard to make profits and will run into economic difficulties leading to idle capacity and pockets of stagnation, unless there is a further expansion in general demand as a result of a further injection of purchasing power into the economy as a whole. This is another way of saying "unless further inflationary tendencies are allowed to develop".

Such tendencies cause prices in general to advance further and real wages and fixed incomes to decline and profits to increase. But all this is at the cost of mounting social tensions, as those whose real incomes have been depressed by rising prices protest and struggle to regain what they have lost in real terms. These tensions are further intensified if there is an expectation that price rises will go on more or less indefinitely and continuously.

The only alternative to expansion via inflation is detailed administrative control, which is the complete abnegation of the market-commodity mechanism which the whole operation was designed to preserve as *the* peculiar virtue of a capitalist economy.

So here is the dilemma of a State-administered control of capitalism—*either* permit inflation to undermine the whole structure of relative values on which the capitalist system rests (not to mention the acute exchange problem it creates in relation to the outside world) *or* abnegate the fundamental principle of capitalist "freedom" by building up a system of detailed planning and controls. Nor indeed is anything but the crudest and clumsiest control and planning possible, since the right of private property in the means of production creates a constant obstacle.

When productive, commercial and financial organisations

which are privately owned are given instructions about what they are to produce and the prices they are to charge, they immediately face "a division of loyalties". Strong economic incentives will be at work to make them evade the letter (leave alone the spirit) of the instructions they receive. They are expected "to serve two masters": on the one hand, instructions given them by control authorities; on the other hand, maximisation of profits. Inevitably the real guiding objective remains the making of profits, since it is on this that strength and position in the economic hierarchy ultimately depends.

If an attempt is made to steer the economy without using controls, then the means of drawing resources into use can only be the enticement of good profits. As well as the inflationary effects of this, the share of profits in the social product will tend to increase, sharpening again the contradiction over which capitalism again and again stumbles, namely restriction of the consuming power of the masses relatively to the expansion of productive capacity. Rising profits in the short run almost invariably mean a rising *rate* of profit. Consumption expenditure out of profits is not likely to increase as fast as or proportionately to increases in profits; and the accumulated profits which, if economic activity is to be maintained, must flow back into production, will only do so in so far as new investments that promise to be profitable can be found.

Mass consumption cannot automatically provide an adequate market, since within the relationship of a profit-motivated economy purchasing-power will inevitably tend to be inadequate. There will be a tendency, therefore, for each external stimulus given by State-buying to peter out, making a further stimulus soon necessary.

The point is that the economic activities of the State do not overcome the contradictions inherent in the capitalist economy. These continue to reappear within the economy and also reappear as dilemmas of State policy—in particular, in the awkward choice between policies designed to stimulate economic activity having inflationary consequences, and

measures designed to curb inflation and stabilise prices which tend to damp down economic activity.

I have pointed to problems into which State-regulation of a capitalist economy inevitably runs. But it would be wrong to look upon the difficulties met as absolute barriers to achieving the aims sought after. Some stimulus can undoubtedly be given to economic activity by State orders without causing inflationary consequences of an intractable character. Some correction of defects in the balance of economic relationships can be affected by controls. But always the effectiveness of the measures taken is limited and cramped by the contradictions inherent in the production relations of capitalism.

Any such measures must involve a sharp conflict between the principle of attempting to give the economy a planned social direction and the principle of profit making. However, just as the contradictions of capitalism are a drag and a fetter and not an absolute barrier to economic development; just as despite the limitation of the mass market, through ups and downs, expansion of the market for capital goods continues and, however haltingly, lays a basis for some expansion in the economy as a whole; so the measures of State capitalism achieve in an ephemeral and partial way, some of their purposes. But as the contradictions of the economy itself are revealed in the oscillating progress of crises and booms, the contradictions of State policy attempting to regulate but not change the character of the economy are reflected in oscillations between opposed objectives, such as monetary expansion and contraction, "liberalisation" and controls, etc.

Arms orders placed by the State have been taken to illustrate a theoretical analysis. This is real enough to permit a more detailed concrete analysis based on actual historical experience. In the above generalisations account has been taken of this experience. On the whole they apply more to military expenditure in peace time than in war time. In war time the sense of national urgency has certain economic consequences. In World War II the war effort had basically the support of

both the working class and the capitalist class. This made possible a seriousness in attempting to operate the extensive measures of economic control which under other circumstances would be inconceivable; but even so the controls were evaded, sabotaged, bureaucratically operated and clumsily applied in a vast number of instances.

The inadequacy of controls applied to a capitalist economy even under ideologically favourable circumstances demonstrates, I think, that the whole conception of "controlled capitalism" is nothing but a makeshift and quite unacceptable as a permanent long-term economic order of society.

In struggling for social change the working class needs a much better objective than this. It is also well to remember that the capitalists accepted the wartime economic measures "for duration only". Their economic freedoms were only temporarily and partially taken away from them, and they were very handsomely paid for what they gave up in terms of huge accumulations of profits hoarded as money-capital which they were able after the war to turn into productive capital and material means of production.

4

In general, supporters of the capitalist system dislike any form of State expenditure. Any State intervention gets called "socialistic" by the more diehard defenders of capitalist society because they have a feeling—which is well-founded—that the State's activities are bound to undermine the principle that society's interests are best served by allowing business directors the maximum freedom, success or failure being measured by ability to make profits.

Amongst the general run of medium and small capitalists the more realistic accept the inevitability of State intervention on a massive scale but are anxious to do what they can to prevent any enlargement of the State's economic activities.

The representatives of very big capital have a quite different attitude. In essentials they determine the economic policies followed by the State. They are not so much worried on practical grounds and, indeed, they are often able to use the State as a direct instrument of their own economic interests and themselves participate in the administration of the economic organs of the State.

They are seriously worried, however, on grounds of principle, and anxious to maintain the right of men of money to administer their affairs according to their own likes without being answerable to any public authority.

That some things such as roadbuilding, communications, water supply, etc. must be the responsibility of public authority has long been accepted. Political pressure has made it necessary greatly to extend this field on grounds of social interest and, additionally, this field has been enlarged in other directions to meet the military needs of modern capitalist society.

But even though the necessity of a larger public sector in the economy and, consequently, heavy taxation as a permanent feature of modern capitalism is in practice accepted by the leading circles of capitalist society, an unceasing ideological campaign is waged against the public sector.

At the time of the 1959 general election this two-faced position made the Tories use every available argument to create hostility to nationalisation at the very time when they themselves were expanding investment in nationalised industry as a means of maintaining the economy and counteracting a steep decline in private investment which, if it had continued and dragged the country into a slump, could have lost them the election.

Arms expenditure is far more acceptable to supporters of the *status quo* than other forms of State expenditure, because its political consequences are not seen as likely to accelerate social change whereas other economic involvements by the State are usually seen as the thin edge of the wedge of socialism.

The reasons for "preferring" arms expenditure are further reinforced by the fact that it does not create publicly-owned productive capacity which is in competition with privately-owned capacity, as would be the case if the State engaged in production of goods for civilian use.

Political circumstances, however, have made an ever wider economic involvement of the State necessary, and it comes to be accepted or at least not radically opposed by most supporters of capitalism. Other than arms, the main likely forms of State expenditure are (a) Investment, (b) Public Works, (c) Social services, (d) Commodities for civilian use, (e) Overseas development.

5

In Britain, in fact, investment expenditure in the nationalised industries and social services (mainly building) is already a very important factor in the economy, accounting always for a large part of total investment expenditure and in several post-war years for as much as half.

An expansion of the investment programmes of the nationalised industries, as already mentioned, has been used by a Conservative Government recently as a means of stimulating economic activity when it was tending to flag. The acceptability of such expenditure to British capitalists should, I think, be looked at in the light of their "acceptance" of the Labour Party's 1945 programme of nationalisation.

The great political swing to the left indicated by the return of a Labour government in 1945 was something to which British capitalists could not close their eyes. They met the situation by making some concessions to the social ideas of progressive opinion, but attempted to limit as far as possible the substance of what they conceded. Whilst attacking the principle of nationalisation, they offered serious resistance only to the nationalisation of the steel industry and "accepted" nationali-

sation of what might be called the general service industries —transport, coal, electricity and gas. The owners received compensation for what they gave up. The costs of the essential reorganisation of the industries were met out of public funds, and capital in production and distribution generally benefited because the prices of the products and services supplied by the nationalised industries were not permitted to rise in step with the general level of prices.

Despite the fact that monopoly capitalism was able in some important respects to turn to its own advantage the administration in the nationalised sector, the going over to public ownership and the form in which the reorganisation of these industries was effected represented a concession to new social and economic ideas.

Nationalisation was a victory for the working class but one the significance of which, to paraphrase what Marx said in another connection, the workers should be chary of exaggerating. In fact, this was in my view exactly what the Labour movement did, with the inevitable consequence that the illusions of success turned soon to disillusion. This is the background against which the "acceptance" of the nationalised sector by the capitalist class needs to be viewed.

Further extension of the field in which State investment in production can be made will undoubtedly provoke far more vigorous opposition from capitalist interests, however necessary it may be on grounds of economic policy.

State subsidies for investment outside the nationalised sector are extremely difficult to administer and, to be effective, almost inevitably involve inroads on the property rights of the private owners of industry. As the nationalised sector is enlarged, each extension of nationalisation threatens the whole principle of private ownership with cumulative force.

Moreover, experience has already shown that investment in the nationalised sector is not a tap that can be turned on and off at will as the economic climate changes. Investment programmes take a long time to plan and get under way and,

once they are under way, it is extremely costly and wasteful to interrupt their progress.

If, in short, you are going to plan, you must plan. Any halfway house between a planned economy and a market economy is but a rickety structure—the product not of wisdom but of political compromise between contending interests and contending social philosophies.

6

Expenditure on public works and social services can be considered together. These are forms of expenditure which create a market for the products of industry but only indirectly increase the strength or stimulate the development of the economy as a whole.

The main capitalist objections to public works and social services are based on two grounds. First, ideologically, they tend to support the socialist philosophy as against the capitalist philosophy of free enterprise. Every extension of social services tends to support the idea that people should be helped and supported *socially* simply because they are human beings and not left to struggle *on their own* to find means of protection against the hardships and misfortunes that life threatens.

Secondly, economically, the cost has to be met from public funds and this involves appropriation by the State, through taxation or other means, of a part of the surplus product which the capitalists feel should be left to them in the form of profits. The capitalists see all such expenditure as an arbitrary addition to their costs, and in times of economic stagnation —which is just when such expenditures are most needed to stimulate economic activity—their hostility to what they see as further inroads on their already depleted profits will be at its height.

Nonetheless, despite these grounds for capitalist opposition, this is a territory in which considerable concessions have been

made and may continue to be made within the capitalist system. The capitalists fight and will continue to fight a strong rearguard action against all such measures. At the same time they make a virtue of necessity and seek recognition as realists when they resist and as enlightened progressives when they concede more social expenditures. The hotch-potch of the concessions to which they are now more or less resigned they describe as "the Welfare State".

7

State expenditure on commodities for civilian use is theoretically a possibility, but it is an idea so shocking to the principles of capitalism that it is hardly likely to be tried within a capitalist economy. If uniforms can be ordered for the army, suits or shirts could be ordered also and made a free issue to the civilian population; but such a thing on a scale sufficient to be of any economic significance would be opening the doors not merely to socialist but to communist notions. So shocking is the idea of the State causing useful commodities to be produced that it has long been the practice in H.M. Prisons to train criminals to be useful citizens by permitting them only to do useless work.

There are, however, some halfway houses towards enlarging the market for consumer goods, such as subsidising food products or offering guaranteed prices so as to ensure their production and to expand their sales. Such measures can have a limited directional effect on the development of the economy, and undoubtedly the agricultural support schemes in the U.S.A. have played some part in giving greater stability to farm production and incomes there. In Britain food subsidies and agricultural measures have played some part in increasing home agricultural production and in improving living standards in the lowest income groupings. Such measures are of some economic significance but not of sufficient importance

to serve as instruments in controlling the development of the economy as a whole.

A means of stimulating sales of consumer goods that is of considerable and increasing importance in the leading capitalist countries is sale by hire purchase. Government action affects such sales indirectly, in so far as financial policy makes it easier or more difficult for traders to raise funds, and directly by regulations governing the terms on which hire purchase sales are made. The relaxation of restrictions on hire purchase made a quite big difference to the British economy in the latter part of 1958 through into 1959.

Increased sales by hire purchase stimulate demand for consumer durables such as cars, television sets, washing-machines, etc. for which demand is elastic. Consequently easier or more favourable terms of purchase result in big and rapid increases in demand. At the same time reduction in the money that has to be paid immediately releases purchasing power to spend on other consumer goods.

Undoubtedly the effects of hire purchase are mildly expansive—the consumer is being given credit. The consumer pays interest, of course, and this may be high; but if there is an inflationary trend in the economy as a whole he recoups something in so far as money is worth slightly less at the time of his later payments.

It is sometimes argued that hire purchase sales enlarge the immediate market for consumer goods at the expense of a reduction of the consumers' purchasing power in the future. In fact it seems to me probable that hire purchase sales have a more lasting positive effect, since usually they bring into employment capacity that would otherwise be unused. It seems possible from U.S. and British experience to date that the total of consumer credit can continue to be expanded even when it has reached quite high figures. But it may well be that the continuing further and further growth of consumer credit implies a continuance of inflationary trends in the economy as a whole and certainly from the standpoint of the capitalist

class its blessings are mixed. Moreover, once a gradual increase in consumer credit has begun it is extremely difficult to reverse the trend, and the new sales methods and the institutions going with them become deeply embedded as a part of the economy.

Some of the social consequences of what one might call "a hire purchase economy" seem to me highly undesirable. Hire purchase is one of a number of high-pressure sale techniques going hand in hand with advertising, canvassing, numerous display centres and the like. Today some firms spend almost as much on sales promotion campaigns and competitive sales techniques as they do on the production of the commodities they supply. A huge part of the national product and of potential productive resources is squandered on socially superfluous distribution costs, not to mention the nervous energy dissipated by harried salesmen anxious to make a living out of commissions.

From the consumer's point of view, constantly mounting commitments under hire purchase agreements are also a cause of strain and anxiety. They make workers and others with low incomes more nervous about losing employment and eager to work overtime or take supplementary employment. In short, hire purchase increases the competition amongst those seeking employment and makes them more exploitable.

From the workers' standpoint the consequences are, however, also two sided, since it may at the same time raise the minimum standards of life to protect which they are forced to fight with desperate determination.

Even if there are some positive features in a "hire purchase high-pressure sales economy" (of which the U.S. economy supplies the pattern), my own opinion is that the plethora of durable consumer goods increasingly to be found in the advanced capitalist countries is not bringing us benefits commensurate with what is spent on their production and sale.

Television sets, radios and gramophones, washing machines,

vacuum cleaners, etc. are most valuable and useful instruments for widening the scope of life and reducing the time wasted on providing the elementary decencies of living, but if these modern instruments of living have contributed something of value, the social repercussions of their production and distribution in a private-enterprise economy are contributing also to the disorderliness, purposelessness and strain of modern life. Is it not today practicable for society to set its sights towards providing for everyone houses which are provided as a matter of routine with simple, efficient and modern means of cleaning, washing, communication, and receiving communications, etc., etc.? The plethora of new durable consumers' goods causes a certain initial delight as new toys or gadgets to play with, but as an end in themselves what are they? Until we make a better social and economic framework into which to fit them, what should mean to us much wealth will come more and more to amount to an elaborate and troublesome lot of junk.

What a backhanded way of using the great potential advantages that advanced productive techniques are able to give humanity! We need to create material wealth for everybody, not in order to be harried and driven mad by it, but in order to put behind us—for everyone, that is—the cares and restrictions of material poverty.

Wealth in the hire-purchase super-sales economy does not give ease of mind or freedom of action. In the winning of it humanity is sacrificed; and its bonuses at the higher income levels are more often than not distributed *pro rata* to ruthlessness against one's fellow-men.

8

Overseas expenditure by public authorities has become an important economic factor in the post-war economies of the capitalist world. It is not the same thing as the capital export

that characterised imperialism in its initial stages, that is, from the last quarter of the nineteenth century up to the period between the two world wars; it has, however, a "close family relationship" to the export of capital whilst at the same time incorporating new features.

Capital export in the old forms, of course, continues on a substantial scale at the present time. The State in the imperialist countries has from the outset played an important role (a role more often than not of ruthlessness and aggression) to help its own finance capitalists establish themselves overseas in spheres favouring exceptionally profitable investments. The State has helped particular interests to monopolise particular areas, but the motivation of the export of private capital has always been very directly the profits to be made or particular private advantages to be gained.

The export of capital has economic effects similar to expansion of home investment and represents an enlargement of the sphere in which capital accumulated in the metropolitan country is employed. As a large part of the capital goods put into operation overseas are supplied by the industry of the metropolitan country, the export of capital enlarges the market for the home industries and stimulates economic activity there to a corresponding extent.

Export of capital and the whole foreign economic policy associated with it played a significant part in extricating the leading industrial countries, and in particular Britain, from the prolonged economic stagnation developing in the last quarter of the nineteenth century.

Private capital exports from the main imperialist countries, whilst substantial, are *relatively* to the total national product and to home investment far less than they were in Britain at the turn of the century, in the earlier stages of the imperialist epoch. If private capital export were today to play a comparable part it would need to be over £1,000 million annually in Britain and over £10,000 million annually in the U.S.A. Be it noted, however, that expenditures considerably higher

than this are now incurred for military purposes and these play an *economic* role in some respects analogous to that of capital export half a century ago.

Substantial overseas expenditures have been incurred by the State in recent years (particularly in the U.S.A.) under the heading of "foreign aid". When such expenditure has been for directly military purposes, it is no different, as regards its economic significance, from military expenditure at home. But when it has been for civilian purposes, it has a mixed character, in part resembling military expenditure, i.e. used as an instrument of foreign policy, and in part resembling capital export.

Public capital expenditure overseas is undertaken in places and for purposes for which private capital sees too little profit or too much risk to encourage use of its own resources. It resembles capital export in that it creates a market for products of the metropolitan country and opens the door to economic penetration. But it differs in that it does not provide a direct source of profits for particular capitalist interests, and its utilisation, even though supervised by the lending State, is not directly under the control of particular capitalist interests.

The main political purpose of "foreign aid" has been to keep within the orbit of imperialism countries which threaten to assert their independence or in which there is a danger of the working class taking political power out of the hands of their capitalists.

In the period immediately following the war, Europe (where there were marked swings to the left almost everywhere) was the main recipient of U.S. aid. More recently the focus of American aid has begun to shift to the "under-developed countries" and America is anxious to draw larger contributions towards "foreign aid" from the other leading imperialist powers.

The influence of the imperialist powers in the "under-developed areas" is definitely on the wane and expenditure

in this direction involves a dilemma of policy. To neglect them is to strengthen the influence of socialist countries, but to give aid "without strings" is to give formerly dependent countries means with which to strengthen themselves by making tougher their sinews of economic independence. On the other hand, aid "with strings", though it may bribe some elements into greater subservience, sharpens in other quarters the struggle against subservience.

However, the imperialist powers, whatever contradictions may run through their relations with the under-developed countries in this period, cannot conceivably write them off. Consequently, State expenditure in the under-developed areas is likely in one form or another to be undertaken and may play a significant part as an instrument by means of which to influence the level of economic activity in the metropolitan countries. The attitude of the capitalists towards such expenditure is likely to be divided and the forms that such expenditure may take will affect their evaluation by capitalist and working-class politicians respectively. It is, however, quite likely that State expenditure in this direction will receive more support and less vigorous opposition from capitalist interests than alternative forms of state expenditure.

9

The central question that is being pursued in this Chapter is whether—and how—the State in a capitalist economy is able to control the level of economic activity. Associated but not identical with economic activity is the level of employment. Broadly speaking, if economic activity is high employment will be high; but inevitably the tendency is for employment not to increase as fast as the volume of production, because productivity increases. If employment is to stay the same, the volume of production must increase as fast as productivity.

Of course, it is possible for the State to mask unemployment by setting unemployed to work on public works schemes devised mainly as a means of absorbing unemployed. (The labour corps in Hitler Germany had something of this character, but also served to prepare Germany for war.)

Generally such makeshift employment created by direct State action is both uneconomic and unpopular. It involves compulsion, because the wages must be lower than elsewhere or labour will be drawn away from more useful employment. The work undertaken is as a rule little else but simple navvying; consequently, skills and specialised experience are wasted. In short, the labour is arduous, regimented and comparatively useless—the kind of spurious activity that befits a fascist regime and little else.

The way in which the productive abilities of men and women are used and developed is a searching criterion by which to test the worth of a social organism. Fundamentally the case for socialism is that the use and development of the productive abilities of human beings, given the productive potentialities offered by science today, should be arranged socially and directly—that is, without the "mystification" that results from the mediation of the market. In a capitalist economy the distribution and use of manpower is determined by the market. The market is like a mysterious power standing above the conscious purposes of thinking human beings.

The aim of socialism is to determine by direct conscious decision how men's abilities are best and most suitably to be used. (It is the main purpose of later chapters in this book to discuss the problems involved in achieving this aim, implying as it does freedom of individuals to choose how they work coupled with co-ordination of individual choice in such a way as to give at the same time the socially desired result.)

It is a bitter paradox that in a society in which employment is predominantly determined by the market, attempts by public authority to employ labour directly for non-market

purposes tend to give the worst social results. The reason for this paradox is that direct employment of labour is fettered and shackled if it has to be undertaken in such a way as not to undermine the major sector of the economy in which the dominance of the market prevails.

It is the predominance of the market, of the principle of production for profit, that shackles any attempts the State may make to control the economy. This is as much so in the present period of monopolies as in the era of competitive capitalism that preceded it. The emergence of monopolies has greatly changed the character of the market in that there are many spheres dominated by a few large suppliers who are able to fix and maintain certain price levels and to some extent control the volume of production. However, these changes in the policy and behaviour of the producers supplying the market do not alter the fundamental fact that economic activity is governed by the conditions of the market, by the possibilities it offers of profitable sales to the producers, who may either be small producers forced to accept the prevailing price or monopoly producers able to extract from the market-conditions confronting them a larger profit by fixing prices and regulating output.

So far I have been dealing only with the question of maintaining economic activity, of avoiding crises and unemployment. Theoretically the State could go on and on creating an increased demand through increase of orders placed by public authorities; but this involves continuing inflation, since the incentive to increased activity must always be increased profits. It also involves an ever-widening State sector in the economy.

Consequently, carried to their logical conclusion, the very measures taken to keep capitalism going would in the end destroy capitalism. What in practice happens is that the State works not in a positive but in a negative way, counteracting major declines and trying to mitigate the more severe social tensions that might result if no regard were paid to what was

happening in the economy as a whole. The cyclical up and down swing of the economy consequently continues and State policy itself oscillates between opposed objectives, its choice being dictated by the immediate pressure of economic and political circumstances.

Capitalism's dilemma is so deep-rooted that even its successes cause problems. For example, the counteracting of a crash (of which the final outcome would be wholesale writing-off of capital assets and extensive re-equipment on a new basis once a new upturn began) may, by making possible continued employment of antiquated plant, militate against the more radical re-equipment plans that technical progress requires. After a severe economic crisis, once its depth has been passed, a vigorous and extensive re-equipment of industry would begin again and the economy would emerge with new strength. It is worth noting how vigorously the economy of West Germany has developed and how extensive and modern its re-equipment has been following the destruction and prolonged idleness of its productive capacity, and particularly its civilian industry, during and immediately following the war. However, the social cost, the suffering and despair arising from a deep and long drawn out economic crisis are extreme, and the rulers of an industrially advanced country have good cause to tremble at the possible political consequences of such a situation.

State policy is therefore likely always to try to exercise some control, however limited, over the movement of the economy as a whole. In effect it has no alternative; the extensive economic involvement of the State is a historical fact from which there is no going back. The State has no alternative but to take account of public pressure in the administration of its economic affairs and to make itself accountable for the policies it pursues.

Events moving now faster, now slower, will tend to develop to the disadvantage of the capitalist class. However erratically, and despite zig-zags, the trend will be in this direction because

weaknesses arising from the contradictions within a State monopoly capitalism have to be overcome in face of mounting anti-capitalist forces and pressures (though not all of this is consciously anti-capitalist). The conscious policy of socialists in relation to immediate issues is to further developments in this direction, both ideologically, that is in the understanding of the deficiencies of a market- and profit-dominated system, and practically by structural changes that make easier the advance to Socialism.

10

Many of the factors that make a capitalist State unable to determine how much is produced and how many are employed also prevent it from determining *what* is produced. The State can determine the character of the social product in so far, of course, as it itself places orders—but as I have just tried to show at some length in relation to means of maintaining the level of activity, a capitalist State when it does so becomes entangled in political and economic contradictions that undermine the effectiveness of its actions.

The State can also influence the make up of the social product to a limited extent, positively by giving subsidies or, negatively, by imposing taxes; but here again it may run into difficulties in so far as there is a conflict between measures required to raise revenue and measures designed to implement economic policy.

In short, fiscal needs generally conflict with and restrict the use of subsidies and taxes to shape the qualitative composition of the social product; but this restriction is not absolute, and under the stress of political pressure State policy has been used from time to time to cheapen and enlarge the market for commodities entering into mass consumption (e.g. food subsidies and removal of purchase tax from "utility" clothing, furniture, etc.).

Such policies are, however, extremely repugnant to the economic philosophy of capitalism and create problems in dealing with which there arises a need to widen and make more and more thorough the control measures undertaken by the State. In Britain such policies were operated during and immediately after the war but were abandoned at the earliest opportunity, leaving only some minor remnants.

The practical objections that capitalists have to the interference with the conduct of their business which tends to go with these policies combine with objections on principle.

One of the cardinal tenets of the economic theory that supports capitalism is that the market automatically measures and adjusts itself to the tastes and preferences of the consuming public. Some economists argue that the market is an instrument of economic democracy through which buyers are continuously registering their votes for or against particular commodities by buying or not buying at certain price levels. Therefore to interfere with the workings of this mechanism by subsidising some products and taxing others means "dictatorially" telling the public what it ought to want instead of "democratically" accepting the verdict of the market indicators. (The defence of the market as an instrument of economic democracy would not preclude interference in exceptional cases, as for example when there is some generally held opinion that a commodity, while not so harmful as to be barred altogether from production—like opium—is morally or medically harmful. Strong drink and tobacco are admirable commodities to tax, therefore; they give the revenue a maximum return of money and a minimum of opprobrium.)

There are several major fallacies in this argument. For example, if spending money is to be compared to a continuous ballot through which economic choice is expressed, then it must also be said that the ballot is loaded in favour of the rich against the poor. The devilry of this lopsidedness is not only or mainly that the rich as consumers get things their own way,

but much more that the rich who are active capitalists—and this is where the control of the big money lies—always cast their vote, when it comes to spending money, in favour of that course which will bring back into their hands still more money. Hence the chaotic lurches of the economy as a whole, now in this direction and now in that, now up, now down.

My second observation is that the rich spend a great amount of money trying to influence the "money-vote" of the consumer in favour of their own products. A big part of the difference between price and production costs is spent on advertising, etc. in order to cajole or hypnotise the consumer into buying a particular product. If ever a vote were rigged, it is that expressed through the capitalist market.

The element of truth that exists in this charming idyll can become something of a reality only in a socialist economy. If the main framework of production is governed by an economic plan (which, amongst other things, will determine what resources are to be devoted to productive goods and what to consumer goods, together with the system of wage payments, etc. which governs the way in which the product is to be distributed amongst the consumers) then the push and pull of supply and demand on the market for consumer goods will give a useful indication of consumers' preference and a guide to future production plans so long as scarcity makes necessary a continuance of distribution through sale (as opposed to the communist principle of free supply according to need).

Once modern production is fully developed on the basis of large-scale and technically advanced industry, appalling consequences are bound to result if fundamental social decisions are left to the thrust and parry of market forces —decisions, for example, as to shaping the main outlines of the economy, allocation of resources to investment, provision for health, education, industrial and scientific research, the distribution of industry, the choice of direction for the future of the economy, etc. This is, indeed, the crucial issue of this nuclear age. The age of the doctrine of laissez-faire is dead,

killed by the ideological collapse of that doctrine but killed also by the growth of bigger and bigger capitalist "monopolies" forceful enough to use the State machinery as an instrument in the pursuit of their policies.

The conditions of modern social organisation and production make the extensive intervention of public authority in economic and social affairs inescapable. The technical basis of production has outgrown the property and social relations of capitalism. The contradictions and conflicts of this situation have also stimulated—amongst the people generally, but particularly within the working class on whom the brunt of capitalist exploitation directly falls—the growth of political ideas hostile and opposed to the whole philosophy of capitalism. So the necessity and the political demand for the intervention of public authority coincide. But the public authority that intervenes is the creation of capitalist wealth, power and ideology. The class reality behind the integument of the market relations reveals itself in the ways that public authority acts and fails to act. The capitalist class that owns and controls the means of production only reluctantly and under great political pressure admits the use of the State machinery for social purposes other than its own. By contrast, it permits the most free and full deployment of the potentialities of centralised public control only for the foulest military purposes and policies of domination by force.

The capitalist State can no longer stand aside from the more fundamental issues of the direction of the economy, but its representatives, confronted with these issues, are inevitably governed by ideas that look backwards towards the petty ideals of the profit-system, the petty ideals that become criminally dangerous when the might of modern technique is at their beck and call.

But whilst the capitalist State can exercise immense powers in some respects and in certain spheres which it takes specially within its charge—and in particular the vast undertakings of military production—it cannot control the economic system

as a whole without negating the basis of capitalist class dominance. Capitalist property, wealth and power derive from an economic order of things in which the laws of the market prevail. Ultimate economic control within a capitalist society is, therefore, subordinate to the "market" which is not, as has already been shown, an expression of the free choices of the consumers, but of "blind forces" not controlled by conscious human wills and purpose but the resultant of the conflicting wills of a number of owners of capital, each intent on making money for themselves, with—in the background—the mass of the people trying to earn their livings and spend their earnings.

A topsy-turvy situation exists in that consumption tends to tag along after production. What is produced is pressed upon the consumer. The consumer must have the latest products; buying whatever industry produces, regardless of whether it really does or does not contribute to the good life, tends to become a matter of social prestige.

For example, Britain ends the war with a large engineering industry quickly adaptable to production of cars. Cars are produced. As more are available, more pressure is exerted to sell them. More people have them; and this makes more people want them. Consequently no one is anyone unless he has a car whilst meanwhile the roads have become choked to bursting point making the use of a car as a means of transport difficult and dangerous and a test of nervous endurance. The Minister of Transport, faced with this situation, not unnaturally complains that though he is fortified by 50,000,000 advisers in Britain, none of them can suggest a practicable solution.

II

Finally, to what extent can the State influence the distribution of the product? Broadly speaking, personal incomes go

either to wage earners, salary earners or recipients of unearned income (e.g. as dividends, interest, or rent), and in addition there are non-personal or institutional incomes such as those derived from taxation which come to the State and that part of company income which is retained and not distributed as dividends, etc.

The State can to a moderate extent—but only to a moderate extent—affect the distribution of the national product, mainly by means of taxation policy, aided to some extent by subsidies. If the price of essentials—bread, for example—is kept low by subsidies and the funds to meet the subsidy are met out of a general tax, the poorest people, who pay ou ta smaller portion of their incomes in tax and spend a higher proportion on bread, will be the gainers.

For similar reasons subsidised housing, and free health or educational services, benefit the poor relatively more than the rich and certainly represent a redistribution in favour of the poorest. But whether they represent a redistribution in favour of the working class as a whole is a debatable question.

Broadly speaking, the value of the benefits received by the working class in the form of social services corresponds roughly to the direct and indirect taxation and insurance contributions paid by the working class. If it is argued that military and other State expenditures are overhead costs of capitalist society and of no benefit to the workers, then redistribution of the national income through social services should be seen as no more than a redistribution of income within the working class as a result of which the poorer workers who pay less tax are benefited at the expense of the better paid workers who pay more.

If it is argued that part of the State expenditure as a whole has always been met by taxation falling on the workers, then the working class as a whole must be deemed to have benefited to the extent that they receive from the State as well as paying to it, and so make smaller net contributions than before. But

the whole argument becomes meaningless if pushed too far, because it might be argued that if the workers paid higher taxes they would have to be paid higher wages, and if they paid lower taxes it would be possible to pay them lower wages.

On the other hand it may be argued that the taxes paid by capitalist companies are treated as supplementary costs and the minimum margin of profit aimed at takes into account the rate of taxation. According to this line of argument, all taxes, direct or indirect, would tend to be absorbed by increased prices—the division of what remains after deducting taxes being fought out in struggle between the workers and the capitalists.

The basic fact seems to me to be that capitalism is an economic system powered by the profit incentive and must, if it is to operate at all, show a profit to the capitalists. Measures which redistribute income in favour of the workers tend therefore to be answered before long with counter-measures from the capitalists who will always look for ways and means of increasing the share of profits in the values produced.

If the measures benefiting the lower incomes coincide with an inflation of prices, this will be likely immediately to restore the share of profits. But one way or another, so long as there is continuing economic activity the capitalists will find ways of again increasing their profits; indeed, it might be truer to put the proposition the other way round and say that there can only be continuing activity so long as the capitalists can find opportunities of increasing profits.

The share of wages in the national product has remained in Britain rather stable, according to available statistical evidence, at about 40 per cent (before taxation). It seems therefore that the workers have not so far succeeded in changing the *fundamental* balance between themselves and the capitalists; however, incomes after tax have perhaps in the post-war years shown some move in favour of the workers (though possibly tax evasion by the capitalists has increased, diminishing the

redistribution via taxation). Since the motive force of the whole economic system is profit, the capitalists must necessarily do all they can at all times to enlarge their share in the product —inevitably so, since such is the essential nature of a system of all-pervading commodity production, viz. market production for profit.

The workers make gains and from time to time advance their living standards, and they may succeed in holding or even improving these gains as a result of continuous struggle against counter-moves from the capitalist side. But it is always more difficult for the workers to improve their relative position, that is to raise not only the total of goods available for their consumption but also their share in the national product. The political pressure of the capitalist class against the working class tremendously increases as the gains of the workers multiply so that a limit tends to be reached periodically, halting the further progress of the workers' movement so long as it is as yet unprepared to challenge fundamentally the political dominance of the capitalist class.

However, even if specific measures designed to benefit the workers at the expense of the capitalists often prove to be illusory, it does not follow that the struggle for them is not beneficial to the workers. The immediate effect of high wages or better social services is always (bar exceptional circumstances such as a runaway inflation) beneficial to the workers immediately, and the workers gain permanently in that their struggles raise the general living standards of the working class, and the capitalists are forced to restore their profits by some means other than reducing workers' standards.

The only *enduring* means of raising profits without reducing real wages is increased productivity. As capitalism increases productivity (as it constantly does under the pressure of the struggle for markets and profits, at an accelerated pace if pressed by strongly-backed wage-demands also) it tries to hold as much as possible of the relative increase for itself. How-

ever, the condition of capitalist society in the industrially advanced countries has multiplied the demands falling on the surplus product. In particular, greatly increased State expenditure and distribution costs have had to be met out of this surplus, and in the U.S.A. certainly for some years, and probably in most industrially advanced capitalist countries, the number of workers employed in productive establishments has tended to decline relatively to those engaged in distributive and non-productive public services. The share of the productive workers in their product has therefore tended to decline even if wages of all workers have held their ground or even slightly increased their share in the national income.

12

The conclusion to which the whole analysis in this chapter points is that "managed capitalism" is unable to escape the social defects against which the labour movement's socialist programme is directed. (The type of economy that we currently have in Britain is sometimes described as a "mixed economy". This is a misleading term, since it implies an economy that is half capitalist and half socialist and which, indeed, may be gradually changing its character in a socialist direction. I have been at some pains to show that neither the activities of the monopolies nor of the State alter the fact that the economy is predominantly a capitalist market economy. The arguments against "managed capitalism", therefore, apply equally as a criticism of the "mixed economy" which is simply another—if more misleading—name for the same thing.)

Given a fair sized public sector the State can influence the movement of the economy as a whole, but not overcome the contradictions that prevent its steady growth and its unfettered application of modern techniques. Furthermore the means by which the State can—in a socially beneficial sense—influence the character and development of the economy as a whole are

bound, if thoroughly applied, to provoke strong opposition from capitalist interests, and any far-reaching redistribution of the social product on consistently democratic lines would conflict with profit-making as the main dynamic of the economy.

In short, "managed capitalism" (or as it is sometimes called "the mixed economy") gets the worst of both worlds.[1] Conflict with capitalist interests is not avoided unless the idea of controlling capitalism in the interest of the people is abandoned; and the advantages of planning and the deployment of publicly-owned resources directly to meet social needs are not obtained. A "mixed economy" as an objective of socialist policy only makes sense as a transitional form which, so far from being an excuse for abandoning socialist aims, should be seen as a phase through which the labour movement should hasten as quickly as circumstances permit, seeking to extend the nationalised sector as rapidly as possible and pushing control measures onward towards their logical conclusion of a planned economy based on public ownership of all large-scale enterprises.

This is not to say—and this is a question dealt with later on—that there is not room within a socialist economy for some market production and for some small capitalist and commodity producers. If the commanding heights, the main means of production and the large productive and financial organisations, are publicly owned and subordinated in the main direction of their activities to a national production plan, it may be convenient economically and politically, in accordance with the wishes of political forces allied to the working

[1] In an economy that is predominantly socialist it may well be possible to have a "mixed economy" from which great benefits are obtained over a considerable period of time; but such an economy is "mixed" in the opposite sense, namely, predominantly it is planned and publicly-owned but, subordinate to this main framework, there may be areas left open to private enterprise and private ownership, and to control within defined limits by market-mechanisms in the case also of goods produced in publicly or collectively-owned enterprises.

class, to leave minor aspects of production and distribution on a market commodity basis.

The general conditions prevailing in such a free-market sector of a socialist economy could be broadly controlled in the national interest by the planning authorities, and the concentration of planning activities on essentials at the outset, without depriving the economy of a variety of minor products, would be a considerable advantage. It may also be useful to use market techniques for the distribution and exchange of subsidiary products from the publicly-owned factories also. These subsidiary uses of market mechanisms within a planned economy are worth mentioning, because there is much general misunderstanding of the fact that the question of public ownership in a socialist Britain essentially relates only to the big organisations, which at present are administered by large-scale trusts and monopolies far removed from the world of "rugged individualism", "personal initiative" and "free enterprise" that figure so importantly in the theoretical defence of the private property system.

The theory of "managed capitalism" and "the mixed economy" that we are dismissing is the theory that it is desirable to maintain the bulk of big industry in private ownership indefinitely.

There is no sense or logic in attempting to manage the economy without first freeing the hands of the planners by eliminating private property in the main productive units. This proposition seems to me so straightforward and simple as to make me believe that much of the enthusiasm shown for the cumbersome "mixed economy" is dictated by political expediency (i.e. avoidance of conflict with powerful and wealthy interests) and is not derived from any serious study of economic science.

In the next chapter I assume that "the mixed economy", or any other of the suggested new economic formations that are neither capitalism nor socialism, must be rejected as being neither historically possible (being only a variant of capitalism

modified by the preponderance of monopolies and economic operations through the State) nor desirable, because incapable of solving the social problems of capitalism. Against this background I consider the factors that need to be taken into account by a socialist in determining an attitude towards concrete questions of current economic policy.

4

SOCIALISM AND CURRENT POLICY

The day-to-day struggle for social progress—the interlocking of long-term and short-term aims—economic aspects of "the fight for peace"—peace and socialism linked—socialist aims and current policies for (i) nationalisation (ii) productive efficiency (iii) social services and public works (iv) full-employment (v) wages (vi) monetary measures (vii) overseas economic relations.

I

If it is true—as I think it is—that the masses of the people within a capitalist society gain by reforms and ameliorative measures only a fraction of the benefits that such measures appear to promise, this is not to say that years and years of struggle in Britain for social progress have been in vain. Probably no struggle for social progress is utterly in vain —however mistaken. As the Yorkshiremen say, "Those who make no mistakes, make nowt." But to recognise the inevitable meagreness of the immediate fruits of struggle is not to say that struggle is mistaken. It is absolutely essential to struggle for social advance within capitalist society even though one knows beforehand that the fruits of such struggle can only be slight and ephemeral—that is, ephemeral if they are not fought for all over again almost as soon as they are won.

Whilst history proceeds according to laws that operate independently of men's wills, this does not mean that the progress of history is automatic in the sense that men's purposes count for nothing. It may seem automatic in capitalist society in so far as man is deluded by his subjection to soulless, conscienceless market-rule into a sense of defeatism in face of

society and the problems with which it confronts him. He seems to be able to make means of controlling nature but not to use them for his own purposes.

In reality it is only purposeful human action based upon a deep understanding of social development that can free human society from its subjection to the "blind forces" of the market. Every attempt to take such action is a step towards change, a step also against those who want to go on living by the market, a step, even though not consciously conceived as such, against the capitalist class whose continued exploitation of others implies a continuation of the commodity system. That purposeful human action in social matters is difficult, calling for much wisdom and courage, is not surprising. All problems are "difficult" until they are solved.

Men, indeed, make their own history but the terms on which they do so are set by the world in which they find themselves, and complaints that these are difficult are no more than statements that they are not yet fully understood. But it is fairly evident that if men had not struggled for social advance, if there were no trade unions, no organised pressure for improving social services, no effort to get at the truth in social, economic and political science and to fight interests that oppose its recognition, then the present circumstances of history would be different and the "difficulties" that lie ahead greater.

Theoretically a capitalist Britain with lower wage standards, poorer social services, less nationalised industry, etc. is a real enough possibility; but such a situation would probably imply a weaker working-class movement and a smaller accumulation of political and social strength from the past.

A political movement must live always in the present; that is, it has always implicitly or explicitly an attitude to all current issues. For an individual socialist in Britain the constant question confronting him is what policy the labour movement should now be following. This means taking an attitude on quite a number of different social and economic

policies. In practice, of course, the thing is to pick the key and typical issues. The criterion always is: what benefits will such and such a policy bring in the future, both the near future and the more distant future. The choice will never be easy, so many contradictions will be involved between "means" and "ends", between short term and long term, or between material advantages and questions of principle.

The political problem of taking an attitude is rather like the moral problem that an individual constantly faces. He has to make the best judgment he can of the direct and indirect consequences of the action he is taking. So politically a socialist has to judge each issue "in the round" and decide what attitude towards it is "good for socialism". Nothing but his whole personality can give him his answer; he has lived and studied and thought and felt and so shaped his own ability to judge the ends and the means that he favours. Similarly a movement has "a personality"—often a "split personality"—reflecting, of course, the personalities of the individuals composing it but also the organisational pattern that gives them coherence as "a movement", "a political party", etc. An important part of "the organisational pattern" of a movement is its common philosophy, and this is something that is always in a process of change, of being newly created out of living experience.

Consequently the value of any particular policy needs to be assessed from several standpoints. The general point was made in the preceding chapter that the significance of reforms and material concessions won from the capitalist class should not be exaggerated (this merely echoes a point made by Marx) and so long as the capitalist framework of society persists, the apparent gains are in constant danger of "melting like snow". But this is not to say that the right course was not to support such limited reforms and concessions. As like as not, the only correct policy was to support them, provided that this was done in such a way as to "build up the personality of the movement", to prepare it for new demands and further advances.

The point not to be overlooked is that "a socialist solution" is an immediate practical possibility only in a very special combination of circumstances. Some of these circumstances will involve world events and other factors quite outside the control of the movement itself, but one indispensable condition will always be the political, intellectual and organisational preparedness of the working-class movement itself. It must command political support, have a following and win the respect of a decisive mass of the people. It must be led by "a general staff" that is intellectually alive and flexible in recognising new opportunities and new situations, and organised so as to be able to give unity of action to the political forces supporting it. At the same time this "general staff" will be incapable of pursuing its aims with determination unless it is guided by firmly grounded socialist principles—firmly grounded, that is, in the sense that they are based on the most advanced scientific outlook, seeing the place of the socialist movement in relation to the historical process of human development as a whole. This combination of aliveness to the peculiarities and immediacy of the present with long-term vision and sense of the oneness of human history is to be found, in my view, only within the social and philosophical outlook of Marxism, fed by the actual experience of movements struggling for socialism, freedom and social progress in all quarters of the globe.

Whilst opportunities for big and rapid advances may occur only from time to time and erratically, according to the ebb and flow of the tides of politics, the job of "building" the socialist movement is always on hand. This is the certain gain from far-sighted political leadership. Sometimes a well-chosen action may not show good results in terms of immediate gains. A movement may have to exert tremendous efforts in order, like the Queen in *Alice Through The Looking Glass*, simply to stay in the same place. But if the morale of the movement is preserved, and attacks on living standards, on its organisational freedom, its conceptions of social welfare, etc. are

thrown back, then the movement is ready to move forward again; and if its limited gains melt away sooner than expected then the movement's understanding of the need for more fundamental changes will begin to mature, and it will be more ready to seize opportunities for big advances.

To win the war against capitalism necessitates a big offensive, but does that mean that all struggle until the great day of the big offensive is useless? Of course not; the point is, every petty skirmish needs to be conducted with an eye also to building up strength and bringing nearer the day of the decisive offensive.

In social change there is, as it were, an internal and external element. There are processes of historical development taking place despite and beyond men's conscious wills and purposes. There are also events taking place outside a particular social organism which have tremendous but uncontrollable impacts retarding or hastening social change. But—whatever the "external" elements may be—a socialist transformation in a country such as Britain is not possible unless the "internal" element, the mass of the people with the working class, necessarily, as their spearhead, is ready to struggle against the existing order of society. In moments of revolutionary upheaval this factor of mass struggle is obvious, but what is not so obvious is the long chain of unsuccessful or only partially successful struggles for limited objectives which prepare the way, build up the "political potential" for fundamental social change.

In a society such as Britain the forms of mass struggle are very numerous and varied in character, including, for example, strikes and demonstrations, the organisational and agitational work of trade unions and political parties, publication of papers and journals, meetings, discussions, work within legislative bodies and numerous other institutions, all the various facets of the peace movement, lobbying, meetings evoking expressions of public opinion, associations for numerous special purposes (such as tenants' leagues or sports clubs),

etc., etc. The point is that such activities not only achieve something, however small, to change the existing social and economic structure but also the very activity of those who involve themselves or get involved in struggle helps to mould and mature a new political outlook, a new character, a new personality.

Political activity, in the widest sense—that is, doing something about "social change"—is the soil from which man's sense of human dignity springs. The indignation of the oppressed and response in action to this sense of indignation is the seed from which grows understanding that the exploited, the workers as a class, can take into their own hands their own future and the future of humanity, to fashion it as they have long dreamed it should be. That is, the class-consciousness of workers develops from defensive reflex actions into wide and all-round consciousness of their ability to create an altogether better social and economic organism. Those who despair of teaching millions to "learn reason" are thinking too much in terms of school-study and learning from books (the complementary importance of which, however, an author would be the last to deny) and overlook the readiness with which human beings can learn lessons that spring from their own experiences.

It is against the background of such general considerations that socialists find criteria by which to know what economic policies to support or not to support in the day-to-day issues of the present. And, of course, to ask what policies socialists should support, is quite meaningless without specifying when and where. In what follows this question is dealt with as relating to contemporary Britain.

2

Economic policy will be an aspect, a part fitting into the policy of the socialist movement as a whole. Furthermore, the

policy of the socialist movement will always have two interrelated dimensions: the first, as an immediate policy fighting directly on the present situation; and the second, as one of a series of such policies, each the child of its predecessor, building the path from the present into a future socialist society.

The "socialist" aspect of a current policy within capitalist society is the germ it contains of further development for the socialist movement. The policy of a socialist movement includes both an inward and an outward-looking aspect—i.e. what it does to strengthen the socialist consciousness of the movement itself (the inward aspect), and what the movement does to cause political change within the country as a whole (the outward aspect).

It is necessary simultaneously to develop consciousness of the socialist objective (and the relation of particular current policies to it) and also to help shape and fight for policies that win political support in action and cause social change of a progressive character.

It is in practice often not at all easy to define what is and is not a progressive policy. The condemnation of partial measures does not lie in the fact that they fall far short of socialism. This is a defect that could be attributed to all measures taken in the preparatory stages that build the way from capitalism to socialism. And to reject all such measures would be to reject the fight for socialism under the pretence that the only fight worth fighting is "the last fight"—the final conquest of power and the revolutionary transformation of the economic basis. To reject all preparatory struggles is to imitate the Irishman who when asked the best way to Dublin answered, after much thought, "If I was going to Dublin, I would not start from here."

But if rejection of preparatory interim objectives is a political *reductio ad absurdum* in one direction, the opposite absurdity is the doctrine of travelling hopefully without any intention of ever arriving.

The recognition of this absurdity implies, I think, the recognition of a quite fundamental law of social development which is the core of the Marxist theory of history—and, indeed, is closely related to the most general scientific laws of development. That is, change, whether it be the historical development of human society, or animal life, or inorganic matter, appears to have universally the characteristic of gradual partial quantitative changes proceeding without involving drastic qualitative changes in the character of the whole within which these partial changes occur, until a point is reached at which the character of the whole changes suddenly and drastically.

Something like this appears to occur in the structure of the atom and in the evolution of animal species. The nodal point of qualitative change also occurs in the historical development of human society, and the great scientific discovery of Marxist theory was that the differences between types of human society are determined by changes in their economic bases, the forces of production and the relationships between men in their utilisation.

This law of social development is an extremely general one and on its own it leaves a mass of concrete detail unexplained. In fact, Marx himself devoted years of his life to the scientific study of the concrete detail of the capitalist society (of Britain in particular) in which he lived. Of course such study is equally necessary in the present. However, this *general* law is of value in that it gives one one's bearings and makes it possible for the political movement through which historical change is effected to define its fundamental objective.

This fundamental objective is a socialist society. Or, to put the matter another way, it is recognised that partial changes cannot change the overall character of society but must at the same time be seen in relation to the overall change in the quality of society. When the opportunity for such change will come about cannot be predicted, but it is possible in each concrete situation to determine from amongst possible courses

of action which best prepares the way for future change in the direction of the "big change". Without this stage-by-stage preparation, some of the necessary conditions for the "big change" will be lacking at a time when all other conditions may be favourable.

3

Currently in Britain the most crucial issue confronting the progressive movement is what is rather vaguely described as "the fight for peace". But, it may be argued, this has nothing to do with "the struggle for socialism". In my view on the contrary—it has a great deal to do with the advance of the British Labour movement towards socialism.

The policy of the socialist movement in the immediate present can only be determined in relation to the concrete historical circumstances of the present. For Britain there can be no progress unless a third world war is prevented. An atomic war would be national annihilation for Britain. There is a growing awareness of this fact in the working-class movement, amongst intellectuals and amongst the mass of the people. Peace is the one political issue that is burningly alive in the hearts and minds of a vast number of individuals, even though this highly political issue finds as yet inadequate and unco-ordinated expression in political action.

Peace is for Britain, therefore, a crucial political issue in a two-fold sense. First, it is the issue that is stirring the feelings of the mass of ordinary individuals—and in that sense a crucial issue of the people, an issue that any democratic movement must grapple with. Secondly, it is crucial in the sense that national politics for Britain has no future until it is resolved. If it is not solved, the projection of a series of policies linking the immediacy of the present to the perspective of socialism in the future will be truncated by what would now be the annihilating destruction of war.

Man's command over his own social organisation becomes

now an imperative, immediate necessity. In so far as this lesson is learned an aspect of socialism is also being learned, since a very important aspect of socialism is nothing less than coherent social action by the mass of the people. The still incoherent striving after peace poses the question of how to make effective *politically* the already widely disseminated will for peace.

There are many aspects of the struggle for peace in relation to the advance of the socialist movement, but here I am raising the question simply to help specify the concrete historical circumstances in which the British labour movement finds itself, namely, a situation in which the prevention of war is a paramount issue.

In fact, Britain is so placed that the foreign policy it pursues can have decisive influence internationally, and a policy dedicated to British disarmament coupled with the wider objective of worldwide disarmament is a quite real proximate objective. Concretely, therefore, economic policy must be linked to the perspective of disarmament. This means that in addition to the already existing issues of economic policy there is the new issue, namely, the economics of disarmament.

However, the general debate that goes on about the advantages of not wasting resources on war equipment has yet to shape itself into a specific programme incorporating aims supported by the working-class movement and continuing then with measures reflecting the purposes of the other and varied elements supporting the struggle for peace.

Of this programme the arbiter will be historical circumstances that lie still in the future. But it is not unreasonable to pose the question whether peace could not be the crucible in which British socialism may be fashioned. Socialism and peace are inseparable in the situation of Britain today; and it may be that it is in the fire of the struggle for peace that British socialism will be forged.

That is to say, whilst the issues of peace and socialism are inseparable, it is peace that stands in the immediate forefront

of political struggle whilst socialism is like a great mountain, as it were, towering over the scene of the struggle.

The primacy of peace in the British context is obvious. Moreover it is here that the British people could make their greatest contribution to progressive forces throughout the world. A break in the anti-Communist front of the great powers would immediately ease the situation of the socialist countries and speed there the improvement of economic and social conditions. The advance to economic and political independence by countries dominated or until recently dominated by imperialist powers would be helped. The war against world poverty could begin in earnest. Against all the opposition that would be provoked from the reactionary forces at present behind the NATO alliance, there would be wide support in new quarters.

The compelling reason, however, for giving primacy to peace is the political obligation to muster the strongest and widest possible alliance of forces against the defenders of militarism and the *status quo*. For the mass of the British people socialism is still a concept that lacks concreteness. To say "let us get socialism in order to secure peace" would be to create confusion in everybody's minds. There are many who support and many who oppose socialism on the basis of most vague and inaccurate conceptions of what socialism is (equating it, for example, with welfare services or bureaucracy or controls or regimentation or bloody revolution, etc., etc.)

It is quite natural and inevitable that this should be so. The ideas of the existing dominant class always tend to pervade the whole of society, and today is no exception, when most people have no choice but to form their opinions from the fag-ends of misrepresentation appearing in the popular press or on the radio or television.

Peace, however, is an issue that is politically real and alive for the great mass of the people. They mean by it specific things, such as getting rid of nuclear bombs. To say "let us see that Britian lives in peace" means something definite. It is the

form in which people see and feel the crucial political issue of our times. It is the issue that can rouse passionate energies and heroism.

4

Whilst there are supporters of the struggle for peace far outside the labour movement, there are also formidable anti-peace forces within the labour movement. This is the topical form of the old, old struggle within the movement between those who defend and those who are prepared to look beyond the existing social system.

These trends have in the past been rather generally designated as "reformist" and "revolutionary". But these designations imply all sorts of assumptions of which the participants in these trends may not necessarily themselves be conscious. The dividing line in practice is between those who think in terms of making the existing system work and those who pursue the aims and interests of the workers without conditions or reservations.

The identification of this latter standpoint as "revolutionary" implies a Marxist reading of history and social development, in that it implies the impossibility of fully meeting the sought-after aims except as a result of social revolution. It is, however, as well to emphasise that the implications of men's purposes are not necessarily known to and do not necessarily play any part in shaping the determination of those who struggle for them. Things in the main develop the other way round. The mass of the working class sets itself a purpose and determines to struggle for it. Out of this struggle new purposes and new struggles develop, and the historical and social implications of the struggle emerge as the movement gathers momentum.

It is the leaders of political movements who feel the need of looking ahead to ultimate aims and using social and

political science to find their bearings in each phase of struggle, so as to link together the various aspects of the struggle into a united force with an appropriately defined objective.

It is because of its revolutionary implications that the reformist elements in the labour movement reject an uncompromising anti-war policy. They support the general lines of capitalist foreign policy, and have sometimes rivalled the Tories in the arts of anti-Communism. Basically they are *status quo* men every bit as much as the men of the establishment—some perhaps for material reasons, feeling themselves comfortable and self-important in the niches they occupy, others for ideological reasons, measuring all things by the standards of the existing order of society.

How in fact the struggle for peace develops will depend upon those who most actively participate in it. No actively led mass movement can be frog-marched into socialism or anything else, but fear of socialism is already impeding and may further impede the development of the peace movement.

This is one of the most crucial senses in which peace and socialism are inseparable issues. Peace today means first and foremost creating conditions of peace between the socialist and capitalist worlds, peace that is never allowed to break down into war so long as the differing types of system continue to exist. No one can whole-heartedly strive after this aim without trying to deepen his understanding of socialism and facing up to the possibility that peace may be favourable to the growth of socialism and may increase the weight of its influence in the world. It is accordingly of the highest importance to the cause of peace that socialism should be better understood, and that to help achieve this socialists should pay heed to the views of those who, sincerely devoted to the aim of peaceful coexistence, have as yet little sympathy with socialism. Such people include substantial numbers associated with workers' and other mass organisations in the West, as well as many liberal-minded intellectuals of considerable influence in social affairs. These people are asking themselves

the question "suppose then socialism prevails?" Obviously the more delusions and unnecessary fears about socialism are eliminated, the better the prospects for peace and the speedier the isolation and exposure of the real reactionaries who would rather bring the world down in atomic ruins than do anything that might help socialism in any way.

Externally to Britain there is, as it were, an inseparability of socialism and peace in the very concept of coexistence. Internally also the issues are inseparable because it is precisely the most socialist-minded element in the labour movement that opposes bipartisan foreign policies and means business about peace. The problem is to increase the political strength of this most determinedly socialist trend in the labour movement and at the same time to widen the peace alliance so as to include people who are pro-peace, even though anti-socialist in their views.

The only possible cement of this alliance is confidence and understanding. Confidence that political undertakings and promises will be respected. Understanding of what socialism is, how a socialist government would conduct itself in Britain, what areas would be left open to private ownership, etc., etc.

It is quite possible that many of the anti-socialists in such an alliance would out of the experience of the struggle for peace change their attitudes towards socialism. The more this happened, the firmer the peace alliance would become in its opposition to the cold war and all forms of militarism.

The peace movement is bound increasingly to feel the need to strengthen itself against the powerfully entrenched vested interests of reaction. That means in practice curbing the power of big capital that fosters the anti-Communist crusade throughout the world. And the danger of warlike manoeuvres (under cover, of course, of the anti-Communist alliance) against other capitalist powers should not be overlooked. What happened in the 1930s could happen again in the 1960s. To scotch the policies that could end up this way it is

essential to break the concentrated control of wealth in the hands of big capital, since this is the source from which reaction draws its material strength.

The first essential is for everyone in the peace alliance to accept the overriding primacy of the cause of peace and subordinate all subsidiary policies to this aim. This might mean speeding up social changes at home or it might mean holding some back. Into the struggle for peace a number of progressive causes will certainly flow and the integration of the aims of these component parts will call for skill and understanding.

The potential political strength of the forces that could go to form a peace alliance are tremendous; but the indispensable condition for the success of the alliance is that it should possess deep roots in the organised working class. It is such a working-class basis, combined with far-reaching support amongst intellectuals generally, that can make the alliance a formidable force capable of claiming national leadership. From such a basis the alliance would be capable of reaching out widely into British national life and winning support throughout the territories of the British commonwealth.

It is possible that elements from amongst the ruling-class circles of monopoly capitalism in Britain may come over to support certain aims of the peace movement. The situation of the ruling class—in a world where circumstances are today more and more heavily weighing down on Britain—is such that a considerable rift on this issue amongst the monopoly capitalists is quite conceivable. But the protagonists of peace need nonetheless to remind themselves constantly of the many highly-placed persons in the hierarchy of an imperialist power such as Britain who will bitterly and to the end oppose the aims of the peace movement. A whole-hearted initiative for peace from the ruling circles as a whole is inconceivable. It is the struggle of the mass forces that must make the running and in the end will be decisive. These forces will be helped by divisions amongst the leading capitalists and will in turn

strengthen those who wish to oppose militaristic and cold-war policies.

So, in so far as British imperialism moves towards coexistence and a *détente*, well and good; let the peace alliance support such moves; but monopoly capitalism *as a whole* cannot conceivably assume a consistent and lasting anti-militarist position. Those who politically represent British capitalism may from time to time make moves towards a *détente*, but such moves will to some extent be manoeuvres dictated by temporary external conditions or pressures from popular forces internally. A class society such as Britain, so long as its economic basis continues to be monopolistic concentrations of privately-owned industry and finance capital, must always tend to return to militaristic policies and postures.

Pressure of events may cause all sorts of splits, divisions and confusions of policy in imperialist circles and ideological crises and "conversions" possibly for increasing numbers of individuals. But the struggle for peace will not continue to make headway except in so far as it comes to be recognised more and more widely that the source and origin of the things it is struggling against is imperialism. The whole political organisation, the policies and systems of ideas of the British ruling class, are materially sustained by and socially and ideologically rooted in British monopoly capitalism. The British establishment sees economic and political policy only in terms of the problems of monopoly capitalism. Monopoly capitalism—or "finance capital" which is another name for the same thing but emphasises more its operations through the banking and monetary institutions (which are particularly important in the economy of the British Empire)—inevitably strives after wider and wider domination and inevitably relies on militarism as the main support of the political system through which it operates.

To surrender the initiative to monopoly capitalism is inevitably to poison the waters from which the peace movement draws life. Sooner or later the question of nationalisation

of the few hundred biggest firms in Britain is bound to come under consideration in relation to the aims and problems of the struggle for peace. Nationalisation of the main very big firms in Britain touches the property interests of only a minute fraction of the population; the main thing therefore is the presentation of the issue. But once the comparatively few very big firms are taken out of private hands the enemies of peace have lost the main source of their social influence.

5

Once the struggle for peace reaches the stage of striking at the economic roots that feed reactionary foreign policies, its immediate political objectives will begin to fuse with the background issue of a socialist transformation of the British economy. For nationalisation of the main manufacturing and financial giants would necessitate a socialist transformation of the whole economy. Public ownership would predominate over private, and the dynamic of the economy as a whole would no longer be pursuit of profit by the at present preponderating industrial trusts but would have to be provided by a national economic plan.

It would still be possible to maintain alongside the publicly-owned key sectors a substantial private sector with a considerable number of smaller capitalists continuing production for profit.

For the sake of broadening the alliances of forces supporting the working class, and to meet the views of those who dislike the idea of complete elimination of privately owned capital and State control of all economic activities, an admixture of capitalist production relations within a predominantly socialist economy would be perfectly feasible and could be retained, if desired, for an indefinite period—in fact for as long as there was a substantial body of opinion favouring its continuation.

Providing the "commanding heights" of the economy are publicly owned and working to fulfil a planned programme of production and distribution, small privately-owned firms operating within this socialist framework can, by orders placed and raw materials supplied, be integrated to a reasonable extent into the plan as a whole. Where necessary the economic means by which the planning authorities can determine economic relationships between the private and public sector can be supplemented by direct control measures such as were operated in Britain during and immediately after World War II.

Public policy would necessarily oppose and prevent expansion of the private sector at the expense of the public, since this could undermine the socialist basis of the national life as a whole. But whilst accumulation and capitalist expansion would need to be controlled, there is every likelihood of the small capitalist concerns enjoying a greater economic stability than they do in modern capitalist society under the shadow of powerful privately-owned monopolies.

Monopoly policy is always dictated by the long-term aim of expanding profits and financial resources, and the economy as a whole is governed by the law (or should one say "anarchy") of the market. Under such circumstances no account can possibly be taken of the situation of the small financially weaker firms. At the cost of technological backwardness and inflated prices some smaller firms have in the past found shelter under the restrictive agreements of trade associations, etc. to which they, alongside the bigger monopoly firms, belong. Legislation of recent years, anti-monopoly legislation it has been called, has deprived them of this shelter. From the standpoint of the national interest, such restrictive arrangements are utterly indefensible backward-looking measures, but in the context of modern British capitalism their removal simply stimulated the growth of the biggest, most powerful firms and accelerated the concentration of capital, that is monopoly in its most direct

form of domination by a few giants over whole sectors of industry.

A planned socialist economy, simply because it is producing to fulfil a plan and is not governed by considerations of profit and vested interests, can provide outlets for the products of a subsidiary private sector without restricting the development of the economy as a whole.

However, as the socialist sector as a whole develops and as methods of co-ordinating planned production are improved and made more efficient and flexible, it is more than likely that in the course of time those who are engaged in the private sector will begin to feel that its continuation has little point and once the techniques of socialist administration have had time to become perfected, that it is less efficient. Managers, technicians and workers alike would then tend to prefer to be employees in publicly-owned organisations. However, the course of development in a socialist economy retaining at the outset a sizable private sector could not be shaped in advance by a "blue-print" but should be allowed to proceed in the light of actual experience and according to the wishes and views of the people involved.

6

In pursuing the implications of the struggle for peace in relation to internal policy in Britain, my argument has run ahead into the future, and now reverts again to the main current issues in relation to which the policy of the British labour movement has to be shaped. These are: (a) The conception and role of nationalised industries. (b) Public works and social service expenditure. (c) Measures to maintain full employment and a reasonable distribution of industry. (d) Wages policy. (e) Monetary policy. (f) International economic policy and, closely linked with this, (g) Economic policy in relation to the economically under-developed countries.

The question is how to inject, both into the debate and into the actual political struggle, policies that advance the socialist movement; or to put the question another way, how to assess what is good and not good for socialism in alternative policies that are politically realisable.

Nationalised industry is sometimes spoken of as "socialised industry". This, in my view, it certainly is not. Socialism implies planning of the economy as a whole; that is, the sectors of the economy which are given a planned direction must be sufficiently substantial to absorb any cross-currents originating from less decisive parts of the economy left to adjust themselves to price incentives in the market they supply.

Socialism also implies public ownership of the decisive sectors of the economy in order to make it possible to implement a general plan. Public ownership in a limited sector of the economy does not imply socialism; the economy as a whole necessarily has the character of the dominant sector. A more accurate term for the nationalised sector would be "State capitalist", since it necessarily has to be run in essentials on capitalist lines though under State ownership and direction.

The fact that a nationalised industry does not aim at maximising profits does not give it a non-capitalist character. A privately-owned subsidiary may supply a parent company with components at cost, in order to accumulate profits in the parent company. Similarly the nationalised industries which are mainly selling their output to capitalist undertakings help to swell the profits of the privately-owned industries by selling to them at cost.

The nationalised industries are capitalist in character in so far as their policy is governed by market conditions that govern the economy as a whole, and in so far as they are subordinated to the needs of the predominant privately-owned sector.

However, provided this State-capitalist character of the nationalised industries is recognised and provided attempts to

pass off nationalisation as "socialism in practice" are vigorously rebutted, it is a sound policy for socialists to support nationalisation and advocate its extension—sound, that is, in relation to present circumstances. One can well imagine situations in which support for limited extensions of nationalisation would be incorrect—for example, at a time when public feeling was ready and anxious to take the much bigger revolutionary step of public ownership of all key industries as a basis for socialist planning. To advocate nationalisation of one or two industries under such circumstances would be a retarding diversion. Again, during the Second World War the all-important objective was the defeat of fascism and in the interest of the widest possible national unity the labour movement temporarily ceased to press demands for nationalisation which, as soon as the war in Europe was over, were introduced into Labour's election programme.

The present situation is one in which it is far more important to build up the vigour and purposefulness of the labour movement by fighting for an economic policy that is decisively more progressive than that of the Conservatives and which demonstratively shows a readiness to challenge a few powerful private interests for the sake of wider national interests.

If here and now it is not politically possible to aim at complete socialisation of the economy, to extend nationalisation within the capitalist economy—an aim that currently is politically supported within the labour movement—would be a step towards socialism in a number of ways. The main reasons for supporting nationalisation, even though it can only be a limb forming part of a body that remains a capitalist entity, are, I think, the following:

(i) It facilitates technical progress.
(ii) It forces public authority to be responsible and answerable for a sector of industrial administration, employment conditions, etc.
(iii) Each extension of nationalisation is a challenge to the right and the capacity of private property to administer industry.
(iv) The demand of the progressive movement for more nationalisation expresses socialist aspirations.
(v) The bigger the nationalised sector, the more the State is able to influence the development of the economy and the more clear the need becomes for public authority to take responsibility for the conduct of the economy as a whole.
(vi) The bigger the nationalised sector the smaller and weaker the private sector.

Point (v)—which in some ways is the most crucial—remains true despite the fact that the State is an organ of the capitalist class seeking to exert its power against the interests of the working class and the mass of the people. The point is, it is the job of socialists as the political representatives of the popular interest to conduct an unremitting critique of everything that distorts or damages nationalised industry as a result of capitalist policies. This was not done effectively in the period from 1945 to 1960. In fact, in this period the capitalist attacks on nationalisation tended to get home and the working class defence of nationalisation at the outset failed to stress the defects in the nationalised industries due to the influence of capitalist policies and, generally, the economic environment of capitalism. When these defects began to be felt in people's actual experience there was much disillusion and less readiness to champion vigorously the case for more but better-administered nationalisation. And so the capitalist critique was able to make considerable headway (despite the fact that the Tory government recognised that in practice the nationalised sector had come to stay).

The main charges against nationalisation have been bureaucracy, inefficiency and unpopularity.

Bureaucracy in economic administration is an important issue that later will be discussed more fully both in relation to

capitalism and socialism. In fact, the charges of bureaucracy made against nationalised industries apply equally to privately-owned organisations of comparable size.

Inefficiency has been alleged mainly because nationalised industries have made losses, due in fact to low price policies beneficial to private industry and to the state of disorganisation inherited prior to takeover from private management. In fact nationalisation has considerably improved the organisation and working efficiency of the industries taken as a whole —though the technical reorganisation has in all cases fallen far short of what it should have been.

The unpopularity of nationalisation is due in the main to bad working conditions and low wages. In the case of coal, where wages improved, nationalisation was much better liked, but the fact that it is harmed by lack of planning in the economy as a whole is now making very clear in this industry also the limitations of nationalisation within the framework and environment of a capitalist economy.

The struggle over nationalisation in Britain makes clear how necessary it is for the socialist movement to be precise in its appraisals of the policies it supports. Confidence in the policy of extending nationalisation can only be restored by simultaneously demonstrating its limitations and its advantages. The main objectives of struggle in the existing nationalised industries should be improved wages and working conditions leading and setting an example to the rest of the economy, modernisation and improved efficiency, and more consultation with workers and consumers with the objective of making nationalised industries appreciably less bureaucratic than other industries.

7

Productive efficiency can never be disregarded by socialist policy. The socialist movement grows out of and is rooted in

the working class because the working class is an organised coherent political force that understands modern industry (from its daily work) and has for itself no future within the conditions of a profit system (which for the workers means exploitation—inevitably, because they are compelled to sell their labour-power).

The working class, in setting itself up as the opponent of capitalism, must necessarily step out as the representative of the national interest. In opposing capitalism as a system, the strength of its case rests on the superiority of the alternative. And socialism is better than capitalism not merely in that planning makes possible better use of *existing* resources but also because socialism can fully and freely *develop* the potential productive resources that the level of scientific knowledge today makes possible. Socialism means production of material wealth sufficient to eliminate for all time exploiting classes enjoying material freedom and well-being at the expense of the rest of society.

Socialist policy therefore—or the essence of what socialism stands for will be misunderstood—cannot afford to take a negative attitude towards technical advance. Equally it cannot afford—as its basis politically is the working class—to neglect the immediate interests of workers. It therefore has "to fight on two fronts"—*for* technical advances and *against* the unemployment, speed-up, nervous strain, etc. which frequently go hand in hand with technical advance in a market economy.

8

Social services within a capitalist society in the main represent concessions to the socialist aspirations of the mass of the people. In some ways (e.g. primary and technical education) they are "necessary" to capitalism; but historically, socialist criticism has done more to cause their extension than the enlightened self-interest of capitalists. Many who "believe

in" social services may not recognise any socialism in their own thinking, but they are like the Molière character who did not know he talked "prose".

Reactionaries are right in labelling social service expenditure as "socialistic" not in an economic sense but in an ideological sense, in that the logical conclusion of the demand for more and more social services is to solve the ever present problem of paying for them by socialising the means of production. But "enlightened" reactionaries see in limited social services a concession which can be afforded out of the social product and which gives them many talking points to defend the capitalist's "Welfare State" against the socialist State.

The battle therefore is always over where to draw the limit and who pays. Enlargement and improvement of social services generally helps the advance to socialism, materially in so far as it makes the "have-nots" more independent and confident, and ideologically in so far as it propagates the idea of getting things socially and not through the market. But as always, concessionary measures serve as brakes as well as propellants, and judgment on specific programmes in the last resort always depends on the surrounding circumstances.

9

Public works expenditures, roads, irrigation, reservoirs, etc., etc. have, generally speaking, less sharp political implications than social services such as health, housing or education. The capitalist reaction to such expenditure is generally less hostile; for socialists, the main question will be priority relatively to other forms of expenditure. In themselves public works may be useful, socially or to industry, but as a substitute for health or educational expenditure they could hardly be supported.

Since the 1930s the debate over "full employment" policies has raged unceasingly in both political and economic circles. It is now more or less accepted that the government must have

an employment policy, but the debate continues heatedly about the means, about the level of permissible "frictional unemployment", and so forth.

The socialist attitude towards "full employment" proposals and policies needs in each particular situation to be thought out and expressed with great care and precision. Socialists cannot stand aside, but in supporting specific programmes need to avoid creating illusions about their effectiveness, since genuine and lasting full employment is inconceivable under conditions of capitalist society.

10

Somewhat similar dilemmas arise over monetary policy, since capitalism inevitably, in taking measures to stimulate economic activity, tends to create inflationary pressures pushing up prices and so indirectly affecting living standards. However, socialist policy on such issues will generally need to concentrate on protecting jobs and standards of life for the mass of the people as against strong capitalist pressure to increase profitability by keeping down costs relatively to prices received from sales.

The pressure for constantly rising living standards creates a political and economic dynamic within the economy. Politically, it brings forward again and again the basic issue that technical and scientific advance should make possible improved standards of life. Economically, the issue centres around wage levels. Pressure for wages is anathema to the capitalists, for whom wages are the key factor determining costs and therefore their profits and/or their competitiveness in home and overseas markets.

Pressure for higher wages also compels capitalists to devote the utmost energy to the improvement of production techniques. However, in this period of large monopolies and of "managed currency" there are also other means of maintain-

ing profitability in face of rising money wages. Monopolies —within limits set by the fact that higher selling prices for their products may too severely restrict their markets—can raise prices to compensate for increased wage costs; and where the capitalist class as a whole faces a national upward movement of wages an inflationary monetary policy can help to raise prices generally and so readjust in real terms the relative shares of wages and profits in the social product.

Inflation, however, has also some harmful consequences from the standpoint of capitalism, tending, for example, to undermine the property structure of a capitalist economy internally as well as in its external economic relations (balance of payments, competitiveness in overseas markets, exchange rates, etc.) Runaway inflation can be catastrophic in its social and political consequences. But the cumulative effects of "controlled inflation" can also be harmful, if the inflation continues uninterruptedly for a prolonged period and it comes to be assumed that it must necessarily continue without a break indefinitely into the future. Then titles to material assets become always more advantageous to hold than titles to values expressed in money terms. The intense concern currently, in 1959 and 1960, by the authorities in U.S.A. and U.K. to combat even rather moderate inflationary trends is probably dictated in part by the fact that there has been a creeping inflation for almost twenty years which threatens to become accepted as an irreversible trend. However, capitalist economies today face so many economic stresses and strains that often the longer-term disadvantages of inflationary policies tend to be discounted in favour of the immediate benefits accorded by them.

II

Foreign trade, overseas investment of capital, banking, insurance, shipping and other commercial interests throughout

the world bulk very large in the business of British capital. Although the extent of its imperial domination has been narrowed considerably by the advances of national independence movements, it still retains a large colonial empire as well as many positions of economic strength in areas where its political domination has been diminished.

Britain—in common with other industrial powers in the capitalist world, but to a greater extent—is rather heavily dependent on markets in primary producing countries. In 1958, 46 per cent of its exports went to the sterling area and 12 per cent to other primary producing countries. In support of its overseas commercial and financial interests and in order to sustain the importance of London as a world financial centre, British capitalism sets a very high priority on maintaining the strength of the £ sterling and the wide use of sterling as an international currency.

Consequently there is a constant conflict between the overseas interests of British capitalism—and particularly finance capital, which is politically powerful and influential—and internal economic needs. External "necessities", as for example in 1947 and subsequent years in the U.K., are quite often put forward in justification of cutting down home investment or social service expenditure. This is the practical expression of an economic philosophy that believes that the external policy of British finance capital should carry first priority. This general standpoint is one that, in my view, socialists should combat.

It is difficult to say concretely and in detail what foreign economic policy should instead be advocated. This will depend upon prevailing circumstances, trade trends, the balance of payments situation, relative valuation of currencies, etc. But the subordination of British economic policies to external economic trends and market conditions is not dictated by economic necessity so much as by the policies and interests of the British capitalist class.

Under certain circumstances relative freedom of currency

exchange and trade may be acceptable, but to make liberalisation of exchange and trade a principle of policy overriding others is to put the economic interests of the people at the mercy of external circumstances. Trade and exchange controls provide economically-feasible alternatives that are in fact frequently used in emergency situations by the representatives of capitalism themselves, for example in wartime.

Socialists are correct in challenging the pre-eminence given by supporters of capitalism to the principle of freeing external trade from controls; instead it is reasonable to urge that foreign economic policy should be made subordinate to internal needs. A policy that puts the economic needs of Britain first may well mean economic loss to some sections of British capitalism from commissions, interest, privileged semi-monopoly positions in overseas territories, etc. The right of these imperialist interests to run the British economy to suit their book has to be challenged by socialists whose aim will be to establish equal, mutually acceptable economic relations with all nations.

The people of Britain lose nothing in losing the economic perquisites of British imperialism. Particular financial interests will lose, but the British people will be more than compensated if they are free to follow policies wholeheartedly directed towards internal economic progress.

It may be argued that Britain is exceptionally dependent upon markets in and supplies from the primary producing countries. This is true, but the foreign economic policy traditionally pursued by British imperialism has in fact not promoted economic relations with such countries in the most advantageous way. The main economic purpose of British overseas policy has been to support the influence of British capital overseas and to encourage overseas investment of private capital as well as to obtain commercial advantages over other industrial powers in the areas where Britain's political and economic influence is greatest—in particular, the sterling area.

This policy obstructs the balanced growth of industry in economically backward countries, since the presence of powerful foreign monopolies—quite apart from their direct and indirect political influence—tends to overshadow and make more difficult the growth of indigenous industry. The argument that Britain is dependent upon foreign trade is not at all the same, therefore, as saying that the traditional foreign economic policies of British capitalism need to be followed.

From the standpoint of the general objectives of socialists, anything that increases the independent growth of the economically weaker countries is to be welcomed. But economic independence does not mean less trade. Industrialisation, on the contrary, inevitably means more trade, and policies emanating from Britain which helped independence movements to get on their feet and furthered indigenous economic development by the most practical and acceptable means would most likely open good opportunities for Britain's participation in the growing trade.

The fear of losing foreign trade is largely a bogy. As the saying goes "There are more ways of killing a cat than drowning it in cream", and there are ways of "killing" foreign trade without making changes in Britain's traditional foreign economic policies. Britain currently is not doing well in the market rivalries that are going on between the main industrial powers, and is losing ground steadily to West Germany and Japan in particular.

Socialists cannot support policies aimed at entrenching more closely imperial monopolies and privileges for British capital; nor, indeed, have such policies much of a future in the modern world. The independence movements in the formerly subordinate countries are seeing to that. But if Britain made a break with its imperialist traditions and offered favourable trade agreements to the primary producing countries of the sterling area, trade relations most valuable to both sides could be established on a new basis.

There is also a great scope for development of East-

West trade along similar lines. However, the precise forms of external trade policies can only be determined *ad hoc* in the light of prevailing circumstances. In external economic policy there are principles that socialists can pursue analogous to those pursued in home policy, and fundamentally these principles derive from the general principle of striving towards equality and mutual benefit in place of domination and privilege; but coupled with this is also a principle deriving from internal economic needs, namely, getting away from subordinating the economy to fluctuations in the capitalist world market—a need, incidentally, which coincides with the needs of under-developed economies dependent upon export of one or two primary products.

12

In attempting to define what policy it is appropriate for socialists to pursue in the context of the immediate present in a capitalist society, one runs up against the very obvious difficulty that the immediate present is constantly changing, that is, there are different political alignments shaping themselves and different economic situations developing. However, there are, it seems to me, certain broad generalisations that can be made. These might be summarised roughly as follows:

1. Economic policies should be supported which strive to forward the main ideas of socialism—namely, escape from domination by the market and emphasis on public responsibility for meeting basic social needs.
2. In supporting such policies the significance of victories against the capitalist interests and ideology within a predominantly capitalist society should never be exaggerated and it should constantly be stressed that capitalism will always seek and generally be able to readjust the balance of advantage in its own favour.

3. This "belittling" of gains within capitalism, so far from weakening the movement in support of them, will give it a much greater sense of realism and a balanced sense of achievement in place of an oscillation between exaggerated hopes and disillusion.
4. A "realistic" fight for reforms within capitalism is in itself a form of mass learning—from experience—out of which an understanding can be shaped of the way in which more fundamental changes can be effected.
5. Socialists have constantly to take their bearings in two directions: (a) how to extend the breadth of the alliance supporting their struggle for nearby objectives, and (b) how within each immediate struggle to lay foundations for the next stage in a series of advances, taking the movement nearer to its "big objective"—namely, socialism.
6. The importance of "ideological gains" should never be under-estimated. British capitalism is adept at conceding or partly conceding principles and perverting the practice to its own advantage; but the more the movement clings on to its gains in principle and prepares itself for renewed attack on the basis of principle, the better it equips itself to demand more fundamental change. The build up of support for an idea is one of the forms in which social energy is accumulated within a dying form of society, making possible a rapid reshaping of the social structure once the opportunity presents itself for decisive change in the economic and property basis.
7. The two-sidedness of concessions within a capitalist society calls for constant reassessment of concrete situations; a concession is a "bad concession" if it yields less than the political circumstances permit and is designed to prevent the progressive movement going further ahead; it is a "good concession" if it corresponds to realistic possibilities. (A similar reasoning in reverse

at times has to be applied to withdrawals when the progressive movement is forced into a defensive position.)

At the present time the socialist movement seems to me to be suffering most from a lack of sense of direction. Tremendous harm has been done to the movement by exaggerated claims for the achievements of "managed capitalism". By substituting for socialism the idea that capitalism can be so managed as to serve the aims of the labour movement, by jeering at centralised planning and public ownership as totalitarian, by playing-down anti-monopoly feeling and even praising some of the monopolies, right-wing Labour theoreticians have undermined the confidence of the movement in the basic principles of planning and public ownership. Those who have criticised the right-wing theoreticians have energetically emphasised the inadequacy of managed capitalism, but it is also necessary to show the relationship between immediate short-term policies, giving limited gains within capitalist society, and the longer-term objective of socialism.

The crucial issue facing British socialists today is to find links between immediate policy and the basic objective of a socialist society. It is no good "believing in" socialism, without finding the reflection of that belief in *current* political action. On the other hand, it is no good burying oneself in current political action and expecting its immediate results to be very significant; the richest fruit of current struggle is that it accumulates a revolutionary potential to be harboured within the old society until such time as events (the specific nature of which are necessarily unpredictable) turn this potential into practical energy transforming capitalist society into socialist society.

What matters in any given situation is to find the "socialist content" of the policy immediately to be followed, the relationship between immediate policy and the objective of socialism. This is easy in a revolutionary situation, since the immediate objective is then the transference of State power into the hands

of representatives of the working class committed to building a socialist society. But it is finding the "socialist content", the "socialist links" in the commonplace situations when revolution is not on the agenda, that is not so straightforward. Yet this alone can build up a socialist potential in the political movement of the people and so create the possibility of a socialist *transformation* of society.

5

CRITIQUE OF CAPITALISM

Implications of and reasons for social revolution—the essential defects of capitalism—inherent tendency to war—inability to overcome poverty—insecurity—waste and frustration of human endeavour—a barrier to technical and scientific progress—fosters bad human relationships.

I

TRANSITION to socialism in Britain would inevitably involve a vast social upheaval. Who knows what form this might take, whether it would be a quick or long-drawn-out process, whether there would be much or little sabotage and disruption in reaction against changes in the economic administration and property laws? None of these questions can be answered in advance of the events. But it can be said with certainty that an "imperceptible" transition, causing little disturbance to the daily pattern of life, is quite out of the question.

As long as a continuation of the existing pattern of life is acceptable to the mass of the people, no revolutionary possibility exists—and socialism is certainly a revolution and not under any circumstances conceivable as a gradual transformation hardly affecting the habitual ways in which people set about the daily operations of living. It is a change reaching right down to the roots of society, a change in which pent-up social forces, ideological, economic and political, suddenly find means of expression in the shaping of a new phase of history.

Such changes are inevitably rapid—rapid, that is, against the time scale of history, even if long drawn out in the sense

that the struggle for power between the representatives of the old and the new way of life oscillates and hangs in the balance for a period of some years.

The inevitability of revolution does not imply inevitability of violence and bloodshed. But it does imply State power at the command of the new forces and their ability by force to overcome opposition that resorts to force. Whether or not violent conflict will occur in the transition to socialism is not predictable. However, whilst it is not my aim to discuss the politics of the transition except in so far as essential to the examination of economic processes, I myself incline to the view that violent conflict on an extensive scale is unlikely in the circumstances of Britain today and in the context of the existing world situation. This opinion assumes that the outbreak of a third world war will be prevented (and if there were to be a third world war in all probability it would involve national annihilation for Britain).

It would be utterly wrong to under-estimate or play down the deepgoing social upheaval that a transition to socialism implies. To say that socialism is a revolutionary philosophy is, in fact, tautological, since the definition of socialism implies (a) a change in the property basis underlying productive activity, (b) a new motivation of productive activity, (c) a view of history which as applied to modern Britain excludes the possibility of a stable social formation which is not based economically either on the existing capitalist economy or on a socialist economy (to which, given productive forces as they are, there is no "third alternative").

This socialist view of history, derived from Marx, further implies that, as the social formation must be predominantly either one type or the other, however long the evolutionary build up within the old society preparing the conditions for social change may be, the change itself must be rapid and revolutionary since there is no stable halfway house. Either the old dominates the embryonic new or the new is born and becomes an actual social formation, sloughing off the old

social structure and making socially subordinate the parts of the old society that live on into the period of the new.

Socialists sometimes speak of "the inevitability of socialism". But socialism is in fact inevitable only in so far as a decisive portion of the existing capitalist society comes to welcome, to believe in, to desire passionately the upheaval of transition to socialism, to see this as, not a disturbance or interruption of social life, but a liberation from all sorts of restrictions and encumbrances that make life on the old pattern seem less and less worth living or at best seem unnecessarily and wastefully destructive of human potentialities. Disgust with and rejection of the existing form of society is generated, it is true, in the last analysis by "inevitable" processes going on in the economic basis of society, the mode of production and property relations obstructing human faculties and holding back man's mastery over his natural surroundings. But social change takes place through the conscious exercise of men's wills, through their passionate pursuit of new purposes to which their spirits are spurred by the impact of life-destroying conditions in the old society.

Inevitably also, the main centre of this revolt against capitalism is the working class, because it is the working class that bears the direct impact of exploitation and is the producer of the surplus on which the power and position of the capitalist class is based, *and also* because the working class is marshalled by the very processes of capitalist economic development into battalions of closely associated proletarians brought together in ever larger productive establishments. However, the negative and positive impacts of exploitation and organisation respectively do not serve to open the way to socialism except through the conscious operation of men's wills. The circumstances create an opportunity and a readiness for men to acquire new ideas and a new understanding of the social reality which in turn forges men's wills to new purposes which culminate, become unified and practical in the comprehensive and co-ordinating purpose of the socialist revolution.

There are in a sense two socialist revolutions—one the historical revolution, the other the mental revolution in the outlook of individuals. The dovetailing of social revolution and revolution in individual human minds is a subject for study on its own, on which it is not necessary to embark here. All that needs to be said here is fairly obvious. Clearly those who take the lead in working for a socialist revolution must themselves have gone through a revolution in their own thinking and become passionate believers in socialism and the philosophical outlook of socialism. This implies, I think, that they believe too in the historical possibility of socialism, which means they have reached the conclusion that political experience and political debate, as history sets each new scene, will implant a desire for fundamental social change in the hearts of great numbers of the workers and amongst intellectuals and the people generally, that these people will also become a political force that is sufficient to effect such change.

The aim of socialists is so to guide political action and so to conduct political debate—at various levels and in different forms—as to make the forces for revolution strong enough to be politically decisive.

This is only likely to be possible in so far as historical truth, the truth of objective social reality, is on the side of socialism. An essential aspect of the socialist standpoint is, therefore, its critique of capitalism, its statement of what is wrong with capitalism, so wrong as eventually to become intolerable to the mass of the people who are required to live within the social system of capitalism.

There is also another side to this question, namely, the "critique of socialism", the objections the mass of the people see to the socialist alternative as they understand it—or misunderstand it—and set it in their minds against the alternative of continuing to live within the capitalist framework of society. At this stage I propose to deal only with the critique of capitalism.

The essentials of the critique of capitalism, as I see it, are

as follows: Capitalism is a system of exploiting private property in social resources and, as such: (a) tends to war, (b) is unable to solve the problem of poverty, (c) tends to social instability, (d) frustrates and wastes human endeavour, (e) prevents the development of productive forces, (f) fosters immorality in human relationships.

2

These various "charges" against capitalism link and overlap, form part of a single indictment, as it were, and the order in which they are discussed has no special significance.

Taking war first—like all other *class* societies of the past, so capitalism also tends to war. There is a quite general reason for this.

A class society is one in which a privileged minority enjoys or has at its disposal the surplus product—that is, what is produced in excess of the consumption of the exploited producers (such as slaves, serfs or wage-workers) plus the consumption of other classes (e.g. petty commodity producers living mainly on what they make for themselves).

The dominant exploiting minority is naturally in a situation that excites envy and hostility from the exploited and also from other would-be exploiters. Force is necessary as a means of securing its privileged position; but force in the last analysis means economic strength, the means of producing or buying arms and of rewarding or impressing followers.

There are other aspects of the matter, of course; but the basic indispensability of economic strength is beyond doubt. Broadly speaking, the more advanced economic organisation and production methods are, the greater the economic strength of the exploiting class.

This factor causes the scales of history to be weighted in favour of economic progress, whatever the ups and downs and variations of the speed of progress. But rivalry between exploiters causes them to lose no opportunity of adding to

their strength. In so far as they can do this internally, by better economic organisation, improved production methods or increased exactions from those over whom they already have dominion, they may refrain from external aggression; but as their wealth mounts they become an object of fear to others and may be subjected to aggression.

Or, at a further stage of advancing strength, they themselves may feel strong enough to establish mastery over others either to appropriate additional wealth or to remove a threat to their own territories.

Military strength and economic strength do not exactly correlate. It frequently occurs that an older but declining and economically weaker power—a feudal barony, a national state or an empire, it might be—strives to recoup its fortunes by maximising its military strength and staking heavily on its military prowess and experience. The gamble may even succeed and it may have some temporary successes. But in the end it will generally do no more than compel the rival powers with more advanced economic and political organisations to build up their military strength, and, backed by greater economic strength, these new powers will tend to prevail. In the struggle between North and South in the American Civil War, for example, the more advanced economic base of the North was bound in the end to prevail over the military aptitudes of the Southerners.

The whole span of human history in the civilised world to date is a tale of conflict between dominant classes seeking to build up their own strength in face of rivals trying to do just the same thing. Capitalist society continues in this tradition —inevitably, because it too is a system of exploitation in which no national capitalist class can rest content with its present sphere of influence but restlessly seeks either more scope for itself or to resist those by whom it is pressed.

Force cleared the way for capitalism from its earliest days, but in these latter days of capitalism become imperialism we have seen giant industrial powers (no longer able to expand

by comparatively minor wars against economically weak peoples) coming into conflict with one another and as a result clashing in the first and second world wars with a violence and on a scale unparalleled in the course of history.

The basic political relationship underlying the holocausts of World War I and World War II was the confrontation and mutual rivalry of *exploiting* powers; but the greatly magnified economic strength of these powers, hitherto undreamed of forces of production given expression as forces of destruction, and the world-wide scale of economic interconnectedness of whole peoples, gave these wars a character unlike anything that had gone before.

With productive forces developed as they are today, it becomes intolerable—indeed impossible if human life is to survive—to project any further into the future forms of political relationship and traditions of political behaviour based upon the rivalries of exploiting classes.

Exploitation—that is, restricted classes of people living at the expense of others—has not been in past history an absolutely evil thing; but in relation to modern society it is an absolute evil, without any qualifications.

In the past, exploitation cannot be said to have been absolutely evil because it was inevitable. It was an inevitable concomitant of poverty and scarcity. The earliest human communities shared equally an abject poverty of bare subsistence. The first steps away from this lowest level of production created a meagre surplus sufficient to provide wealth for a small minority but not for all. Whoever found themselves in a position to expropriate the surplus product obtained thereby the means of domination over others.

It is on the basis of this fundamental economic relationship —between a majority of producers and a minority appropriating the surplus—that human society has developed. To talk in terms of a "fairer" distribution of the product had little meaning so long as the total social product was insufficient to give plenty to more than a few.

But that is not the situation today. The power to produce in plenty for all exists. The same power that makes the horrors of war unthinkable makes not only attainable but necessary the aim of universal plenty.

To rebuild social life without militarism will mean a formidable—and welcome—upheaval. Militarism cuts deep into social life and goes closely harnessed with the ruthless self-interest of a competitive society. The germ of war in fact exists in the most elementary relationship of capitalist society —the relationship of commodity exchange. It is for each man to get his living as best he can. The main social dynamism is self-advancement which tends in the last analysis always towards the acquisition of wealth at somebody else's expense.

To eradicate violence, oppression, dominance, use of force between man and man or between group and group or community and community will certainly not be an easily or quickly achieved change in human behaviour. There is much still to be learned about the roots of violence in the behaviour of both individuals and societies. But to assume violence as an inherent social or individual quality of the human animal is quite without factual foundation. Man's instinct does not drive him to aggression. Instinctively, he is much more a social and a peaceful animal. There are, therefore, strong grounds supporting the hypothesis that if "man to man is a wolf" this is not because instinct drives him to aggression but because in order to live he must compete, and the economic circumstances of his life dictate his acts of ruthlessness against fellow men.

To consider only oneself and not one's neighbour is the economic law of the market. Ideals of humanism and comradeship, if rewarded in heaven, are certainly not rewarded by material advantage on our capitalist earth. So a terrible contradiction tears men between their ideals as human beings and the economic laws of existence in the society in which they happen now to find themselves.

Economists of the last century tried to soften the conflict in men's breasts by teaching that service to self-interest coincided with the common good. Few, I think, believe this today; but to reject the doctrine of self seeking as applied to economic life is to call into question the whole economic basis of capitalist society.

The moral case for the economics of capitalism is only valid so long as the historically transient nature of capitalist society is recognised. Capitalism is an advance on feudalism, and to help the capitalist market to develop is to foster economic progress and to undermine the economic basis of feudalism and other outmoded forms of social organisation. But in a country such as Britain the day of feudalism is several centuries behind us and this historical justification of capitalism is long past being valid.

The development of capitalism achieves a great social integration of economic activity through the market—indeed, a world-wide interconnectedness of producers and consumers. Without this social interconnectedness of economic activity and without a great development of the means of production, social and economic planning is not possible. The pursuit of self-interest through the market achieved this necessary development as a stage of progress, looked at from one aspect—namely the development of the forces of production.

There are, however, also appalling aspects to this transient stage of development, in particular the ruthless inhumanity with which the dispossessed, the majority unable to accumulate wealth, have been treated, and the ruthlessness of the struggle of the wealthy few to get and hold wealth.

The movements that have grown up through the years to protect the mass of the people against the misfortunes which are born out of the principle of economic self-seeking have, at the cost of bitter and prolonged struggle, counteracted many of the worst brutalities of class rule in Britain. The fact that such movements have arisen in particular to counteract abuses of capitalist society is in itself an indication that individual

pursuit of economic self-interest does not add up to social welfare for everyone.

Today the case for capitalism has shifted its ground, and the need for public control of certain aspects of social life is accepted. Now it is argued that pursuit of self interest remains valuable as the best dynamic to motivate economic activity provided that State legislation builds a framework to contain it from exploding into abuses.

It must be admitted that self-interest is in fact the major motivation of economic energy in a country such as Britain today and must be reckoned with as a human motivation that will not be quickly or easily eradicated and replaced. But whilst individual self-interest, greed for money and position, calls out extraordinary (though, in great part, perverted) energies and ingenuities from a handful of "top people" in the capitalist hierarchy, for the vast majority, the workers, it cramps and stultifies free and spontaneous development of co-operative achievements. The socialist case—to be examined fully later—is that new and better motivations can be developed in a socialist society. Here, however, it is important to emphasise that the rule of law to counteract the economic warfare between man and man is fashioned and imposed by the owners of property within a social framework of which the basic principle is the acceptance and protection of private ownership of capital, i.e. private ownership of the means of production and distribution.

Some bounds are set to the conflicts (generated by the self-seeking that the commodity system inspires), by State laws limiting within nations the use of violence and fraud as a means of obtaining wealth (laws which naturally the "haves", the present possessors of wealth, fully approve). There are also pacts of alliance, trade associations, societies to protect mutual interest and so forth; but the basic economic law remains "each for himself", war of man against man within the stipulated rules of the warfare, and "to him that hath, shall it be given". The only economic factor that can genu-

inely escape this principle of internecine rivalry is that of trade unionism, and to that only in so far as it looks beyond the bounds of the existing social system—but of that more later; and, in fact, trade unions also become infected with the capitalist virus of vested interests.

It should be borne in mind when one comes to consider the possibility of settling international disputes by the rule of law that the rule of law which within capitalist States to some extent replaces settlement of conflicts by force is the creation of the possessing minority, the wealthy. The rule of law within a capitalist society is a legal recognition of the property basis on which the privileged position of the exploiting class rests. It protects their property rights against seizure from within, and the owners of property accept the rule of law *vis-à-vis* other owners of property and make a common front against the dispossessed.

The basis of agreement around which the rule of law is built is acceptance of the capitalist property system. In this way "the each for himself" and "man against man" principles implicit in the market economy are retained but restricted within defined limits. The force of the underlying economic necessity facing each individual, the necessity of looking after himself, by one way or another becoming the possessor of money, creates strong incentives constantly pulling against the rule of law.

Incentives of a quite similar character frustrate the rule of law in international relations, but there is no force standing above the opposed national States confronting one another in the capitalist world. The ultimate arbitrament between the capitalist States is only by trial of force in war between nations.

An empire can be pacified and governed by law on the terms of the imperialist power which "has the Maxim gun, while they have not". But between empires the arbitrament is war; of this bloodthirsty fact two world wars have in the bare space of half a century made their demonstration.

This is not to say that international rules to prevent settlement of disputes by force are not worth striving for. In a world trembling at the prospect of its own self-destruction they have an effectiveness, however transitory it be, of immense significance. But no rules can stop capitalism "being itself" and it is in the nature of capitalism to tend to war, to try to solve its international contradictions by external expansion at the expense of others—which in the last resort can only mean by military force.

This then is the first main charge against capitalism—its economic motive forces tend towards rivalry between man and man and not joint working for a common purpose. This rivalry takes the form of setting individuals against individuals within all classes of society, but it also expresses itself in the fundamental conflict of classes, the capitalist class against the working class, within society. Self-defence as a class encourages a counter-tendency amongst the workers, a uniting to protect themselves against the impacts of capitalism. At the national level capitalism tends towards war between nations and not towards co-operation. It is a major point in the case for socialism against capitalism that it aims at developing economic motivations which are not antagonistic to the interests of others, which eliminate exploitation and which foster and benefit by co-operation between nations.

The underlying propensities of capitalist society—propensities which are multiplied many-fold in intensity in the period of monopoly capitalism—towards war and assertion of domination by military force, are organisationally reflected in the military establishment and the (at present huge) diversion of economic resources to military purposes. In time the military hierarchy, the whole establishment of the armed forces and the large and profitable arms orders coupled with the dependence of whole sections of industry upon them, become in themselves important factors tending to foster militarism. These are however secondary factors and not in themselves fundamental causal factors.

3

The second charge against capitalism is poverty. In fact the wealthiest nations today are industrially advanced capitalist powers (with, however, the Soviet Union now rapidly catching up on them). But in the capitalist world as a whole the vast majority of the people live in abject poverty.

The facts of world poverty are so well known that it is not necessary to define or specify. It should suffice to point to the F.A.O.'s Second World Food Survey that indicated three-quarters of the world's population under-fed, that is, not receiving the minimum quantity of calories required for healthy life. The areas of deficiency broadly speaking coincide with the under-developed countries. According to the F.A.O. report in 1950, in Latin America 126,000,000 out of a population of 162,000,000 (78 per cent) were underfed, in Africa 184,000,000 out of 198,000,000 (93 per cent) and in Asia 1,299,000,000 out of 1,320,000,000 (98 per cent). It is one of the great achievements of the new China that since liberation in 1949 production of food grains has been greatly increased, the ravages of flooding greatly reduced and the stark starvation that has afflicted China through the centuries has been ended and made a thing of the past. Elsewhere, however, there has as yet been no change of sufficient importance to alter the general picture that these figures paint.

In the under-developed countries the problem of poverty is a problem of subordination to external economic influences, coupled with dependence upon a world market dominated by the most advanced capitalist powers. It is not simply a problem of capitalism but of imperialism—that is, capitalism in which the main sectors of industry and finance are monopolised by a very few large concerns with world-wide economic interests. The prevalence of these monopolies dates from just before the turn of the century, and with their emergence there developed

also wider economic activities on the part of the State which are very much under the influence of these monopolies.

A number of political, economic and ideological circumstances in the post-war years, which need not here be elaborated, have led to the provision of "development aid funds" by the leading industrial powers; but the fall in commodity prices in 1958, for example, at a stroke deprived the primary producing countries of about 10 per cent of their foreign exchange earnings, taking away income several times greater than the "development aid" they receive.

Where there is or has been direct political domination, the economic policy has been conducted to serve the purposes of the metropolitan power and not the local development of industry. But even without political domination the presence of foreign banks, wealthy merchanting companies and manufacturing firms backed by the vast resources of wealthy foreign companies overshadows and dominates local industry.

Monopoly capital overshadows local capital like a tree below whose branches nothing grows. It is for this reason that in colonial or ex-colonial countries there is a common economic interest of peasants, workers and local capitalists to remove the shadow of foreign capital that stunts their economic growth. But the tendency of capital is to push into any area it is powerful enough to penetrate either as a market or as a field for investment. To tie it down within national borders would be utterly contrary to the nature of monopoly capitalism; to let it loose to expand all over the world is to stifle the economic development of the weaker nations. It is for this reason fundamentally that monopoly capitalism is incapable of solving the problem of world poverty. It may be forced by political pressures to try to do so, but the effort, I think, will be too much for it and will accelerate the demise of imperialism. Pressures of opposition are already forcing imperialism to pretend not to be itself, to pretend to be reformed, changed; these pressures will in the end mount to such a point as finally to defeat imperialism and force it out of existence.

At home, too, monopoly capitalism provides no adequate answer to the problem of poverty. But in the economically advanced countries the problems and nature of poverty are of a different kind. The abject poverty of stark deprivation —the endless battle against death from starvation and exposure that still afflicts a majority of the population of the world—is rare within the metropolitan countries of the imperialist powers. But nonetheless—and there is no need to burden the argument with the many available statistics on this point—most people in the industrially advanced countries, in Britain and West Germany and also in the "wealthy" U.S.A., live their lives in a perpetual consciousness of their lack of material goods and in unending struggle against scarcity and want. One need only take typical working-class incomes and work out the difficulties of living a comfortable and full human life on such means, to be convinced of the fact of material poverty amongst the relatively well-to-do populations such as our own. But the more one thinks about the problem of poverty the more convinced one becomes that in it material, moral, social and spiritual aspects are inextricably interwoven.

Poverty is difficult to measure by generally applicable quantitative standards. The quantity of material goods, food, clothing, shelter plus other semi-luxury products, is certainly today a good deal higher for the mass of the people in Britain than it was in the last century. Cut-and-dried comparisons of real standards of living over long periods are not possible, but there are sufficiently marked differences to make it certain that material standards—looked at "cold"—are quantitatively much higher.

It is probably true also that an unemployed worker in Britain can buy more goods than many an employed peasant is able to come by in Africa or Asia. But poverty cannot be measured "cold"—because poverty, whilst it is primarily a question of material values, is not *solely* a question of material values. All that can be measured quantitatively is the monetary

value of goods consumed, which in turn can be roughly related to other times and places by means of comparative price indices. It is also possible to measure *roughly* physical quantities of some essential consumer goods, e.g. food intakes in terms of basic requirements of calories per head. Such quantitative measurements tell, however, only part of the story.

The complexity of the notion of poverty is like that of many notions which are taken by commonsense to be quite elementary and obvious—such as "life", "capital", "gravity"—but which become elusive when a precise and scientific definition is sought. The complexity of the notion of poverty reflects the complexity of the notion of society. Man is not a lone animal needing only food and shelter; he lives in society and needs a society to live in.

This society may be "rich" in relation to the world outside in the sense that it exercises power over outside human communities and natural forces and resources, but within such a "rich" society there may be many "poor" individuals in the sense that they find this society "uncomfortable", "uncongenial", "restrictive", "frustrating", "painful", "unhealthy", etc. to live in. The spiritual and material aspects of this poverty are inextricably interwoven—some will accept material poverty because they delight in the ideals of the society that enjoins their poverty, others will reject wealth because they cannot stomach the social and moral circumstances in which they must allow themselves to be placed to take this wealth. But are they "poorer" for renouncing the insupportable blessings with which their wealthy existence has been cursed? In short, poverty/wealth and wealth/poverty are many-sided relationships interwoven into the fabric of social existence.

"Man does not live by bread alone"; indeed, he may be physically and nervously worn out because of inability to meet physiologically superfluous needs which to him seem—and indeed in the particular context of the life he lives *are*—essential. A man cannot divorce himself from the social sur-

roundings in which he lives, or perhaps it would be truer to say that the few who can are quite untypical of human beings generally.

Specific social surroundings determine the elementary material needs of life. To live as a normal human being in Britain today a man must have a reasonable variety of certain foods, several changes of clothing, newspapers, radio, television, some means of travel and entertainment, etc.

It is quite impossible to specify how much of all these things is "necessary". To some extent any things that other people have seem to be necessary to the "have nots" and inequality of wealth sharpens the sense of poverty.

Poverty is obviously more than a measurable physiological deficiency. Normally it is measured against needs which at a particular historical stage seem realisable and desirable. But the whole question is further complicated by the fact that these needs are a mixture of transient social standards and more lasting ideals.

One of the clearest evidences that capitalism is a poverty-stricken society is the cult of "anti-poverty" (Veblen's "conspicuous consumption"). This phenomenon has tended to appear in one way or another in most class societies of the past, where in differing forms there is a constant striving to show power, status, superiority by luxurious display.

In capitalist society this expresses itself in a seeking after possessions not as "means to the good life" but as "goods in themselves". Perhaps it is more than an accident of language that we call the things we buy and sell "goods". In fact, poverty and luxury are wedded to one another in class society with the inevitable unity of husband and wife or of that basic marriage of the universe, the positive and negative charges in the structure of the atom.

Therefore, in seeking to understand what poverty is, one needs to look beyond class society. Luxury as an opposite of poverty implies the continued existence of poverty as its foil; "non-poverty", I think, implies "non-luxury" and a form of

society in which possessions become means and no longer ends.

The fight against poverty may today begin to be seen as more than the raising of human beings above certain defined levels of destitution. It is possible for mankind to set itself as a soon-to-be-reached aim the provision for everyone of adequate housing with room, air and warmth, adequate clothing, adequate food, adequate leisure, reasonable recreational and cultural opportunities; and in achieving this aim, in removing from the millions, from the overwhelming majorities of all countries, the nagging constant preoccupation of want or the threat of want, to begin to open the way to a world beyond the age-old antagonism of luxury and poverty, a world in which all men are free to obtain with certainty and relative ease, without undue expenditure of time and energy, the material prerequisites for exercising their human capabilities far more fully and far more freely.

Measured against the standard of what is needed for a full human life and what it is today possible to provide, the great majority in capitalist Britain are very poor indeed. Time and energy spent on providing the means of living are unreasonable if they leave no opportunity to live. A life without chores is hardly conceivable; but a life of chores is a mangled, mutilated life. For millions of people a high proportion of waking time at work and not at work is spent in drudgery, boredom, excess exertion, in short, utterly distasteful, undesired, slavish activity, without obtaining therefrom even adequate material conditions (which anyhow in isolation from other sides of life lose their value).

Slavish activity is the opposite of free activity which is desired, chosen, purposeful, self-appointed activity.

There is no objective measurement of drudgery, excessive exertion, etc. At root it is a question of human freedom and choice. There is a lot of drudgery and exertion in an explorer's life, but for those who choose it freely as their life's work it is the source of the greatest pleasure and satisfaction.

Bernard Shaw once said—I think it was he—that the great danger of putting up with things one dislikes is that one may grow no longer to dislike them. An awful lot of people probably do not know what sort of lives they would like to live if no longer circumscribed by the soul-possessing exigencies of "getting a living". "We go to work to earn the money to buy the bread to get the strength to go to work to earn . . . etc., etc." And pleasure is not part of life but a sort of accidental explosion to break the monotony.

The first thing, therefore, is to create the opportunity for free living which realistically can only mean living socially in such a way as to allow each individual the maximum freedom to choose how he lives. The complete elimination of exploitation implies in social relations a categorical prohibition of activities which impede, restrict or unnecessarily intrude upon the liberty of others. But at the same time the most typically human and satisfying activities are those that men and women undertake in co-operation with others. Human freedom implies, therefore, learning the art of "being oneself" in association with others.

The first elementary objective is to create in plenty the material means of keeping alive and fit with the minimum expenditure of time spent in producing and distributing and preparing them for use.

A very close second to this objective, in my view, is giving people the opportunity to do the kind of work they want, making the work itself as congenial and satisfying as circumstances permit.

This means freedom to work in such a way as to get some satisfaction out of it (if possible, a chance to develop, learn, use a variety of capabilities, etc., etc.).

Capitalism has so degraded work that its meaning today pairs up with pleasure as its opposite. But in fact most human beings are so made that the recipe for a pleasurable life must include as its basic ingredient forty hours or so a week of purposeful, energetic activity of brain and body on

undertakings that tax one's capabilities and arouse intense interest.

Many aspects of the production of material means of living do or could provide work that gives pleasure in this way to the worker, and with the growth of automation and scientific techniques generally the tendency will be for the possibilities of such pleasurable work to increase.

Anyone whose work is pleasure-giving, absorbing, capability-using work of social value, starts, of course, with a great plus in the battle against chores, and should not object (though, rightly, he or she still will) to spending three or four hours a week doing some such job as washing dishes or clearing rubbish or tending a machine. However, if he or she happens to be of a technical and scientific turn of mind, this stint of chores will help to sharpen his or her ability to devise means of cutting down the social time and trouble spent on them. Anyhow, even if unpleasant boring work cannot be completely eliminated (as it obviously cannot), it is equally obvious that the doing of the greater part of the "world's work" can be made a pleasure.

The barrier that blocks the way is the organisation of social life on the principle of respect for anti-social profit-motivated property interests. The alternative is to respect the desires, interests and personalities of individuals and, with free individuals as the "atoms" of social life, to devise means of working together for social ends. The "cash nexus" creates no sense of mutual needs, hence the universal misery caused by making money king amongst human beings—creatures whose greatest pleasure is to feel they are needed by and useful to their fellows.

Spiritual poverty seems to me to be a by-product of a society which spends most of its social energies in chasing after the means of living and in so doing both fails to know what it wants these means for (bar bare existence) and also fails to produce means of living adequate in kind or quantity for such a many-sided creature as a human being. Capital and com-

modity exchange have dehumanised and made sterile the life of individuals in society and the life of society through its individuals.

The great historical achievement of capitalism is the development it has effected in mankind's productive forces. But the new productive forces do not solve the problem of poverty, they merely create conditions in which this problem becomes soluble. So precarious does the struggle to get a living remain that many people spend half their lives trying to buy security in the form of insurance policies and pensions.

Pauperisation of life in capitalist society is the inevitable consequence of the buying and selling of labour-power as a commodity. The extent to which labour-power has become a commodity measures the development and maturity of a capitalist economy. In Britain for near on a century now almost all productive activity is undertaken by bought labour-power set to work by its purchaser. A great majority of the population live by selling their labour-power. This means that they are at the mercy of an uncertain market. Their security is no greater than the term of their contract —usually a week, in some cases a month; a year or more only in exceptional cases.

As employers, through industrial concentration and centralisation, get fewer, and through associations, etc. co-ordinate labour policy, the bargaining position of the individual worker gets weaker and is restored only by a corresponding centralisation of trade unions.

The economic propulsion governing the employer's activity is the making of profit. To maximise profit he must make as large as possible the difference between what he pays his workers and the net product of his factory (i.e. gross value of product minus costs of materials, depreciation, etc.). This means constant pressure to keep wages down, easing up only when productivity is very high which, where due to new techniques, generally means redundancy of labour.

The workers are thrown from one horn of a dilemma to the other; acceptance of new techniques plus redundancy, or rejection plus greater difficulty to advance wages. A running battle goes on between management and workers about the speed of work, the intensity of work, payment, hours, etc., etc. It is an unceasing haggle about the commodity, labour-power, that is being bought and sold.

Both sides wish the matter could be settled once for all. But it is in the nature of things that it cannot, because the propulsive motive of capitalist economy is profit competed for in the market. (Even with the vast growth of giant industrial concentrations, monopoly provides only areas in which competition is excluded in order to intensify competitive rivalry in a wider field.) Under conditions of competitive rivalry no margin of profit can be enough, and as more and more goods are produced and pressed on to the market the worker always has less than he feels he is entitled to in relation to the productive potentialities with which his daily experience in the factory familiarises him.

Some factories with advanced techniques and organisation can enlist from their workers a more enthusiastic co-operation in production because they can afford to give them better conditions and still make a big profit; but these islands of relatively good working conditions only serve to sharpen the dissatisfaction of the workers elsewhere and on a social scale do not adumbrate a solution to the problem of labour relations but merely reflect the inevitable unevenness in the development of capitalist economy.

Anyhow, the extent of possible co-operation between workers and management within a capitalist society is narrowly limited by the man-against-man warfare that a commodity economy inevitably and unceasingly generates. No manager is going to hand over managerial rights to his workers. Indeed, he is going to be very tight-fisted about what he lets go even to his sub-manager. All the way through the piece careerism shows its face and disintegrates the social unity

without which the full fruits of human co-operation cannot be harvested.

Of course, all these bad habits of capitalism will live long into the future; but it is impossible to set about overcoming them until the basic contradictions of capitalism are eliminated, since these contradictions between individual men constantly trying to sell and resell themselves to better advantage are reborn with every hours that passes.

This is the ineradicable cause of capitalist poverty—"getting and spending we lay waste our powers." Shakespeare saw this already at the dawn of modern capitalism. He makes Timon of Athens in his bitterness say, looking at gold, the money commodity, the symbol of a society based on buying and selling:

> "O thou sweet king-killer and dear divorce
> 'Twixt natural son and sire! thou bright defiler
> Of Hymen's purest bed! thou valiant Mars!
> Thou ever young, fresh, lov'd and delicate wooer,
> Whose blush doth thaw the consecrated snow
> That lies on Dian's lap! thou visible god,
> That solder'st close impossibilities,
> And mak'st them kiss! that speak'st with every tongue
> To every purpose! O thou touch of hearts!
> Think, thy slave, man, rebels; and by thy virtue
> Set them into confounding odds, that beasts
> May have the world in empire!"

And then when later a thief says to him:

> "We cannot live on grass, on berries, water,
> As beasts and birds and fishes."

Timon replies:

> "Nor on the beasts themselves, the birds, and fishes;
> You must eat men."

And yet again he says to the thief:

> "All that you meet are thieves. To Athens go
> Break open shops; nothing can you steal
> But thieves do lose it."

In Shakespeare's day there was no alternative to the development of capitalism. But today there is, and I do not think humanity will forever allow money to lord it over life.

4

On the charge of the instability of capitalism, there is not much more to be said as this matter has already been dealt with in Chapter 3. Perhaps the devastating poverty that swept the richest capitalist countries in the 1930s will not be repeated, and capitalism will never again dare to leave so many millions of its industrial workers without any opportunity to sell their labour-power. But it is also clear that capitalism is unable to prevent the upswings and downswings of the market and cannot enable men and women to apply themselves to occupations of their own choosing with a sense of security. Everywhere capitalism means uneasiness about the means of getting a living. Hardly anyone lives with the assurance that his work will always be wanted and useful. Inevitably this sense of uncertainty distracts people from what they are doing and focuses their attention on the sordid but difficult problems of selling themselves to best advantage.

5

The frustration of modern life arises largely from the instability of capitalism. Or from what is really the same

thing—preoccupation with security. As luxury implies poverty, security too implies its opposite—instability, and men while away their lives nursing their sterile security like an island surrounded by the cold waters of improvidence.

Most people dislike work not because it calls for effort and application but because they dislike the conditions of work. They compensate themselves with exacting recreations or false pretences of self-importance.

A good deal of this is due to the "slavery" implicit in the wage contract. Labour-power is sold and it is for the buyer to dictate how it is used. There is an incessant wrangle about the rights of the buyer and seller if the worker claims the sort of consideration that he expects as a human being and an equal.

In fact the worker is not an equal; he has sold his labour-power and is at the mercy of the buyer when it is used. Notionally he has the freedom to sell or not to sell his labour-power, but once he has sold it—as he must to live—he has surrendered his freedom within the limits of his wage contract.

It is true enough that his situation at the outset in a socialist society is not all that different in form; but in content there is the embryo of a vast difference in that the ideal of co-operation, "working together"—because of the changed property basis of the economy—begins to be genuine. In a capitalist economy the much reiterated appeal for "team work" is inevitably poisoned with hypocrisy because the motivation of production is not co-operation purposefully directed to the fulfilment of a social plan but profit-making on behalf of the managers of the team. No amount of profit-sharing and worker-consultation can obliterate this reality, which is not determined by the goodwill or bad will of particular employers but by the economic basis underlying the mode of production as a whole.

There are many particular aspects of frustration even for the most favourably placed employees such as technicians and scientists. Trade secrets prevent them from sharing knowledge with colleagues elsewhere employed. They are asked to devote

their skills to socially useless petty purposes dictated by calculations of profit. They are directed by people who, however expert in balance-sheets and sales promotion, often lack sympathy for scientific methods of tackling production problems.

6

In a fully mature capitalist society all these tendencies reach such a point that capitalism begins to lose its right to claim that one great merit that was originally its social justification, namely its ability to develop the forces of production.

There remains a strong incentive for capitalism to improve productive techniques because this is the one sure guarantee of increasing competitive strength; but as the scale of production increases and the "socialisation" of science extends, capitalism becomes less and less able to apply its expanding store of knowledge to productive purposes.

There are a number of reasons for this. In its early days capitalism encouraged and took up the ideas of the free-lance inventor, and by freeing labour from the restrictions on mobility imposed by feudalism in the countryside and by the guilds in the towns made new forms of production possible. But more and more, as capitalism spread, a wider social interconnectedness and more and more specialised division of productive functions developed until a point has been reached at which the anarchic market, instead of providing a stimulus to break away from the old, becomes itself a cumbersome anachronism making it difficult to weld together all these multifarious activities.

Moreover, with the emergence of the huge concentrations of capital (although this collects together the huge sums required for large-scale modern plants) there also emerges a brake on new developments in the form of monopoly.

Once a particular branch of industry is dominated by a few

big firms they tend to safeguard their markets by agreements temporarily dividing the market between firms at present in the industry, and to co-operate in excluding newcomers. This reduces the pressure on them to introduce new techniques and encourages the buying up of patents, etc., not to use but to prevent others using them.

No legislation fully succeeds in preventing monopoly arrangements. Restrictive agreements are curbed in Britain and America and other leading industrial countries today, but they tend not so much to eliminate monopoly as to prevent weaker firms from sheltering under the protection of the more powerful, and so hasten the concentration which makes it easier for the few giants that are left to come to tacit understandings on price and marketing policies.

The restrictiveness of monopolies on technical advance should not, however, be exaggerated; it is overweighed in the long run by commercial rivalries between the monopolies themselves which compel technical advance in the end.

Monopoly does not eliminate but merely brakes the tendency of capitalism constantly to develop new techniques. The deeper cause of obstruction is capitalism itself. A capitalist subordinates his technical and scientific research to the object of increasing his own profits. Each firm is a particular unit with a particular object, and any discoveries it makes that do not serve its own particular purposes are so much waste to it—however valuable socially, that is, scientifically.

The firm will be anxious to cut down unnecessary research expenditure and to keep to itself any new ideas it hits on. To a certain extent the secrecy breaks down in practice. But the "particularisation" of capitalist economy—the breaking up of the totality of the economy into parts determined by particular blocks or property ownership—becomes a very serious handicap to technical progress in a modern industrial economy.

For example, automation in engineering calls for a combination of electronic and machine-tool techniques and involves a combination of techniques from hitherto separate

industries. This is just one of countless instances, some trivial, some major, where property divisions create artificial barriers in the industry as a whole. In other cases the scale of operation and the social impact of a new development—as, for example, the use of atomic energy—is so far-reaching as to exclude the possibility of its being left to private enterprise.

In a capitalist society such factors to some extent force State participation, which, however, in the form of State monopoly capitalism, remains subordinate to the general policy of the most powerful capitalist interests.

To a certain extent finance capital steps across industrial barriers, forming trusts and amalgamations of firms that combine hitherto separated branches of production, so as to gain technical advantages. But each move is a battle of property interests, and in this present period of a vast new technical revolution—probably more profound in its ultimate consequences than the industrial revolution itself—brought about by the application of automation and atomic power, the utmost pooling and inter-flow of scientific and technical knowledge and experience is needed to enable economic progress to keep in step with science. But this the barriers of private property obstruct.

Science itself needs to be developed in such a way as to serve the requirements of social life considered as a whole, to reduce waste of time and to increase amenities for the whole community. Lopsided developments tend to become self-frustrating; for example, in Britain the car industry and the oil industry have pushed ahead quite out of phase with other sides of the economy, with the result that hours and hours of time and much money are wasted as the result of traffic congestion, while the coal industry which a few years ago was being pushed to increase output is now faced with surplus production and the problems of contraction. The need for better co-ordinated national fuel and transport policies is in these instances very obvious. The natural way to make a scientific analysis of these problems is to consider what

resources are available and work out what technical solutions are possible; it is a clumsy and irrational procedure to touch some and omit other aspects of a problem because of demarcations laid down by property rights.

The need for an all-round scientific approach is fairly often seen, but what is not so generally recognised is that the all-round *practical* application of science to the problems of production and social life implies a national economic plan, embracing the economy as a whole.

As new materials, new sources of power, new methods of computing are developed, much closer and freer relationships between different sectors of industry (as at present constituted) will become essential, if full advantage—on a social scale—is to be taken of the new developments.

To deal with all the complexity of the new scientific potentialities, a greater simplicity at the heart of things is essential. The simple revolutionary idea is to cut out the property barriers that disintegrate society and to treat society as a totality of human beings, collectively owning the existing store of means of production and requiring to devote a certain part of their time and abilities to economic activity in order to produce known needs and to achieve agreed purposes.

The "needs and purposes" are expressed in an economic plan. The aim is the simple aim of human beings applying themselves effectively as a collective force. The problem of co-ordinating the activities of twenty or thirty million people to achieve the collective aim is, of course, a huge one. But to say that it is huge is not to say that it is insoluble.

It is not a simple thing to design and produce a jet plane that can travel at supersonic speeds or to analyse the material characteristics of the stars or to photograph the far side of the moon; but the collective application of human thought and activity has encompassed these aims. The socialist thesis is that economic and political science could solve the problems of social co-ordination necessary to plan production on a national scale.

The question to be faced is whether or no an economic system that is regulated by conscious decision can function better than one that is regulated by the automatic controls of the market modified by occasional corrective interventions by the State. The whole theory of socialism points not merely to the possibility, but to the necessity of man becoming the conscious master of the social forces of production and using them with deliberate wisdom for the benefit of human society.

7

Perhaps the heaviest charge to be levelled against capitalism is that it fosters immorality in human relationships. But this is hardly a charge that can be fully pursued here, since to do so would carry the argument into too wide a discussion of the whole ideological superstructure of modern society. Perhaps it is enough for me to affirm the reasons for my own belief that capitalism incites men to live badly according to my own standards of what are good and bad ways of life.

This will be of significance only in so far as these views are shared by others—which to a considerable extent they probably are.

In terse summary, my belief is in "the brotherhood of man". By this I mean both brotherhood between nations and brotherhood between individuals. This implies that it is bad for a man or woman to subordinate to his own will or purposes —by force or fraud—the freedom of action of another.

The dignity and personal independence of human beings deserve respect. This extreme generalisation, however acceptable in principle, at once raises a host of practical problems; but it is also possible to generalise the main exceptions to this rule by limiting its fullest application to human beings who in practice reciprocate by themselves respecting the liberty and independence of others.

This exception may in turn be qualified with the rider that

it is essential to strive for the widest possible extension of this principle and to limit intrusion into the freedom of others to the minimum of force necessary to prevent interference with the freedom of others. That is, the intruders must be prevented from intruding, no more. In practice, the application of this principle to the use or non-use of force in specific actual circumstances is far from easy; but this is not the only principle that is difficult to apply in particular cases and should not be underrated on that account. Once this principle of non-interference in the freedom of others wins fairly general acceptance peaceful relations between human beings may begin to become a reality.

These views force me to the conclusion that capitalism must be fought against because it is incompatible with the development of freedom for the mass of the people, necessitates relations of domination and subjection, and also disintegrates society, causing its fragmentation into a multiplicity of commodity owners whose economic advantage is best served by doing the opposite of good as defined above. The practical morality that the economic relationships of men in capitalist society teaches is not to "do unto others as you would be done by" but "to do others and not yourselves be done by them".

The ideal of human brotherhood has inspired humanity throughout the centuries. This ideal may have originated from men's social instincts or may have reflected a vague foreshadowing of future possibilities or may have been a recognition of the need for men consciously to counteract disruptive tendencies built into the conditions of social life—or it may have been a hypocritical doctrine preached by the powerful in order to reconcile the oppressed to their oppression.

Whatever the meaning and practical interpretations of the doctrine of human brotherhood in the past, the doctrine acquires a new significance in the present, because economic exploitation is no longer a historical necessity. In the past, when human progress was only possible through class society, economic exploitation was an inescapable necessity due to the

insufficiency of the social product to provide freedom from material poverty except to a small minority.

Thanks to the development of the forces of production this necessity no longer exists. Men can make machines which produce more than slaves or serfs or proletarians could produce for their emperors or lords in the past. The harvest of potential wealth can today better be reaped by men working together than by a minority exploiting others.

To learn how to live in this new relationship of working together is not an easy or a quick matter. If we could start today to try to live (that is, if the economic base of socialist society had been laid by socialisation of the means of production and the first attempt to plan production for use were being made) we still would have to face years of learning while well-intentioned inexperience blundered its way in harness with cynical self-seeking continuing well-tried practices of the past.

The freedom of a socialist society implies a limited sacrifice of freedom as its precondition. That is, men must agree to co-operate in the creation of the social product. Anyone who refuses to give up the necessary fraction of his life—which in time could become a quite small fraction—to co-operative work, would, in fact, be restricting the freedom of others. Society, it seems to me, has every right to demand of a man "if he will not work, neither shall he eat"; but it may not need to do so.

Once the new relationship of men in production is understood, the vast majority of people would accept their part in it as a matter of course. In the context of a socialist economy, mutual respect and co-operation would accord with the interests of the individual. The charge that can be levelled against capitalism as a system is that it conflicts with human co-operation and makes appeals for brotherhood, if linked to support for the economic system of capitalism, an hypocrisy.

The case for capitalism is also the case against it. Capitalist theorists argue against the feather-bedding of the Welfare

State and argue that man should be made to struggle for his existence. In the context of a capitalist society this means making men push and shove against their fellow men to get a share of what's going. Indeed, it is sometimes hard for some simple plain people to understand why—if it is bad for society to assure them the means of living—they should respect society and its laws. Quite a few draw the conclusion that the wrongness in wrongdoing is in being found out, or as a contemporary satirist puts it "a man with a family cannot afford to be honest".

Capitalist society often distorts and corrupts family life. When people have no other social unit on which to rely, the family may become a narrow small-minded clique caring for nothing outside itself and spending most of its time that is not squandered on the tensions of its petty ingrowing emotions trying to scrape together the material means of existence.

Fortunately few men and women carry to its logical conclusion the ethical code implicit in capitalist society; but when they reject it, they can easily find themselves in an emotional vacuum, strangers in an uncaring world, anxious to "live", to do something "exciting", to be "free", "to escape". What from, they know—from the pettiness of a life squandered getting the means of existence. But what to, they don't know.

Much, I believe, of the unease of modern life is due to its fragmentation by the all-pervading growth of commodity production and exchange. Our talents, our souls, our bodies are just commodities to be sold. We have to be whipped to work by fear of starvation and "failure"; to the threat of fear we reply—if we reply at all—with the braggadocio of the gangster. This conflict between the fragmentation of social responsibility and the interdependence of economic life can be fearful and horrible in its consequences. It is all the more dangerous for the fact that it is not the fault of anyone in particular. It is the fault of a system that seems to work as impersonally as the motion of the tides or the rising and setting of the stars.

To strive after the good life without at the same time striving to rid society of capitalism as a system is doomed to be an utterly self-defeating pastime. Taking all in all it is not the badness of men that is to be wondered at but rather their goodness under social and economic conditions so unrewarding to it. This is one of the reasons that gives one grounds for thinking that most men do not need the stimulus of fear and could work together with purpose and in harmony simply because it is a pleasant and sensible thing to do, simply because they wish their fellow beings well, for the most part, and, for the most part, enjoy being needed by others. In one way and another, from generation to generation the fight of those oppressed by it is building up a way of life opposed to that of capitalism, rejecting its standards and its pressures. In various ways people in capitalist society get together to try to help one another against the cold care of the impersonal market. Traders and producers form trade associations, professional men form institutions and so forth. But all such bodies offer only meagre protection to their members, while solving none of the problems that face society as a whole; and the tendency is for them to be restrictive, securing benefits for a few at the expense of others.

Sometimes trade unions are put into this same category and accused of pursuing sectional interests at the expense of society generally. Such accusations are sometimes true in so far as a particular trade union concerns itself with nothing but getting the best possible bargain for its own members.

Trade unions are often attacked for this by supporters of the capitalist system who, indeed, are on very poor ground in criticising them; for the trade unions are only behaving according to the capitalist principle of trying to make the best possible bargain in the market.

Without trade union organisation the individual worker would be in a miserably weak position *vis-à-vis* the wealthy capitalist organisations to whom he must look for his employment. But *socialists* have a right to criticise trade unions that

limit their activities to the pursuit of sectional interests. They are deserting the ideal of "all for each and each for all" that is the underlying notion of trade unionism.

If workers' solidarity does not look beyond capitalist society it is bound to degenerate into a bargaining instrument and to become infected with the careerism and corruption of a commodity economy; but if it looks beyond capitalist society, then the logical conclusion is a classless society in which "each for all and all for each" has become the guiding principle for all and for each, that is, for society as a whole.

For such a society the only possible economic basis is socialism. In this sense trade unionism contains the germ of socialism and the germ of a new social morality.

It is for this reason and in this sense that the working class is the vehicle of social progress in the modern world. The situation of the workers makes it necessary for them to put an end to the competition between themselves and, as the producers of wealth, they have a great potential political power. By opposing the principle of unity to the principle of competitive rivalry and extending it to its full scope, the working class becomes a leader of the people against the exploiters.

6

CRITIQUE OF SOCIALISM

Incentives in socialist society—place-seeking and bureaucracy —personal freedom—conformity, personal initiative and inventiveness—central planning and individual variety—planning, dictatorship and freedom—essence of socialism the ending of exploitation of man by man.

I

MANY people agree there is a lot wrong with capitalism but, they argue, it is a wicked world and better "the devil we know" than one we don't. The charges made by critics of socialism are numerous. "There will be no incentive to work." "Profit making and the market will be replaced by place seeking and careerism." "Progress will be clogged by red tape and bureaucracy." "We shall all become producer-ants deprived of personal freedom." "Personal property in means of production is essential to avoid stereotyped uniformity and lack of personal initiative, variety and experimentation." "A centralised plan cannot reflect a multiplicity of different personal tastes." "A centralised plan only works if there is totalitarian dictatorial discipline enforcing its fulfilment by fear and threats."

Generally speaking, when trying to resolve an issue that is in dispute, it is a sound maxim to look to the evidence of experimental data or actual data of experience wherever possible. Deduction from general principles is a good way to get a working hypothesis, a short cut towards probable conclusions but dangerous unless tested experimentally or from factual evidence.

In economic science, however, experiment is virtually not possible. (It may become more possible and more used as the techniques of socialist planning and administration develop, but questions such as those above relate in the main to the economy as a whole and could hardly be tested "experimentally"—unless one were in a position to create new man-populated worlds for the special purpose!)

The means of investigation we are left with are, therefore, analysis of data of experience and "experiment in the imagination". This latter method, that is, the use of abstract thought to create models constructed out of ideas, reflecting real aspects of the social reality, is the main method of economic science. But it is a difficult method to handle giving far less certainty than the experimental methods that many natural sciences are able to use. The validity of the conclusions of abstract thought are far less easily established by generally accepted standards, whereas the experimental methods of natural science give results that are socially accepted pretty universally nowadays. Flat earth theorists today are quite finished, but their counterparts still flourish in economic science.

Moreover, as the conclusions of economic science are liable to arouse violent political passions and strike at jealously guarded material interests, the pressures of prejudice and social atmosphere can easily blur perception and judgment. The distractions of the social battle make objectivity in pursuit of scientific truth not merely difficult in the sense that it calls for moral courage, but also in the sense that the issues are confused and the evidence sometimes distorted by the pushes and pulls of material interest. The truths of natural science are more difficult to flout; but the natural scientists too have had their difficulties with church and establishment.

The data of experience that we have on socialism are those of the various existing socialist countries. This, of course, is valuable; but the extent of its usefulness in answering questions referring to Britain in the future—which is the specific

context in relation to which they are posed—should not be exaggerated.

Experiments are made under carefully prepared conditions which are designed to avoid accidental interruptions (as, for example, the chemist measures changes of weights at controlled temperatures, etc. "under laboratory conditions"). History unfolds itself under its own peculiar and special circumstances, and obviously the pre-existing economic, social and political background under which socialist economies have been established in Russia, China and Eastern Europe are vastly different from those likely to prevail in Britain. To make allowance for all these differences is not easy and as, generally, if this is not done, a more unfavourable picture is given than is appropriate, the enemies of socialism have made abundant use of bald comparisons which are quite unscientific. (And at times friends of socialism have helped them by taking too little account of the specific historical circumstances under which socialism emerged and by trying in the defence of socialism to claim too much for its achievements.)

It is hardly disputable that socialism has liberated great productive forces. In the Soviet Union since 1928 industrial production has increased—despite the losses and setbacks of the war years—by 30 times. The rate of increase in China's first 10 years has been even higher than in the 10 years from the beginning of the first Russian Five-Year Plan. In agriculture socialism has not shown such good results, but in China since 1958 (despite statistical exaggerations early on) the rate at which agricultural output has increased has been considerably greater than ever witnessed elsewhere starting out from a relatively backward unmechanised and peasant economy.

The vigour of the general expansion of the socialist economies is undoubted despite many defects of bureaucracy, overcentralisation and clumsy co-ordination of planning, of which now there is a good deal of evidence.

Obviously the existing socialist societies cannot be treated abstractly as "blue-prints" for future socialist societies *in*

general. They have arisen not in industrially advanced countries but (with the exception of the politically truncated Eastern Germany and the Czech areas of Czechoslovakia) in backward agricultural economies in which only a small fraction of the population was industrially employed in modern enterprises.

To date the main economic preoccupation of these countries has been to speed through in one or two decades processes of industrialisation that in the advanced capitalist countries required a century or more—whilst at the same time having to match the increased military expenditure of the imperialist powers.

They had suffered years of the most brutal repression from foreign masters and from their own. The mass of their agricultural populations were illiterate and altogether out of touch with the ideas and progress of modern scientific thought and culture. No wave of a socialist wand could overnight transform this mass of humanity into a heavenly host of well-read scientifically-minded saints. All their virtues of simple comradeship and natural human ingenuity and awareness could not replace experience of social life in a modern industrial community. And if they escaped the vices of modern capitalist society, they still carried plenty with them from their world of semi-feudal oppression and petty commodity production.

In these new societies there still were—inevitably—place seekers and careerists and people who continued to deceive and prey on their fellows. In short, many features of pre-existing society still showed themselves obviously or less obviously in the new society. How could it be otherwise? But also, how is one to sort out without great knowledge and detailed study what in these new socialist societies is essentially the product of the changed economic basis and what of other historical circumstances? Britain we at least know better without special study.

However it is quite clear that, if the progress of each country is measured against its own past, there have been

considerable all-round achievements and great social advances in the societies now based upon socialist property and planned production. The surge forward may have been braked but has not been arrested by the mistakes that have been made or all the spivery, narrow pettiness, self-seeking and crookedness inherited from the past. The proper assessment of all this requires in each case a detailed economic and social history. By standards of more general comparison the most striking achievement of the socialist countries has possibly been their continued steady growth in industrial production year after year (as contrasted with the cyclical ups and downs of the capitalist countries). And despite the defects, already mentioned, of bureaucracy and over-centralisation in Soviet industry (which appear to have been avoidable and are now being corrected), an economic system that passed through the gruelling tests of World War II against German arms and has since launched its Sputniks and Luniks can hardly be said to have stifled technical inventiveness.

The problem of learning from the socialist countries what socialism would mean for Britain is further complicated by the fact that every statement about the socialist countries is, as it were, a political act, in itself part of a battle. No friend of socialism wants wrongly to draw attention to defects of socialism and consequently tends to avoid exploratory criticism, with the result that, by a sort of cumulative process of acceptance, propagandist exaggerations of achievements come to be put in the place of objective social analysis. Contrariwise, it is easy when trying to correct the past lopsidedness of the balance to swing to opposite extremes out of an anxiety not to be caught again praising faults or glossing over mistakes.

But for the purpose of assessing whether the attacks made on the ideas of socialism have validity as applied to the problem of how socialism would function in Britain, the weighty task of critically evaluating the historical development of the existing socialist countries is not necessary. The

model of socialism that it is necessary to set up in our minds is socialism as it would be in contemporary Britain. For this there are a number of things from the actual experience of socialist countries that are fairly generally accepted and of some relevance to the matters with which we are concerned. But overall, the pre-existing circumstances are so different that no existing socialist society could begin to serve as a type model to be used as a whole in projecting characteristics of a British socialist society.

One very obvious fact is, however, of tremendous scientific significance—namely, that socialist societies exist, are growing and developing, are economically viable. Socialism is no longer a reformer's dream, it is—for better or for worse—an actuality, an economic system appearing in a number of countries and in each growing vigorously in economic strength.

No existing socialist society can yet be said to reflect even the main general characteristics of mature socialist societies as they will be in the future. The existing societies are still hampered by the hostile attentions of the capitalist powers and, economically, they still have to develop further before they can overtake the most advanced industrial countries. They still have a long way to go before being able to create universal plenty. Many of their social and political characteristics are due to economic backwardness such as was general in Russia, China and most Eastern European countries at the time when the socialist governments first came to power.

Critics of socialism often say "if you like the socialist countries so well, why don't you live in them yourself?" Socialism is not a personal luxury of soul or of body, and one doesn't go and live in it as one goes to Switzerland or the Riviera for one's health. Personal reasons are personal reasons and quite beside the point in relation to the question under consideration—namely, what economic system is desirable for Britain. Whether I or you prefer or do not prefer to live outside Britain has no bearing on the answer to this question.

Equally to ask whether a typical Briton would like to live in the Soviet Union or China today is rather meaningless. Does not the typical national of any country want to live in his own country? In asking questions of political and economic theory one is posing problems about the social lives of historically existing communities, and to forget this is to slip into impermissible abstraction.

A proper question to ask about the Soviet Union and China is, therefore, whether socialism as it is in those countries is good for the Russian and Chinese people. And in certain essentials socialism is quite certainly proving of immense benefit to the peoples of these countries, raising living standards more rapidly and creating much wider opportunities for education, cultural advance and technical employment than could conceivably have been possible if the representatives of the old economic order had remained in power.

Moreover the liberation of near on one thousand million people from the age-old poverty, starvation, oppression and degradation that their old orders of society and foreign imperialisms imposed on them helps immensely the progressive forces throughout the world to find their way forward. The existence of a socialist world alongside the capitalist world transforms also the political and economic situation within the capitalist world. Our progress, too, is enriched by the progress of socialism amongst these many millions of people once afflicted by poverty and tyrannical oppression.

The Russian Revolution in 1917, because it opened the gateway to all these momentous happenings, is the most important historical event, possibly, of all time. It marks the end of the dark ages of class society.

But the dawning of the new socialist world is not a miracle, a transformation scene in a pantomime, but a historical event in which the past lingers on intertwined with the first shoots of the future way of life. Obviously, many things have gone wrong in the new socialist countries. The critical historical evaluation of what actually has transpired in the earlier

years of Russian, Chinese and East European socialism will itself take time and much heated dispute. There are many, however, whose belief in socialism has been shaken because they have come to the conclusion that crimes have been committed against innocent people in the name of the State, or that Marxism has been dogmatically and intolerantly interpreted, or that careerists and petty-minded bureaucrats have been allowed to rise to high places. Without people with critical sense and courage enough to challenge what they take to be evils no socialist movement will ever grow strong; but to separate out the potentialities of a good new society from all the evil dross of the past is a most complex historical process. To instance examples of particular evils is one thing and to evaluate them in their historical context is altogether another. No social revolution could ever be made in kid-gloves. The violence and cruelty of revolutions has little to do with people's intentions. In any vast social changes some people are bound to get hurt and to hit back. These are the circumstances under which the *best* course, the most direct path between the past and the future, has to be chosen, a path to be chosen in relation to the totality of surrounding circumstances.

So even if one were to accept the blackest evaluation of some aspects of the development of the existing socialist societies, the conclusion to be drawn would not be abandonment of ideals of socialist brotherhood but that the roads by which human societies grope their way, learning by experience of their mistakes, into uncharted territories of the future, are more thorny and longer than one had first imagined. The essential point is that the things that seem bad in the socialist countries are not inherently connected with the economic system of socialism (as, for example, greed for money, expansionist tendencies and economic instability, etc. are inherently connected with capitalism *as a system*).

It is inevitable, let me reiterate, that there must be bad things about a socialist society or any other society in its early stages of development. Ideas about the new society exist only

in the imaginations of men. The ideas of this man or that man will only come to be accepted as representing the new way of life, the new social code, the new morality, after the experience of bitter mistakes, after years of argument, suffering, reflection, education by masses of hitherto oppressed people learning now how to live in freedom and to become masters of their own destiny.

Mistakes of good men will be opportunities for bad men —and inevitably there are both plenty of mistakes and plenty of bad men, men who in their heart of hearts believe that the old ideas of shrewd self-seeking reflect an eternal reality whatever pious sentiments of brotherhood may be appropriate for public utterance.

And it will take time for the general run of people to learn how to conduct their social affairs. They have to learn who to chose as their educators and "the educators themselves have to be educated" in the only school there is, that is the school of experience for which the only equipment they have is the truths of theory—that is, generalisations hammered out from past human experience to guide their practice in the living experience of the present.

In reality one of the most important marks of the superiority of socialism as a social system is the fact that it has shown sufficient vitality to weather its mistakes and the ideological upheavals following them, to advance economically and culturally and to create forces from within socialist society that combat the abuses without the opposition to the abuses becoming opposition to socialism as a system.

That the process of social change within a socialist society, the discovery of new forms of human association making possible a thorough rejection of relationships inherited from capitalism and hastily adapted to socialist purposes, the wide dissemination of a modern scientific view of the world, that all these things must take time, goes without saying. That a new Utopia does not spring like Athene fully armed from the head of Zeus, that a new society has to be fashioned patiently as the

course of history unfolds the processes to which the revolutionary break from the old State power and property system only opens the door—all these are facts that need also to be borne in mind when making a critique of socialism as a form of economic organisation.

The question to be answered is not will socialism as an economic system work immediately, but will it open the way to a process of development that will go beyond and be better than capitalism, given only the opportunity of continued existence and growth?

The answer to this question is given categorically and positively by the achievement of the socialist countries that have already come into being. New forces, new people have been liberated. New standards and attitudes governing the behaviour of man to man have been established and nothing that the temporary authority of petty men has done, moving contrary to or braking the stream of the great new principles of human brotherhood or the intellectual enlightenment of scientific Marxism, can undo the great and vast social changes effected now on a national scale in the new socialist countries. Whilst mistaken or misled sometimes on particular facts or circumstances, those who have sensed a new spirit of achievement and new relations of man to man in the countries of socialism have not deluded themselves. Beatrice and Sidney Webb were not mistaken in hailing the Soviet Union as a "new civilisation", for all that has happened since and for all that was unknown to them when they wrote in the thirties. Socialists need not be dismayed if attention should be focused on the mistakes and crimes committed in the socialist societies, because socialism has means and strength to eliminate them. But when it comes to assessing the existing socialist societies in the round, there can be no doubt that the scale will tip decisively in favour of their positive achievements, even if to the other side of the scale still-debated criticisms are added to the more generally agreed defects in their past performance.

In stressing that in a socialist economy developing in

Britain the characteristics of actual socialist communities are not likely to be reproduced, except in the basic fundamentals of public ownership and planning, I am not contending that the emergence of socialist communities in other parts of the world is not of great significance for Britain. In a practical sense they will be tremendously important sources of many-sided knowledge based on immense experience of public ownership and planning. But this is not the issue on the agenda. The question is whether a socialist economy *in Britain* would or would not work better than a capitalist economy, and, when a majority of the people have been persuaded to give their support to a socialist system, how would the difficulties to which critics point be overcome.

2

What incentives in a socialist economy replace the energy generated by self-interest in a capitalist economy? The energy of an economic system as a whole is the energy of the individuals who compose it divided by the social friction of antagonistic purposes or inefficiency, multiplied by social enthusiasm.

The socialist case for planning admits that in a capitalist society the law of competition will eliminate firms that are inefficient and strengthen those that are most efficient—*at making profits*. But even supposing (which it is not) that efficiency at making profits were the same as technical and organisational efficiency measured in terms of output per head, it does not follow that the maximum efficiency of the units of an economy is the same as the efficiency of the economy as a whole.

The anarchy of the capitalist market involves much wasted effort and many idle resources. The idea of planning is to replace the inefficient co-ordination of the economy through the self-regulating price structure of the market by conscious deliberate regulation through a plan.

For the time being assume (pending consideration of the

case against planning) that planned co-ordination of the economy works effectively. But however good the plan, it will be no good unless individual people do with a will their several parts in the combined operation of social production. Assume that each individual knows what is required of him —a very big assumption in fact—the question is why should he expend the energy of muscle and brain necessary to do his job as well as possible.

Attitudes towards work will change with time and circumstance, but first in historical sequence is the problem of incentive. At the outset, in the early days of a socialist society, many will be enthusiastic for socialism and, at the start at least, be ready to make great sacrifices for the new cause. Others will be cynical and have much the same attitude to their work as in the past. Others, keenly supporting socialism, will expect immediately more pay for less work and nobody pushing them around in the factory.

If production is to carry on, leave alone improve, it is crucial to develop in industry a common attitude towards work. This is only possible through extensive discussion of the issues by the mass of the workers themselves.

But they cannot automatically find their bearings as they might when discussing, say, how to arrange the factory timetable. These discussions are the beginning of a process in which the whole theory and practice of socialism is put to the test.

The revolution that opens up the way to socialism cannot be more on the part of the mass of the people than a decision to "make a change" or even merely "to accept a change". In the nature of things the mass of the people and the mass of the workers who constitute the most politically conscious and organised section of the people can have no precise conception of what is involved in the new socialist form of society which their political leaders have inscribed in their programme.

The essentials of socialism (as defined in the first chapter) will provide no more than the basis of social organisation which will take the many varied forms that the mass movement

itself gives it. So with socialism starts the process of the people beginning to become themselves responsible for their own destinies.

The first beginning of this process will be to absorb the ideas which the more reflective, politically minded, conscious socialists have been working out precisely in preparation for this day. The movement will turn to leaders—in ideas and in activities—who have been developing as the movement formed itself in the old society—not just individuals as leaders but leading forces exerting themselves and expressing themselves through the agency of the political parties and other organisations of the working class. These leaders will prove themselves or not as the reliance placed on them for guidance is tested by experience.

The rapidity with which a socialist economy gets under way will depend quite considerably on the extent to which there already exist amongst the workers socialists who very clearly understand what socialism is all about and are able to discuss and explain the problems arising in the early stages in an informed and intelligent way.

Mere enthusiasm is far from enough and can cause divisions between sections of the workers and, even where general, can quickly turn to disillusion if the realities of the situation are not faced and understood. The great problem is to keep alive the initial enthusiasm of the revolution and to foster a sense of change whilst at the same time facing up to the fact that conditions of work at the outset cannot be *materially* very different from the past.

Also, planning in its first stages and in the short term is likely to create what may seem even more muddled conditions than production for the market (where the deep rooted disorder of supply and demand can be relatively unobtrusive in its impact on day-to-day management on the works floor; indeed, the method with which monopoly capitalism organises the details of its madness is quite remarkable).

The one main new thing to be treasured and nursed, because

it contains the embryo of a new type of incentive, is the feeling that the organisation of production is the concern of the workers. In capitalist society today management often forms works councils, joint consultation committees, etc. in which workers take part. But such arrangements, though they make a certain contribution to good organisation, can never succeed in winning easy confidence and co-operation from the workers for the very simple reason that the basic interests of workers and employers conflict and must do so if the compelling interest governing production policy is to increase the surplus of receipts over costs in which the main scope for reduction by any means within the management's power is labour costs. Easy labour-management relations can exist—and at that only transiently—in firms having very advanced productive techniques and sheltered markets.

The heart of the whole notion of a socialist economy is the elimination of antagonism of interest between those who produce (in the sense of engaging their powers of muscle and brains on production) and those who own the means of production.

The condition of ending this antagonism is public ownership replacing private ownership of the means of production. Once the main productive units are publicly owned they are notionally the property of all; but immediately, this makes a difference only so far as the management is different, and the only respect in which the management can immediately be different is in its attitude towards the workers and in the object by which it is guided (namely fulfilment of a planned target). In the first months after a general nationalisation of the main industries, it is unlikely that the actual organisation of work will change radically or wages be much different. The surplus going in a capitalist economy to profit and State expenditure is not a fund available for immediate wage increases; it is needed to finance the heavy investment and social service expenditure essential to reshaping social life along socialist lines, and to push ahead with the extended reproduction

necessary to provide ample supplies of material goods for everyone.

The increase of living standards will come mainly from greater output rather than from redistribution of the existing social product. Various control measures (e.g. blocking withdrawals from bank balances above a certain figure and control over the rate of future withdrawals) should succeed in curtailing luxury spending and diverting resources to wider consumption; but the gains from redistributing consumption goods at the expense of the top incomes would be of moderate significance and this only in the short-run. The main gain would come from expansion and better deployment of productive resources. It is a major crime of capitalism today that in a thousand different ways it imposes constraints on the freedom of the people, preventing them from solving their economic problems in the ways that modern science now allows. Capitalist society is enmeshed in a nightmare of waste and social falsity imposed to preserve the *status quo* of a handful of wealthy people.

The fullest discussion of the economics of this situation will be crucial in order to get a common attitude amongst the mass of the workers in each undertaking about the way in which they should work and the purpose of their work.

In so far as a sense of co-operation and common interest is created, work goes ahead better and is immediately more stimulating—because a sense of greater freedom and purpose permeates it.

All this potentiality can be dissipated by bureaucracy, of which there is bound to be plenty; and, in reaction against bureaucracy, contrary slipshod anarchic tendencies can also develop.

In the short run it is problematical whether consultation, discussion, the sense of working for oneself and having a say about how and at what one works will contribute much positively to the energy of production. It could make a huge contribution given understanding socialist leadership amongst

the workers and reasonably adaptable administration and management. Confused ideas amongst the workers, incapable or hidebound management, could early on cancel out most of the potential benefits from the new productive relations.

Even so, however, the policy of co-operation, consultation, discussion and study in which the mass of the workers participate is essential, however meagre its first results, in order to sow the seeds of future developments.

Since at the early stages the creation of new incentives sufficient immediately and totally to replace the old is out of the question, the only practical possibility is to continue to use the old incentives, whilst nursing and encouraging to grow the new incentives. The old incentives will have to continue to be used until the new incentives have fully taken root.

The main new incentives will be enjoyment of work, desire to do a useful job, eagerness to find better ways of organising productive units (much as sports teams are eager to show prowess), conscious understanding of the purpose and necessity of the work to be done and its place in changing social life, a sense of freedom and self-determination in work—in brief, a social sense in which a sense of enjoyment and of discipline is quite easily combined.

A great advantage of these new incentives is that they can be developed alongside the old monetary incentives without conflict so long as conditions at work, hours of work and standards of life are generally improving. The old incentives will atrophy, gradually becoming pointless and irrelevant as material plenty and the general cultural and social consciousness of people grows and begins to measure up to the requirements of a classless society.

Marxists from Marx and Engels onwards have always envisaged two stages in the emergence of socialist society—a first in which the governing principle of work and payment is "from each according to his ability, to each according to work done". In the second—also defined as the stage of communism—the idea of matching what each takes out of the common

pool to what he puts in is dropped, and the governing principle becomes "from each according to his ability, to each according to his needs".

The second stage is inconceivable until the seeds of a new attitude to work sown in the early stages of socialist society have matured. Also, before that stage, the problem of poverty and scarcity must be solved.

This implies a great increase in material production, but it is not only a question of material production. The point is also to refashion social life so as to free men—and more so women—from the daylong nagging agony of "chores" that at present afflicts them. Such "de-choring" of life is a social task to which it would be worth applying a team of the finest scientific brains, artists, architects and ordinary people of sense and sensibility.

The desideratum is to assure to all the basic material needs of a decent life and to simplify the means of feeding, sleeping, keeping warm, taking exercise, keeping healthy, etc. without substituting the coldness of austerity and deprivation. The "simple life" needs to be simple in the sense that it has shaken itself free from the tangle of chores in which the pursuit of well-being today has got enmeshed—but, for my part at least, I would be most eager that it should leave scope for plenty of material pleasures and material amenities where these are real amenities.

Out of our new productive powers it is surely possible to create material conditions such as to free the greater part of the lives of *all* people, as in the past retinues of serfs or servants freed the lives of the aristocracy from material want and preoccupation with the means of living.

There is also a great saving in that "conspicuous consumption", luxury for luxury's sake, impressive displays of wealth, etc. will become in men's minds not so much immoral waste as utter stupidity. It is not quite true that "the best things in life are free", but most of them could be made free at a comparatively small social cost.

When production has been sufficiently developed and social life well enough organised to make basic material requirements a free issue, the guarantee that men will work will have to be, as already indicated, (a) social conscience and (b) that most people like most of their work most of the time.

The better purpose (b) is achieved the less motive (a) will need to be taxed. That the social virtue of man can in fact be fairly easily overtaxed is a great merit of the human constitution, guaranteeing that socialist society will not go off the rails and become a boring antheap existence.

Too much too dull too hard work would have to be avoided or the whole incentive system would break down; but it can be avoided. Moreover, if too much hard work = slavery, a little + imagination = recreation.

Is this idyllic picture of "the lion lying down with the lamb" and men being no more wolves to men unreal? Is it conceivable that men in harmony one with another will work for the love of it?

Under all and any circumstances there will be disagreements and dislikes amongst human beings, and people will also get fed up or bored with their jobs. However, what we are here concerned with is not Proustian refinements of emotional relationships, but the simple framework of production and other economic relationships.

If the thesis is correct that the antagonisms of human beings selling to other human beings the usufruct of themselves distorts and poisons human relationships, then the fact that human beings get on as well—and not worse than—they do in the present world we know, is some evidence that they might get on very well with one another in an economically better arranged world than capitalism, that is, if the attractive forces of kindness and goodwill were not dragged off centre so implacably by the repulsions of the commodity-money relationship.

When human beings, even within existing society, temporarily or partially, work together without the "cash nexus"

intruding, there are flashes of evidence that, under these —for capitalism—unusual circumstances, they "get something out of their work", "enjoy it", "feel a sense of purpose". When during the second world war men and women had opportunities of turning to with a purpose and felt they were needed by their fellow human beings in the real and urgent operation of defeating fascism, it was noted over and over again that what they had to do absorbed their interest, stimulated them and gave them something that they never got out of their work in peace-time. What a commentary this is on the way we normally mislive our lives together—if it takes the inhumanity of a fiendish war to compel us to seek out our common humanity!

The wartime stimulus was not morbid excitement—that was the side of war that most people longed and prayed to be rid of—it was the sense of being needed. This is only one minor side of the work relationship in a non-money, non-profit-motivated economy; but it seems to me evident that most people would enjoy doing a reasonable amount of work, given the right circumstances.

The main conditions are recognition of the need for what is to be done, personal interest in the work (and therefore reasonable opportunities to choose and change occupation) and, finally, sufficient respect for each individual worker to leave him free to work in his own way—that is, voluntary self-imposed discipline only.

Probably the behaviour of a certain number of people would not be sufficiently considerate of others, but with intelligent organisation and advanced techniques society would probably gain by being prepared to carry a number of anti-social passengers of this sort.

Or maybe this ideal of complete freedom and complete reliance on self-discipline is going too far; if so, then even an approximation to it would solve the practical problem of getting the community's work done without relying on the incentive of material or monetary gain.

Some may argue that freedom to work or not work to get one's living would lead to an anarchy of orgies and pleasure seeking. Others will insist that work is inevitably painful and that it is stupidity to imagine that the mass of people will feel the inner compulsion that drives on poets and geniuses of art and science.

It may well be that these arguments have some force and, maybe, some forms of social sanctions and pressures might prove inescapable. But even so, such arguments do not provide grounds for rejecting the socialist case.

Distinction must be made amongst those who argue against the idyllic, rose-spectacled vision of socialism. Some deserve respect as progressive realists who do not like to assume too much in advance of actual experience, and the answer to such people is that they are right, with the one important qualification that to make progress at all it is necessary to make some assumptions about the conditions under which human life can be made better and that the assumptions that most men are capable of enjoying work that taxes their abilities and that most men have some sense of social conscience is not unreasonable in the light of partial and limited practical experience of human nature when conditions are not against them.

With those, however, who in effect argue that human nature is human nature and is bad, always has been and always will be bad, I have no patience and think it necessary only to say their line of argument proves nothing against socialism. Because men are bad anyhow, is it good to support an economic system that multiplies and rewards badness? Is human history to be one great artifact of temptations and alluring sins displayed against a parade of graduated tortures by which to measure the goodness of those who wish to put their goodness to the test? Or if not, who will elect the good to wield the whips that coerce the bad to virtue? Man, I think, can only be the measure of himself; and social virtue will be none the worse for being limited to the tolerance and simple decencies that constitute an element in common in the codes

of behaviour which the bulk of human beings respect. Myself, I deviate so far from the believers in original sin as perhaps to end up in an opposite position of believing too much in original good and asking no more than that human beings should be encouraged to regard the greatest good as "doing what comes naturally" and "being themselves"—with the one proviso that they should be debarred only from interfering with the freedom of others to do likewise.

The vices of the past—and this is not to say we will not learn plenty of new vices still in the future—spring mainly from the oppression of some men by others. Economic necessity made class oppression in the past inescapable; it no longer does. It is worth trying to end the oppression of wealth over poverty and to risk the assumption that men will still work without the whip of poverty to drive them.

The orgies that men fear that freedom would let loose—orgies of sexual dissipation, of gluttony and drunkenness, of idleness or soggy indifference, are real enough because we see them all about us when one or another can exceptionally escape from the material and spiritual coercions of capitalist discipline.

These "vices" are, however, equal and opposite to the "virtues" of social discipline in a class society. Personally I like neither the virtues nor the vices—neither frigid repression of sex nor Olympic feats of dissipation, neither the parsimonious carelessness of taste that is bred by abstention nor the fetid overheating that comes from seeking for pleasure only through the belly or the bottle, neither the emptiness of undifferentiated drudgery and body wracking exhaustion nor the emptiness of undifferentiated listless rest. If I had to choose a hell of such virtues or a hell of such vices—the vices would for me win, but fortunately one need make no such choice.

The point of trying to look a little into the future development of a socialist society is to see what, at the outset, needs to be nursed while still in the stage of its infancy. But these new

attitudes—embryonically existing in the past as dreams of humanists—if born into social reality by the socialist revolution are still too weak to shoulder immediately the burden of getting the day's work done. For this it is necessary to rely on the old money incentives, but under radically changed circumstances in the following ways:

(a) Money, i.e. profits, does not govern the objectives of the production units, or at least of the main ones which determine the direction of the economy as a whole. These are governed by the production plan; money continues only to be used to influence the intensity, quality and choice of work by individuals.
(b) Non-monetary factors (enthusiasm, enjoyment of work, consultations about methods of management, the warmth of fellowship in joint activity, etc., etc.) begin to operate alongside the old motive of the pay packet.
(c) Individual pay incentives can continue to be used for an indefinite period in light of experience and may well quietly atrophy of their own accord, provided material standards and standards of wisdom are rising and the monetary incentive of accumulating capital, i.e. means of exploitation, has been entirely and permanently eliminated.
(d) Additionally, there are a number of mixed or "hybrid" incentives that can be used; for example, group bonuses and "socialist competition" between factories which win both esteem and material rewards. Collective incentives in themselves will tend to develop new attitudes towards and an enjoyment of joint achievements.

3

Cynics who criticise the other-worldliness of socialists should be treated with respect. Recognition of the truth that

change in the basic property relations touches almost every aspect of social life easily bubbles over into the conclusion that it solves all problems, and the sobering cynicism of those who put their trust in hard concrete experience is a well-founded corrective.

In the experimental sciences general principles, the formulation of general laws, etc. give a tremendous impetus to the growth of knowledge and serve to organise and harmonise the activities of scientific research workers separately engaged on numerous and varied specific problems. But in the experimental sciences the general laws are as it were bombarded with an incessant stream of experimental data which round and smooth their interpretation—and counteract too dogmatic *a priori* reasoning. In the social sciences experimental data are not in the same way or to the same extent available and there is always a danger of either dogmatically deducing too much from general conceptions or, in dodging this horn of the dilemma, going to the opposite extreme of an empiricism that despairs of finding general principles in the variegated peculiarities of concrete experience.

However, cynics who believe that the ethics of man-eat-man must endure simply because they have endured for many thousands of years neglect to seek the basis of their ethics. If they were to accept a connection between these ethics and property as a means of exploitation, they would be forced to ask themselves what difference a radical change in the property basis of society would bring about. Socialism involves the most radical change of all, namely the elimination of property as a means through which to exploit other men. One must, therefore, also make some assumptions about consequent changes in the behaviour of men towards each other.

To assume that all else but the economic base remains the same is an equal but opposite absurdity to the assumption that all problems are automatically solved, or to the assumption that all we need to make the world better is a moral revolution. The "bad cynics" are too blinded by their own

prejudice to teach anybody anything; but the "good cynics" have a lesson to teach, namely to shape "things to come" with eyes wide open to actual experience, by "trial and error".

But if the arguments of the cynics are to be turned against the whole idea of socialism, then it is for them to make out the case for pessimistic assumptions as against the optimistic assumptions of the socialists. The case against socialism is generally less "scientific" in reality than even the rosiest socialist utopias, which at least show a certain sense of the way history is moving.

The "realism" of the anti-socialists is often a psychological trick, painting the actuality of the present in detail and demanding equal detail about the yet-to-be future.

The other great standby of the critics is "human nature"; but this too is a psychological or philosophical trick. "Human nature" to common sense is man as he is and has been, and rarely what he is in process of becoming.

Are there any grounds for believing that human nature is rooted in certain unchangeable qualities? Many of the bad qualities appear to me to be closely associated with "possessiveness" which—by definition, one might say—is not a primeval instinct but a particular form of the struggle for survival, a particular form that is moulded by the circumstances of private property and scarcity, and therefore historically conditioned, belonging to a period that accounts for only a fraction of the time during which the species of *homo sapiens* has existed on earth.

My assumption is the comparatively simple one that the changed economic circumstances make *possible* big changes in many aspects of human behaviour. Conscious motivation is an important factor in changing behaviour. This implies that behaviour is in part rational and shaped by arguments and confrontation of facts.

There are two aspects of conscious change—the objective facts and the subjective (mental) appreciation of them. This in turn implies that, though economic change is a precondition of cultural, moral, intellectual, etc. progress, it is no more than a precondition.

New forms of social behaviour and organisation will be hammered out consciously in men's minds. New ideas will be fought for in struggle against old ideas. But the battle does not take place in an insulated realm of ideas; hence the power of truth is also simply one aspect of external necessity. We live in a world not of our own making; what we make must accord with the necessities of what we do not ourselves make.

Truth wins against all opposition in the end because it is harnessed to objective reality. Untruth is harnessed to human illusions which in the end reality crushes.

A fairly common variant of the "human nature" theory as applied to socialism asserts that greed for wealth and profit in a market economy turns to place-hunting and careerism in a socialist society. There is, to be sure, some evidence in socialist countries and in non-profit making organisations in capitalist countries to support this thesis.

The counter argument is fairly simple—or ought to be—namely, not to deny the evidence but to track down the source of such behaviour. A spill-over of habits of mind dominant in social formations nearby either in time or space seems to me not merely plausible but inevitable. How could capitalism and earlier social formations fail to leave human behaviour infected with careerism, cruelty and self-seeking for many years within a socialist society? What socialism does is to remove some of the breeding grounds of "man-eat-man" attitudes.

Such attitudes could reasonably be expected in time to succumb to pressure "from within and from without". "From without" in the sense that men don't like being pushed around by others, particularly by others whose main skill is in climbing the social ladder; and if they have the power to stop others pushing them around, they will. (Will ordinary people be able to "control their controllers" it may be asked, and, if so, how? This is a question I will be returning to later.)

The "pressure from within" would come in so far as standards change, making it for many no longer seem important to struggle for positions of power and prominence.

Some change in standards and ambitions is to be expected in so far as the age old flight from the lower depths of destitution ends. Class society is like a land again and again inundated with flood tides of poverty and oppression, causing an unceasing surge of people struggling to find places for themselves higher up the mountains of social position. If the floods are stopped, it seems likely that preoccupation with social climbing will be diminished.

Place-seeking may well continue for other reasons than fear of misfortune. In a class society position is a source of wealth or security and vice versa, but once the material advantages of power over one's fellow men are no longer so compelling, will it be sought for its own sake? It is reasonable to guess that it would not, at least, to the same extent.

Having removed one source that poisons human relations, a socialist society should be much better placed to deal with what remains. However, it should be assumed that some difficult problems will remain.

There is no constitutional machinery that can possibly protect the mass of the people against the power that money gives; but even with this removed, there still remain other possibilities of oppression. The problem still to be solved in practice is to create new and effective means of making persons in authority subject to control by the mass of ordinary people.

This is not at all a simple matter. Out of mistakes and experience means will be found in the end, but for some time place-seeking may continue to be a problem. However, whereas careerists entrenched with the aid of money power can never be displaced so long as that money-power lasts, careerists who depend solely on manipulating organisational machinery, whilst dangerous, are less powerful.

In past civilisations there are many examples of administrators (for example, priest-kings in the first class societies emerging from primitive communism) turning themselves into rulers; but the precedents of history do not apply to the future, for the very fundamental economic reason that the economic strength of wealth derived from exploitation, given modern productive forces, is inferior to that to be derived from equal and free co-operation between men.

The priest administrators were able to lay a hold on the surplus product of society and so acquired a strength that others could not equal. Since the period of slavery the advance of technique has gone hand in hand with a series of steps partially liberating the actual producers—from slavery to serfdom, from serfdom to wage work, from wage work to free work without exploitation. Any gang that reimposes exploitation bureaucratically will have less, not greater, strength than the communities of free equals. Bureaucratic oppression consequently has no future as a social form of organisation in the way that priest administrators had in ancient Asiatic society.

Bureaucratic recrudescence of privileged cliques is likely to be short-lived as a dangerous social phenomenon; but this is not to say that petty careerism may not continue for an indefinite time. On a petty scale this does not involve serious social dangers. It is a sort of petty fraud by which people thrust themselves into positions of prominence after which they hanker but for which they are ill suited. As a free society of widely cultured people develops, the power of authority in social administration will diminish and people with petty ambitions will find it more and more difficult to scheme themselves into office.

4

Probably the most commonly accepted criticism of socialism is that a socialist economy is bound to be bureaucratically

administered and entangled in red tape, not because of villainy but because of stupidity and over-centralisation.

In capitalist society the failures are sorted out by the hard tests of the market, the critics say, and initiative is encouraged and rewarded by the market. In the last analysis the selection board in the capitalist economy is success or failure when commodities are brought to the market.

The fundamental fault of this automatic regulator, the impersonal arbitration of profit and loss, is that what is good for profits does not coincide with social good generally, or rather coincides with the social good only partially, under historical circumstances that are now long past.

But how—in the absence of the impersonal realism of the market—is efficiency to be judged and how are functions to be properly allocated to personnel working in the social organism?

In the long run this is not such a great problem. The problem seems to me to be more that of getting rid of the legacies of the past—careerism, dishonesty, manipulation, petty jealousies and rivalries. Fraud and force are the natural enemies of co-operation and they multiply easily from small beginnings.

The countries in which the socialist economy is at present functioning encourage energetically what might be called non-antagonistic competition, treating production achievement, quantitatively measured, as a sort of national sport, publicising outstanding achievements in much the same way as the performance of athletic champions.

Objective standards of measurement for achievement are not always easily defined, and a cunning bureaucrat, if he is expert at nothing else, is often a past master at making excuses for failure and assuming credit for the achievements of others.

A valuable antidote for bureaucracy is criticism from below, but this is not a foolproof remedy and can be perverted by combined use of authority and demagogy.

In the last analysis the answer to bureaucracy lies, I think, in the development of the arts and ethics of co-operation. It is

for this reason that joint consultation and political discussion, however time-wasting and specious they may seem at the outset, are highly important. They contain the germ of new social relations and are, as it were, the school in which the techniques of these new relations are studied.

Joint consultation provides the forum for studying the internal problems of co-operation within an organisation.

Political discussion provides the opportunity of debating the place of each organisation and of the individual apart from his organisation within the whole national set-up.

All this implies a very far-reaching social revolution in which the objective aimed at is to make the mass of ordinary people masters of their own destinies. Throughout the ages the mass of the people have been ruled by ruling classes and the ideas of the ruling class have pervaded the social organism as a whole, its culture, its justice, its ethics, its human relationships in field, factory or home.

Mass movements have mainly worked in an elemental way, forcing rulers to ease or shift the yoke of exploitation. At best the social ideas generated by the mass movements have become explicit in new forms of social organisation after passing through the sieve of the ruling administration.

A socialist society, by contrast, will mature politically only in so far as the mass of the people participate in their own administration and shape their own forms of social organisation.

This is sometimes regarded as a vast technical problem (of which more shortly) but really it is an ideological problem. And it will be easier to solve, the higher the standard of education and culture.

The old idea was a general liberal education for the rulers and a technical (if any) education for the masses—the three R's plus the crafts or techniques used in the production process. The socialist idea (which is the democratic idea carried to its logical conclusion) is a technical education plus a general liberal education for everyone.

When it comes to having an opinion on how things are to be run, the whole scope of humanity's situation is of relevance. The main purpose of a general liberal education may be defined as being to help an individual to orientate himself in the totality of existence, the whole process of history, of which his own individuality forms a part in the living present.

Clearly, therefore, one of the preconditions for the full functioning of a socialist society and the perfection of techniques of social co-operation is a universal extension of facilities for education, over and above technical education, enabling anyone who has the desire so to do to share in the cultural wealth accumulated in man's march through history up to the point of the living present.

The cost of this luxury of universal education is, of course, considerable, in terms of the facilities and time for study that it requires. (But also the full pursuit by each individual of his particular intellectual interests is a source of the greatest pleasure.) However, the advance of productive techniques can provide the time and facilities needed (as well as better methods of communicating knowledge and works of art, e.g. libraries, systems of indexing, better condensation of historical essentials, films, television, tape-recordings, etc., etc.).

Quite apart from extending education time for youth, if "socially necessary working hours" could be reduced on average to twenty hours a week, say, it would leave a good twenty for continuous self-education, assuming, of course, the provision of the material and social facilities for this.

How many years it might take to reach such a utopia for the cultivation of knowledge I would not dare to predict, but I am confident that the productive techniques already exist in embryo for providing the material basis of a society capable of supplying all basic material requirements with a labour force per annum equal to 1,000 hours multiplied by population between the ages of 25 and 65. The outstanding problem is that of the social organisation required to turn the productive potentialities already known to exist on a laboratory scale or

in isolated productive units into productive forces serving society as a whole.

5

So far the question of bureaucracy has been treated from the standpoint of human relations and, in particular, lack of *rapport* between workers and managers. Similar defects can also affect the relationship between higher and lower units, between factories and area managements or between whole industries and the ministries to which they are responsible. Similar problems can occur all the way up the hierarchy of a centralised organisation.

Some people will argue that the problem is not one of human relationships, but a technical problem inseparable from centralisation. They argue that this is the inevitable Achilles heel of a planned economy.

This argument implies exceptional stupidity on the part of the central administration of a planned economy. In the early stages of a planned economy there may well be excessive centralisation, particularly in economically backward countries in which the essential thing is to speed the development of basic industries. However, even in under-developed countries, as the case of China has shown, it is possible to combine decentralisation with highly centralised control of the basic industries using the most modern techniques.

The tendency towards overcentralisation in the early stages of a planned economy is probably inevitable so long as experience is lacking in the techniques of decentralisation; but there are, given time, no inherent obstacles to overcoming the problem of overcentralisation if it is seen and tackled at the outset as a problem to be solved.

Centralisation becomes harmful in so far as it makes subordinate organisations fearful of taking decisions without reference to central authorities or prevents them unnecessarily

from using their own initiative in improving methods of production or increasing output.

The main purpose of centralised planning is to give each productive unit means of knowing what it should aim at producing, replacing the criterion of the market that governs production in a commodity economy such as capitalism.

This sounds little, but in fact is an immensely involved requirement. The point is to find out by experience what is the *essential* of the requirement.

It is not necessary for the centralised authority to try to specify in detail, in terms of specific products, what the social product in total should be and what each unit should contribute to this total. To attempt this in a complex developed economy creates many problems, and even in so far as such a detailed plan might be successfully compiled by the central planners it would tend to be very brittle, since a failure at any one point would reverberate through the whole economy, necessitating amended targets and instructions.

If, on the other hand, planning authorities do not go into detail, how are they to give each productive unit a clear enough objective to work to and how are they to ensure that the raw materials, machinery and components are available to meet each production unit's needs?

The ways in which each national economy resolves the problem of simplifying central planning and paring its directives down to essentials will probably be very different according to relative levels of development, according to national traditions, according to the balance between industry and agriculture, geographical conditions, etc., etc.

My own opinion is that the technical problems of centralised planning are considerably less than the social and political problems of human relations. There are a wide variety of experiences in the techniques of planning to be studied in the various socialist countries, and whilst in these countries there are still many problems to be solved and for each new socialist country the problems of planning are unique and peculiar to

its own circumstances, the art of applying the broad framework of planning should not take too long to learn in a country such as Britain. The essentials of a planned economy—and these essentials leave room for a wide variety of planning techniques—are:

(a) Every enterprise should receive from some higher authority (but not necessarily directly from the central planning authority) a production target. This must specify the general types of production but need not detail the assortment of goods to be produced. If quantitative targets are not given, targets in value terms would need to replace them.

(b) Selling-prices must be fixed either specifically or by price-formulae. If any measures of latitude are allowed to enterprises, the planning authorities must have *powers* to control prices wherever necessary, since the price is an essential instrument in the planned distribution of the total social product.

(c) Whilst the planning authorities are concerned first and foremost with the main framework of the plan, they need also to exercise a certain control over "residual" output or "uncontrolled details": (i) by an adequate and uniformly operating system of incentives, (ii) by specifying the system to be used in pricing, and (iii) by allocation of key materials (which would not preclude leaving some minor materials entirely to the market).

Regional decentralisation can also reduce the pressure of detailed decisions falling on the central authorities. Regional and central planning bodies would need to give great attention to stock-holding of commodities, components and materials in general demand. Most important of all, regional and central authorities ought to have up-to-date information available on what is going on—sales, purchases, stocks, output, etc. in each production unit.

If detailed information were made available in standard forms it could be classified and analysed with ease, both for regional and central use. The compilation and processing of this information would have to be mechanised or it would become intolerably burdensome and cumbersome. But modern computing and tabulating machinery is sufficiently advanced to make this possible.

The point would be to give careful thought to what information is needed and how it can be supplied in standard and analysable forms adapted to mechanical and electronic processing. This would enable the planning authority to watch *very precisely* what was going on and to take corrective action before difficulties arose.

The productive units could probably be given increasingly wide discretion in the management of their own affairs in their own ways if two basic conditions (as well as the guiding directive of the plan itself) were fulfilled, viz:

(a) The provision of accurate and full information, and
(b) Readiness exceptionally—at the request of the central planning authorities—to divert resources to deal with bottle-necks.

These are only rough ideas intended to indicate that the problems of co-ordinating a planned economy are quite tractable despite the complexities—and do not necessarily involve excessive centralisation.

Clearly a certain stability as to sources of supply and disposal of products is desirable, but experience should fairly quickly show what amount of flexibility could be safely permitted. The enthusiasm of each unit to show good results might conflict sometimes with the need of each unit to subordinate its own aims to wider social considerations; but in time friction due to such contradictions would be reduced as the basic idea of planning came to be more and more widely understood.

6

It is often argued in defence of private property that it is the only means of safeguarding the initiative and creativeness of men as producers, and in defence of the market system that it is the only means through which the variety of individual tastes and preferences can be catered for.

Both these arguments look backwards into history and not forward. The accumulation of capital and money wealth, with all the horrors of the ruthless, heartless, impersonal cruelty of nascent capitalism, did provide freedom for the few who possessed money to use it according to their own ideas.

This new freedom of the owners of money allowed to grow (amongst all the ugliness, chaos and narrow-minded greed) some germs of artistic beauty and scientific achievement. But today the freedom of money has ceased altogether to be a liberating force. Today preoccupation with money-making in a world of extreme insecurity allows only a handful of people to apply their abilities to creative work.

The makers of money have become so specialised in narrow concentration on this single purpose that they empty all the humanity out of life and have no time for anything else but the rat race after wealth—a monotonous stupidity which is from time to time relieved by the equal stupidity of garish and sensational recreations.

The makers of money are rarely patrons of the arts and sciences. They give no shelter or security to creative genius. Where genius succeeds it does so more often through its own ingenuity.

Moreover, the world has so moved forward that science and invention call for a scale of social operation that exceeds what any individual, however wealthy, could on his own provide. The socialisation of wealth has become indispensable, and for the future the patron of the free development of artistic experiment and scientific inventiveness can only be society itself.

In a practical sense, a wealthy socialist society should be better able than any society that has hitherto existed to allow artists and scientists freely to develop their own ideas. But it is a fairly commonly held fear that the authorities of a socialist society would tend to frown on and obstruct anything new which they did not understand or which seemed to them politically inexpedient.

How real these fears may be is hard to judge. Experience of existing socialist societies in the last forty years is not an adequate criterion. They have emerged in countries of former extreme economic backwardness under conditions of unceasing political pressure from a hostile capitalist world. All beginnings are periods of making mistakes—and they have been made; but quite apart from what might have been otherwise, the first necessities were to lay foundations, namely, to develop modern industry and maintain State power. Even so, the record of technical advance in the socialist countries shows a speed of progress elsewhere unsurpassed in terms of the application of the most advanced scientific knowledge to the solution of practical problems.

For Britain the problem to be solved is how to shape our own future according to our own possibilities and our own notions. Today creative abilities are squandered on every side for lack of opportunity. In a society in which the first preoccupation of most people ceases to be money, security, how to get a living, etc., but instead becomes the technical, organisational or intellectual problems of one's work, there would immediately appear new streams of inventiveness and initiative.

There is always a danger of excessive conformity. This danger will be most acute in the transitional stages when the new socialist outlook is asserting itself against the old capitalist way of life and anything that does not fit the more generally accepted conceptions tends to be treated as a disguised recrudescence of capitalist notions—which, of course, it may be.

There is, however, in Britain a strongly established pro-

gressive tradition in support of freedom of discussion—a tradition that a socialist Britain is likely to retain for the rather simple historical reason that the British people would insist on it.

The fight for freedom of opinion and freedom of discussion and freedom of meeting has been one of the major factors in the workers' struggle for progress—the broad movement which today is becoming more and more focused round the struggle for socialism. In fact, capitalism repeatedly in periods of reaction cuts back the rights that have been won, but even when the capitalist freedoms are unimpaired, they are cramped and limited. There are countless examples in almost all types of occupation of men and women being criticised for expressing socialist or communist opinions. "He who pays the piper calls the tune", and formal freedoms become rather meaningless when the price for using them can be assessed by one's employer and docked. Moreover, to form opinions requires time and educational facilities and media of communication which preponderantly are administered by those whose personal wealth makes such undertakings possible. The socialist champion of freedom will be able to make good his promises in a way that no liberal supporter of capitalism ever can.

My own view is that socialists should fight stubbornly to develop the tradition of freedom of expression and tolerance within the broad movement of the people. Even a temporary eclipse of this attitude in the life of the socialist movement in Britain would be a serious setback.

Freedom to champion sincerely held individual views is, however, an ideal that is never fully attainable, for the reason that all intellectual activity is in reality social activity—different individuals contributing ideas together go to form the culture of a people at any given period of time.

If one individual's ideas assume a quite different framework of thought from everyone else's, they make no impact. His ideas may be in themselves good, but he is like a man talking

a language which no one else understands. If it really is a better language, he must at least master the inferior language of the others in order to persuade them of the superiority of his own.

The antithesis of intellectual freedom is dogmatism. Obviously, a mind that does not think for itself is a fettered, half-functioning mind; but as thought is a social as well as an individual process, as men give and take from others in the development of ideas, some assumptions which for the time being are so to speak "dogmatically" presented may be necessary as a practical device for defining the sphere within which a social exchange of ideas is to proceed.

The leaders of a debate, discussion, enquiry, etc., will always tend to define the assumptions on which and the language in which social discussion is to proceed; but intellectual leadership turns into dogmatism and becomes a monster if it more and more narrowly limits the discussion and blocks the questioning of assumptions. Moreover, leadership in any sphere, however good, always needs to be confronted with the freest expression of opinion and reactions from the ordinary run of people concerned with the problems at issue, since this is the source of the fullest wealth of human experience and the only antidote to dangers of dogmatism and bureaucracy.

The deep-lying truth nurturing the permanence of the ideal of intellectual freedom, freedom of discussion, etc. against the passing expediencies of dogmatism is the constant change and movement of reality and therefore of thought itself.

Freedom of thought permits man to experiment with reality in imagination and thereby prepare himself to meet changing circumstances with foresight and flexibility. Dogmatism puts the mind in chains and permits learning only after the tortured material suffering by which the suppressed truth asserts itself in the march of history.

A too-tight social control of discussion, whether implemented by the gun or fostered by social conformity, is a weapon that is dangerous in the hands of progressive causes—far more

dangerous than allowing expression of hostile or unorthodox views which if they have anything to them become more explosive by their suppression.

Social thinking must, of course, be braked to the speed of practical possibility, but that is not to say that small patrols of explorers cannot be left free to run out ahead of the movement of the social mass.

There is no reason why a socialist society should not be as well or better placed than a capitalist society to provide opportunity for the non-conformist explorers. Materially it is much better placed to do so, since it can raise the total mass of available wealth and allocate a part to the luxuries of "the cranks".

Ideologically, however, it is perhaps worse placed, since whereas the ideology of capitalism reflects the anarchic freedom of each to do as he pleases with his property, the planned co-ordination of a socialist economy must find reflection ideologically in a tendency to conform to the public ethic and socially accepted ways of thinking. This argument —not one commonly heard from the capitalist critic, perhaps because it implies a too great acceptance of the attitude of historical materialism—is possibly the strongest one that can be adduced on the danger of socialist society becoming ossified, lacking in individuality and over-conformist. The practical evidence from existing societies is in my view quite spurious, because the rigorous battle by which economically backward countries emerge from their political and economic subordination to the great industrial powers takes place under conditions that will not be typical of developed socialism.

However, by casting our imaginations forward to the circumstances that will prevail in a mature socialist society in the country that we know—that is, Britain—it is possible to see that this danger is not real. A socialist Britain would be a society in which working hours would be limited and the general cultural and educational level would be high. It is conceivable that such a society might for periods in its develop-

ment pass through phases of fanaticism and tend at times to be dogmatically critical of departures from the accepted framework of thought; but in its maturity, as an adult generally escapes measles and chicken-pox, it should be protected by the general cultural standard with which a sense of political security and greatly increased educational facilities would endow it.

The philosophical reasons for encouraging the new and for tolerating ideas that do not conform would then come to be more widely understood. And this really is the only safeguard that is worth anything, since the growth of inventiveness and variety in experimentation requires more than tolerance; it requires facilities for experiment and facilities to communicate new ideas.

The point really is—if publicly administered socialist institutions are to prove less conservative than the institutions of capitalist society—the general climate of public opinion must be intelligently favourable to encouraging the new and the unusual and recognise the necessity of experimental failure as part of the price to be paid for change and progress. It seems to me certain that as socialism develops there will be great extensions—in quality and in numbers—in opportunities to study and learn more of past human experiences; and if this is so, the chances of public opinion being much less averse to the new than it is today will be good.

7

The argument that the market system of capitalism alone can cater for variety of individual tastes does not impress me at all. It is a bogyman argument against socialism. There are lots of things to be bought in the capitalist shops, but I am not at all conscious of their responding with much subtlety to my individual preferences. I can satisfy these better from the now-dying small craftsmen, but as to factory products I find

all sorts of advertising pressures being exerted, making me want to buy the things which the factories find it most convenient (and profitable) to mass produce.

An economy ruled by the market is in fact not at all a good mechanism for giving people either the kind of life they want in the whole or individual commodities exactly suited to their tastes.

The good things about "the market" as a method of distribution are quite incidental aspects of "the market economy" —that is, an economy dominated by *commodity* production. The minor conveniences of marketing can, as required, be taken over and improved upon within a socialist economy.

Prices, for example, can be adjusted to direct demand away from consumer goods in short supply and towards those in plentiful supply. Again, consumer demand expressed through the market and through levels of stocks in retailers' hands can be used as indicators helping to determine future levels of production.

Indicators obtained through the market can be supplemented by market research—an activity that will be improved by centralisation and use of the most up-to-date computing and tabulating methods.

Public organisations can also expertly study the merits and demerits of different commodities and give consumers sound factual advice. Once use and not profit is the motive of economic activity, the object is no longer (as in a commodity economy) to foist goods on to the consumers in order to increase profits, but to help the consumer to get the commodity that best satisfies his needs. With the growth of automation it is quite conceivable that goods to meet the specific needs of individuals may eventually be cheaply and quickly produced by supplying according to individual specifications, following "instructions" fed into automated production units.

Some liberal-capitalist theorists paint a romantically glorified picture of the virtues of the free market. The adjustment of supply to demand through the mechanism of price

movements on the market is presented as a subtle machinery through which production is made sensitive to varying shades of consumer perferences.

Some economic theorists of capitalism maintain that price relativities are fundamentally determined by the scales of preferences of the many individuals who are constantly impinging on the market, "preferring" to buy or not to buy, to sell or not to sell, to work or not to work. There is no need here to enter into the complications of these theoretical arguments which have already been destroyed by the detailed criticisms of others. It is sufficient to say that this idyllic picture of "economic democracy" exercised through the market does not at all fit the reality of a commodity economy, not merely because the action and interaction between supplier and consumer can never have the sensitivity that these theories imply, but more simply and fundamentally because the majority of individuals who have no share in the ownership of capital enter the market with the scales loaded against them by the meagreness of their incomes, determined by circumstances that lie beyond the field of their choice or the scale of their preferences.

The bulk of a human society's needs are broadly known without requiring that they should be registered by activities of buyers on the consumer market. If the general levels of incomes are known, as they would be to the planning authorities, it will also be known that certain percentages of these incomes will go to meet standard basic needs, and that the miscellaneous individual requirements and luxuries, etc. will be met normally from the margin remaining over after these basic needs have been met.

In catering for the needs *that people meet through the market*, the planning authorities are not faced with a very formidable problem. Assuming that a condition of social stability had been reached, they should be able from the outset to do as well for the consumer as the preceding capitalist society. (Comparisons between the consumer market in the Soviet Union,

say, today and the U.S.A. prove little; the proper comparison is before and after socialism in the same country with reference to the mass and not to a better-off minority of the people.)

Most industrial countries have reasonably good statistics of production and consumption of consumer goods, and these provide a starting pattern to work to. There is no reason why distributive bodies should not be permitted a margin of flexibility in pricing policy in order to adjust supplies to prevailing conditions of demand. It would be most important for the production authorities to get and analyse all available information on supply and demand conditions and reactions by consumers to quality, style, etc., etc. Consumer research and expression of consumer opinion provide means of getting to know the reactions of typical individuals, supplementing the crude indications of pressure of supply and demand.

There is also room for vast improvements on the supply side by getting rid of misleading, pressurising advertisements which are nothing but costly means of trying to persuade people to prefer what they do not—or would not, at least, if they knew more about what they were buying. In place of advertisements, what is needed is reliable information about available commodities, more thorough and less restricted services along the lines of the one or two organisations now beginning to emerge, which examine and report on the qualities in use of competing products. "*Caveat emptor*"—let the buyer look out for himself—is an admonition that means nothing today. Advice on what to buy requires the knowledge of specialists and experts—a service which public authorities could very well supply in an economy not motivated by profits.

A socialist economy will be faced with the need to invent and create organisational methods to achieve whatever results are required. Because the economic organisation of a socialist economy is a consciously shaped instrument, capable of being further and further perfected in light of experience, it seems almost certain that in time it will show in all respects better results than those that accrue in a capitalist economy in which

conscious control of economic purpose has been surrendered in favour of the arbitrament of the market and the crude dynamic of money-making.

However, many of the organisational problems of a socialist economy may take some time to solve. For example, new designs and new models, more particularly of consumer goods, will always be at the outset more costly to produce, and the reception that they will get at first from users will always be a gamble. Whilst new developments in major capital equipment can generally be ensured by adequate diversion of resources to research, similar problems will also arise with regard to technical innovations within each factory. These problems of new models, designs and qualities, and more generally of technical innovations, are still far from solved in the experience of the socialist countries; but there are no grounds for maintaining that these are insoluble. Rather they are refinements of organisation which are of lower priority than the basic problems of expanding output, increasing productivity, balancing the main sectors of the economy and producing the desired pattern of end products.

A prosperous socialist society will certainly make a wide variety of consumer goods available in the shops. However, life is not lived from dawn to dusk buying and selling on the market—or it is a miserable life that is so lived. The ideal is to simplify the business of satisfying one's material needs and not to waste too much time on the process of buying the instruments and raw materials of normal existence. If time is spent on material means of living, let it be on special luxuries or the feasts and frills of holidays and celebrations and not on the humdrumery of daily chores.

As production increases, the market and the sort of things we buy through the market would tend in a socialist society to play a less important part. To fill a life full of an endless round of producing and consuming consumer goods is not wealth—if by wealth is meant a desirable state of well-being.

When, as we do, we delight in buying more and more

additions to the apparatus of living, we are behaving as do the savages who after months of near starvation feast themselves without restraint or stint when food is there again to be eaten. But once make freedom from material want an ordinary state of affairs for everyone, and who will waste time on conspicuous luxuries?

As poverty ceases to exist, its opposite—wealth in the sense of material possessions—will cease to have any great significance. What we will most want, what lacks will most make men and women unhappy, the future itself will have to show. But the consumer goods which the producers so exhaust themselves to sell and which we so exhaust ourselves in scrambling after the wherewithal to buy, cannot, I think, continue indefinitely to preoccupy so much of the interests of so many human beings. To think that they will is to make too low an assessment of the humanism of humanity. To envisage economic processes as huckstering scarcities—from the beginning to the end of time—is to take a worm's eye view of history.

8

Now to the last great question that the critics of socialism raise—that of freedom of the individual in a socialist society. Is socialism necessarily totalitarian? Are there economic or other causes making socialism and freedom incompatible?

The freedom of capitalism is the freedom of property—so far as it exists. I say "so far as it exists", since there are countless instances of capitalism abandoning its own freedoms to safeguard the State power of the ruling minority or to wage wars to acquire or protect property interests.

Even where freedom exists in a capitalist society, it has long been recognised that the freedom of those who lack property does not amount to much since, however great their notional freedom, their actual freedom of activity is narrowly con-

strained by the necessity of spending the best of their energies in acquiring the elementary means of existence.

It also should not be overlooked that the freedom of those who possess property is gravely constricted by the social and ideological conditions of a market economy and class society —a fact that is revealed by the most penetrating thinkers and the most sensitive and realistic artists within capitalist society itself. "Those who oppress others cannot themselves be free."

Must the co-ordination and centralisation and public ownership of means of production (which I have argued are necessary to solve problems of material poverty) give plenty with one hand but take away freedom with the other? The reasons for thinking that this is not so have already been given. In a socialist society the subordination of personal interests to socially necessary functions need occupy only a limited part of the individual's existence, leaving a greater part free for activity and development according to one's own talents.

The price of this individual freedom in a socialist society may, indeed, continue to be eternal vigilance; but the potential scope for individual freedom is enlarged and not restricted by the new basis that a socialist economy provides.

The real problem arises over the period of transition from capitalism to socialism, in which the working class and its allies are in struggle against the capitalist class and all the forces it can muster in support of the old order.

How much freedom and what kind of freedom the representatives of the working class in possession of political power will permit, and to whom, is a political question and not an economic question. The dictatorial measures used in establishing the new regime and laying the foundations of a socialist economy do not in any sense derive from the economic characteristics of the new economy but solely from the political circumstances in which the struggle for the new order against the old is waged.

Lenin argued that the dictatorship of the working class is a liberation for the working people themselves and is exercised

only against the protagonists of the old order. The more there is a development of the conception of democracy within the mass organisations of the workers, and the more there are effective methods in practice of making the feelings of the masses felt, the stronger the working-class movement will be.

The ways and means in which freedom within the working class develops have to be worked out in political struggle. In the British tradition, respect for the rights of the individual, however perverted in the practice of modern society, is very strong and needs to be respected by any movement basing itself on the feelings of the masses.

It therefore seems likely that the mass political movement for socialism can only make headway along lines that respect those aspects of individual freedom that are held in highest regard by the mass of the people.

Of course, there are risks of freedoms being improperly taken away in a period of revolutionary changes; there is also a risk of formal freedoms being permitted so loosely as to impede the struggle against the old order. This, however, is not the place to discuss the politics of the struggle for a changed society. The contention that I wish to defend is that the proper place for champions of freedom is within the movement that makes a socialist economy its aim.

9

Socialism is an idea and an ideal unifying the movement of many millions of people looking for change. These many millions are of different nationalities with differing customs and differing histories. They also comprise, within each nationality, many million persons, each with his or her differences of individuality. Such individuality will exist as long as humanity; it is the cell out of which the progress of mankind is generated.

Individuality, however, expresses itself also as part of a

common humanity unified in action and aim by conceptions shared in common of what the world is and what the world can become. These unifying ideas emerge from the whole past of human history, but they also reflect a commonly shared picture of the actuality and the reality of the world about us.

Socialism is the great unifying idea of all who believe in the equality of man as an ideal and as a possibility. The essential aim of socialism is the elimination of exploitation of man by man in all senses and all forms—no privileged classes, no special rights assigned by colour of skin or accident of birth, no profit or gain from others' loss or subordination. It is the movement of subordinate classes everywhere to destroy the powers to which they have been subordinated and build, each in their own land, a new society to take its place in a world of new societies.

But this age-old dream has no reality unless man can live more fully and enjoy greater material well-being from co-operation than from conflict between man and man, class and class and nation and nation. The compelling, over-riding case for socialism derives from the simple fact that today this is so, that today we live in the nuclear age, in the age of science and of vastly greater mastery over natural circumstances—a mastery made possible by co-operative application of human intelligence within the framework of scientific knowledge.

In this nuclear age, this age of science and automation, the age-old problem of material poverty can be ended once and for all. As today we take the provision of streets and water for granted in any advanced community, so in a few generations all the material necessities of existence will be provided for everyone without great expenditure of social effort. But—and this is another way of expressing the essence of the case for socialism—we cannot possibly use our scientific knowledge to such effect so long as social and economic life is fragmented by private property. If we are freely to plan and use the resources of human talent and of material wealth—of which

the potentials that we possess are vast—the barriers and obstacles of private property in means of production must be removed and thrown away. Then what a world we shall see! No longer will nine-tenths of human effort—as throughout human history hitherto—be squandered on winning the elementary means of life, but all mankind will enjoy the wealth of material freedom. Production of material necessities will recede to a minor subsidiary activity, analogous perhaps to the rest and exercise that we at present devote to sustaining health and bodily powers.

The idea of socialism unifies the aspirations of millions upon millions of human beings everywhere because it shows the means to create economic conditions for humanity to be freed from material poverty and so to eradicate for all time exploitation and war between man and man. This vision gives one strength to endure the terrors and barbarities of an epoch drawing to its close, and, looking beyond, to see that this nuclear age is not an end but a beginning.

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