DEMOCRACY

and a changing civilisation

by

J. A. HOBSON

JOHN LANE THE BODLEY HEAD LTD.
LONDON
1934

First published in 1934

PRINTED IN GREAT BRITAIN
BY WESTERN PRINTING SERVICES LTD., BRISTOL

PREFACE

UNTIL the post-War era, democracy, in the sense of popular self-government, was making such advances in most countries of the world as to be considered the natural goal of political evolution. Even those who distrusted it believed it to be inevitable. Now democracy is in several countries displaced by dictatorship, and everywhere it is discredited. Is this a merely temporary set-back, due to emergencies carried from war into an unsettled peace, and calling for unusual exercise of arbitrary power by rulers, to be laid down when normal conditions are resumed?

The analysis presented here shows a political democracy which even before the War found itself confronted with grave new tasks of an economic kind for which it was ill-equipped. A state created for political tasks dealing with the maintenance of law, order and defence, found itself rapidly immersed in the performance of important social-economic services, the control of public undertakings of a business nature, the regulation of conditions of employment in every economic field, involving a growth of public expenditure that demanded new large measures of taxation. Even before the War the forcing of these grave economic

issues into politics was visibly straining the capacity of parliamentary government in Great Britain and other countries.

The exhibition of a world-wide depression at a time when the productive powers of human and natural resources can produce abundance of wealth has everywhere roused a conscious demand that the State, as the accepted organ of society, shall plan and organise the economic system, or that, in default of the State, the system shall organise itself. Dictatorship, in its several names and forms, is an effort, either on the part of capitalists defending private profitable enterprise, or of the self-assertive leaders of the proletariat, to use the power and prestige of Government to force a planned economic system on the people, in the name of a Corporate State.

If democracy is to recover, so as to take the planning of the economic system into its own hands, it must reform its spirit and its methods. A discussion of the main lines of such reform occupies a chief place in this book. Finally, consideration is given to the international aspect of democracy, the policy of federal government in a society of nations. Though limitations of space make impossible an adequate discussion of these important issues, it is hoped that these chapters may furnish a serviceable introduction to such discussion.

J. A. HOBSON.

Hampstead,
March 1934

CONTENTS

		PAGE
PREFACE		vii
CHAP.		
I	NINETEENTH-CENTURY DEMOCRACY	1
II	LIBERTY AND EQUALITY	21
III	FROM DEMOCRACY TO DICTATORSHIP	41
IV	CAN DICTATORSHIP SUCCEED?	61
V	THE REFORMATION OF DEMOCRACY	81
VI	DEMOCRACY AND PUBLIC OPINION	98
VII	"THE CLOSED STATE"	113
VIII	DEMOCRACY AND INTERNATIONALISM	133
IX	SURVIVAL POWER OF DEMOCRACY	153
	BIBLIOGRAPHY	164
	INDEX	165

DEMOCRACY

CHAPTER I

NINETEENTH-CENTURY DEMOCRACY

IS democracy, in the sense of popular self-government, unable to maintain itself amid the new political and economic emergencies that assail the world order? Is its surrender to despotic or oligarchic power in so many countries, where until lately it was gaining ground, attributable to the special stress of these emergencies, or does it signify a definite and permanent collapse of the great nineteenth-century political experiment? As a preliminary to any attempt to answer these momentous questions, it is right for us to realise how brief and slight has been the impress of democracy upon the course of human history. We read of democracy in Athens, Rome and other cities of the Mediterranean in ancient or even in mediæval times. But this never amounted to more than an experiment in local self-government by an upper class living upon the labour of a slave or depressed majority of the inhabitants. The noble sentiments placed in the mouth of the great Athenian statesman by the historian Thucydides must not blind us to this fundamental defect of Athenian democracy and to the nature of the imperialism into which it so soon lapsed.

The early beginnings of rural democracy in some of the Alpine cantons of Switzerland and a few isolated Northern communities may serve indeed as favoured instances of a natural tendency of local groups to act together for the common good in times of peace, and in places where no great differences of rank or property exist. But national democracy is a definitely nineteenth-century form of government. In what sense it has been a product of the American and French revolutions of the late eighteenth century we may consider later on. Indeed, how far these revolutions and the far-reaching political reforms they embodied were themselves the intellectual and emotional progeny of the inquiry into "natural rights" and liberties which stimulated Puritanism and the Cromwellian rule in this country, and how far the politics of Puritanism were fed by the earlier democratic sentiments of the Lollard and the Anabaptist movements here and on the Continent—these questions open up speculations upon the continuity of history which lie beyond the scope of our present enterprise.

Here it must suffice to recognise that though brief spasms of aspiration and activity in the urge towards popular self-government in various lines of conduct, political, religious, economic, have broken out in earlier ages, the democracy that is on its trial to-day finds its true parentage in the nationalism and rationalism of last century.

Let me cite the testimony of the late Lord

Bryce, the closest theoretical and practical student of this subject, given ten years ago, before the complete effacement of democracy in Italy, Germany, Poland and so many other civilised countries had taken place.

"Within the hundred years that now lie behind us what changes have passed upon the world! Nearly all the monarchies of the Old World have been turned into democracies. The States of the American Union have grown from thirteen to forty-eight. While twenty new republics have sprung up in the Western hemisphere, five new democracies have been developed out of colonies within the British dominions. There are now more than a hundred representative assemblies at work all over the earth legislating for self-governing communities." [1]

A not less significant change was the universal acceptance of democracy as the normal and natural form of government. Seventy years ago the rising tide of popular power was regarded by the educated classes of Europe as a menace to order and prosperity. Then the word democracy awakened dislike or fear. Half a century later it had become a word of praise. Popular power was welcomed, extolled, worshipped. The few whom it repelled or alarmed rarely avowed their sentiments. Men had almost ceased to study its phenomena, because these now seemed to have become part of the established order of things.

An amazing judgment this may well appear to those who have seen the surrender of people after

[1] *Modern Democracies*, Vol. I, p. 4 (Macmillan & Co.).

people to the dictatorship of forceful minorities within the last decade. But the facts here enumerated are substantial and incontrovertible: the tide of history seemed firmly set towards democracy, nor was there any reason to suspect that it would turn. Those of us whose memories go back to the mid-Victorian days will endorse Bryce's statement of the prevailing conviction of almost all politically-minded people in this country, irrespective of their personal wishes and sympathies. [Democracy, desirable or not, seemed inevitable. Among Liberals it was the natural expression in the political field of the gradual though fairly rapid break-up of the eighteenth-century social and industrial system, the transfer of population from the country to the new manufacturing towns, the new facilities of intercourse and education, the breakdown of the rigorous class divisions which came with the new opportunities for making wealth, the libertarian atmosphere of a competitive system founded upon mobility of labour and "free contract."

It is true that these increased liberties were mostly confined to the energetic or fortunate minority, but the sentiment of freedom, as distinct from its substance, was more widely diffused. Though the Chartist movement, with its threats of violence, was easily repressed, its political demands were fairly satsfied by the series of electoral reforms from 1832 to 1884. It was the participation of both political parties in this broadening of the

franchise for the strengthening of the House of Commons, and the experience of the easy and pacific working of 'reforms,' that were responsible for the general acceptance of this democracy. It did not come to signify the rampage of 'a swinish multitude,' or a policy of plunder, as gloomy prophets had foretold. What spasms of revolutionary violence had appeared in 'the hungry 'forties' disappeared as the era of Victorian peace brought, if not prosperity, at any rate a distinct improvement in the economic condition of the people. This improvement was in no small measure due to popular movements outside the field of politics. The Co-operative movement, starting at Rochdale in 1844, had spread so rapidly that by 1864 there were 400 societies. Trade unionism, legalised in 1825, made swift progress in the great industries, absorbing much of the energies of the working-class leaders and inducing a belief that industrial democracy might be achieved without the entanglement of politics. It is significant that the early Factory Acts and most other State regulations of industry in the interest of the workers were initiated and brought into operation by humanitarian reformers in the upper classes. Indeed, not otherwise could they have passed into legalistion, for in spite of the widening of the electorate, Parliament still remained a preserve of the upper classes, while the Government in its personnel remained the monopoly of ancient Whig and Tory aristocratic families

tempered by a few able or pushful representatives of the new triumphant capitalism. The revolutionary movements of 1848, and the Communist Manifesto, the foundation of Continental Socialism, made no real impression on our working classes, bent upon what they regarded as practical reforms. Not that the mind of our thoughtful workers was absorbed in trade conditions and material comfort. An increasing participation in religious and educational movements marked the growth of a working-class consciousness. Popularly owned and governed Churches afforded ever larger opportunities for co-operative piety outside the pale of patronage, while Mechanics' Institutes and other educational experiments testified to the desire for knowledge, partly for its own sake, partly as a means to power.

But though the earlier stirrings of the democratic spirit worked chiefly outside the ambit of politics, so far as the masses of the people were concerned, the steady infiltration of political ideas and aspirations of a definitely democratic nature must not be ignored. Though it is difficult to assign the relative importance of action and thought in the movement of events, and it may seem possible to explain democracy in terms of the redress of grievances and the shaking off of shackles, such concrete opportunism cannot suffice as a historic explanation. Ideas and ideals do count, and with increasing value as custom slackens its control over the conduct of men's lives, and they are thrown for

guidance upon more conscious processes of thought. Though the little societies in this country, kindled into revolutionary fervour by the events of the French Revolution, and the writings of Paine, Godwin and other intellectual exponents, made no deep impression on the current of events in England, the seeds they sowed, fertilised in the next generation by the rational utilitarianism of Owen, Bentham and the Mills, fructified in the spreading belief that "the people" must be put into a moral, intellectual and political condition to regulate their own lives. It was a belief and a sentiment that transcended politics. It was based upon a peculiarly British interpretation of "the rights of man." Learned exponents of political philosophy consume much thought upon natural rights as set forth in the writings of Locke and Rousseau, and upon the supposititious "Social Contract" by which "naturally" free and equal men accepted the restraints of government. Now it cannot truthfully be claimed that such theories exercised much real influence in determining the growth of political institutions towards democracy in this country. But they did stimulate the libertarianism and equalitarianism of Bentham and Mill, while the revolutionary teaching of Paine had a lasting influence upon little knots of rebels against religious and political authority that still survived in many corners of this country.

More important than the actual tenets of such teaching was the spirit of enthusiastic rationalism

which made it possible to hold that within a single generation a 'new moral world,' based upon the willing co-operation of all classes for the utilisation of the new material resources which science had placed at the disposal of mankind, could be brought into being. It is true that the spell which Robert Owen cast upon all sorts and conditions of the people was soon broken when the noblemen and prelates, caught up in the tide of spiritual optimism, began to recognise the revolutionary implications of equalitarian co-operation. But the more sober meliorism of the Benthamite teaching, penetrating the working classes through the influence of Francis Place and his colleagues, and the newly educated middle class through the humane liberalism of J. S. Mill, gave a wide and lasting support to the measures of political reform and to the organisation of the workers for educational and economic betterment.

Not less important, as evidence of the revolt against custom and authority, is the testimony of the poets, from the youthful Wordsworth, fired by immediate contact with the French Revolution, the philosophic dreamer Coleridge with his idealistic scheme of "Pantisocracy" and the as yet uncorrupted Southey, to the full-fledged revolt of the magnificent poet-poseur Byron and the passionate but by no means "ineffectual angel" Shelley. Those men were not primarily democrats in the political sense. But as inflamed champions of liberty against authority in all departments of

thought, feeling, conduct, they gave quick consciousness to the new spirit of an age at once sceptical of the established order and eager for new adventures in every realm of thought and conduct. The voice of this enthusiastic faith in conscious reform continued to inspire the singers of the Victorian age. Even Tennyson, fundamentally conservative, was caught up in the tide of prophetic fervour:

> "Forward, forward let us range,
> "Let the great world spin for ever down the ringing grooves of change,"

while the youthful Swinburne blew his trumpet-blasts against the walls of Jericho.

But to the common mind such literary testimony always carried an air of aloofness and even of artificiality. While it helped to stir a spirit of revolt, it did not feed the sentiment of democracy. Not until Whitman broke the conventions of poetic form and content, did literature take an active part in the democratic movement. The liberty, equality and fraternity of the French revolutionary formula took firm substance in his enthusiastic creed. Free personality stands foremost in that creed:

> "Oneself I sing, a simple separate person
> Yet utter the word Democratic, the word
> En Masse."

Equality is asserted not as a personal right but rather as the condition of a sane order.

"By God I would have nothing that others may not have upon equal terms."

And what of fraternity, the third person of the democratic trinity?

"I dream'd in a dream I saw a city invincible to the attacks of the whole of the rest of the earth.
I dream'd that it was the new city of Friends:
Nothing was greater there than the quality of robust love—it led the rest.
It was seen every hour in the actions of the men of that city
And in all their looks and words."

When Whitman wrote, America was still in the making, her vast West was inchoate: the Civil War, with its moral emancipation of Southern slavery and the great figure of Abraham Lincoln emerging from the backwoods as leader of a free nation, gave a new impulse to the sentiment of liberty not only in America but in this country. From that time on, the open voluble expression of democracy in the United States, and a little later in our overseas Dominions, made this form of life and government appear "the manifest destiny" of all liberty-loving peoples.

Poets are not politicians, and the contribution *Towards Democracy* of Edward Carpenter was no more concerned than Whitman's *Leaves of Grass* with making the will of the people operative through electoral machinery. None the less this fervour of revolt, with its spirit of human brother-

hood must count as a genuine contribution towards the new popular consciousness which craved political expression in every field of corporate activity.

. . . . .

Turning from these broader considerations, to political democracy, we are at once confronted with the challenging expression "Rights of man," and the suggestion that it is the primary duty of a democracy to secure those "rights."

Now the "rights" which democrats have always claimed are "natural" not in the sense that they were owned by the "noble savage" falsely presented as primitive man, but in the sense that they are "rights" which every man "ought" to possess in order to regulate properly his own life and to participate on equal terms in the social life of a civilised community.

What are these rights as envisaged by the early theory of democracy? Are they liberty, equality and fraternity, according to the French formula? Do they include "liberty, property and the pursuit of happiness," as the American Declaration of Independence asserted?

A contrast is sometimes drawn between our people and the Continental nations, especially the French, with regard to the part which ideas and abstract thinking play in public policy. While the French Revolution was an age of reason, and seethed with general formulas of rights and

liberties, in England the urge towards popular power has always taken shape in movements for the redress of concrete grievances—the burden of crushing taxation, the oppression of landlordism, unjust combination laws and other interferences with personal activities. There is a sense in which this distinction is true. It is not so much that we are unsusceptible to the import of ideas and the appeal to reason, but that we require such an appeal to be couched in some practical demand for definite action. So in our history the rights and liberties which influence the Latin imagination and often evaporate in mere enthusiasm, are fastened to some concrete achievement, some actual advance in popular power or public betterment. But it is not well to pride ourselves upon this slow response to abstract thought and the broader idealism that goes with it. The opportunism of our policy is often very wasteful, as the fumbling procedure of "trial and error" always is compared with a sound scientific experimentalism. But it is no doubt true that behind this opportunism there is something of a method, and that this method implies the operation of some directing sense, some long-range desire towards an ideal.

In the history of this country it is not difficult to trace from the restiveness of our people under the Tudor tyranny, through the Puritan revolution and the growing power of the Commons, and amid all the restrictions of our governmental system, the urge of some conscious assertion of

public opinion as the necessary guide to important acts of public policy.

It is likewise true that, within the last half-century, the sentiments of liberty and equality have come to occupy a more conscious part in our popular mind. This is mainly due to the break-down of class distinctions that has come with proletarian independence in great city life, and with the spread of education, mobility and economic opportunity for large sections of the people. The general rise of material comfort during the past half-century, coupled with the stimulating influences of the radio, the cinema, the cycle and the motor-bus, has brought not only a practical advance in personal liberty but some increasing sense of social equality. Though these gains are not directly associated with political activities, their contribution to personality has been no negligible factor in evoking a more conscious demand that the common good shall be the end of government and the people's will its proper instrument.

It is, I think, true that in the triad of democratic principles, liberty still counts in this country more than equality, and that fraternity in any conscious sense is at present a poor third. Later on I shall adduce reasons to show how this excessive stress on individual liberty becomes an obstacle to the true growth of democracy. Here it must suffice to recognise that, though social differences are far less marked than a century or even half a century ago,

the equalitarian aspect of the democratic movement figures but dimly in this country. The drab uniformity of an equalitarian society from which all the decorative distinctions of rank and class had disappeared would, we are often told, mean a definite loss in the interest of life. This charge, of course, makes assumptions regarding the nature of equality which must be challenged later on. But there is a *prima facie* case for holding that the mass of our people have a strong sentimental attachment to social and even economic inequality.

In some considerable degree this feeble sense of equality is responsible for the retention of the hereditary elements in our Constitution. The republicanism which was an integral part of the radicalism of the 'sixties and 'seventies under the active propaganda of Dilke and Bradlaugh never won the adhesion of any large section of the electorate even when the popularity of Queen Victoria was at its lowest water-mark. From time to time the obstructive policy of the hereditary House of Lords to definite measures of reform has stirred popular resentment. But the spirit of concessions and adjustment has always prevailed, even in the crisis of 1909; and the Parliament Act, with its limited powers of delay over the hereditary Chamber, represents the popular attitude up to the present time. As for monarchy, recent revelations show that the Crown now no longer claims to exercise any important influence, even in the personnel of government and in the conduct of

foreign affairs, and our people are content to believe that the will of the electorate exercised through the House of Commons is an adequate assertion of democratic rule. This attitude is partly due to a certain wise laxity in our arrangements. Why stir up trouble by demanding the full consistency of popular self-government when the substance of that self-government is already attained! Our governmental system has succeeded better than that of other nations primarily because it has kept itself loose and adaptive, eschewing logical consistency and written constitutions. Monarchy and hereditary peerages are no doubt violations of the strict democratic principle. But they don't cost much, or matter much. Let sleeping gods lie! This is part of our attitude. The other part is less intelligible, and far more incompatible with the spirit of democracy. It is the strong survival of a worship of rank, the parade of wealth, the class differences in education, speech and bearing, the naive admiration for our betters fed by the picture-Press. All this seems to attest a glad acquiescence in social inequality not found to the same extent in republican France and America.

It is sometimes said that the republican movement of sixty years ago was killed by the new sentiment of imperialism which Beaconsfield's romantic imagination brought into being. The proclamation of the Queen as Empress of India, the well-staged pageantry of the two Jubilees, the personal popularity of Edward VII, undoubtedly

contributed to intensify that sense of reverence which is evoked by the sound of *God Save the King* or the waving of the national flag. Is it possible that this sentimentalism can be compatible with any real sense of the equality of men? There are those who deceive themselves into thinking that such rites and sentiments are expressions of a national solidarity which has no purely personal or class significance. But nobody who watches the throngs that beset the roads to Buckingham Palace at a Court can doubt that, alike among the upper and the lower classes, there survives not only a deep interest in the ceremonial occasion but a frank acceptance of the class distinctions between the admitted few and the excluded many.

Moreover, this sentiment, which attains its highest intensity in the attitude towards Royalty, applies to all titled personages in a degree appropriate to their elevation and rarity. So long as these feelings are widely entertained towards certain of our fellow-citizens, irrespective of their personal merits or any public services, it is difficult to maintain that democracy, either in its political or its wider social significance, can be a basic principle of our national life.

. . . . .

These reflections, pertinent though they may be to our English attitude towards democracy, do not, it will be said, help us to understand the general

collapse of democratic institutions in the world to-day, crushing the personal liberties of men under the tyranny of iron dictatorships. And yet such a presentment of the situation is not quite satisfactory. For it suggests that strong groups of usurpers have seized power and everywhere subjected the multitude to unwilling subjection. Now this is not quite the case. In nearly all instances some sort of consent, sometimes tepid acquiescence, sometimes enthusiastic welcome, has taken place. The chief problem that confronts us is not this seizure of power by dictators or oligarchies. For in times of perturbation and disorder such as accompany or follow a great war, there have usually emerged these claims to dictatorial leadership. Our real problem is to understand the nature and the causes of the popular consent which has led peoples to abandon representative modes of government and to submit their private wills to the rule of men who declare that they know better than the public what the public wants, or ought to want, and that they can best secure the public good without any direct assistance from the public will.

A final word on the broad aspect of our problem. The belief in democracy and its conquering career in the mid-century and later was a tenet in the wider creed of progress. The marvellous advances of the physical sciences and their application to human uses, the growth of widely diffused wealth, the growth and increasing facility of transport and

communications, the rapid development of backward countries and races, the belief that security and comfort and enjoyment were attainable for increasing populations by the application of reason and goodwill—these were the warrants for an illimitable faith in progress. Now this progress is itself in question. Our civilisation may be running down, as earlier civilisations have done. Prophets of such impending doom are not lacking even among scientists and philosophers. In many countries Jeremiads load the bookstalls. And nobody looking round the world to-day and assessing its political and economic perils, can entertain that sense of reasonable security which civilisation should imply. In all periods of great emergency peoples have called for the leadership of some great man, have taken a dictator. The period of the Great War was one in which free popular rule necessarily gave place to autocracy. But peace hath her emergencies no less than war, and the economic emergency, the creeping paralysis, which has seized the world during the past few years may seem to call for the suspension of ordinary processes of government. Liberty and equality under such circumstances must give place to an enforced fraternity called the 'Corporate State.' In various degrees all the democratic governments have passed under the harrow of autocracy, open or concealed. It is not only Russia, Italy, Germany and Austria that have exchanged sham or inefficient parliamentarism for

open dictatorship. Poland, Hungary, Roumania, Jugo-Slavia, newly liberated by the War, have taken this same path. The South American republics, rooted in no stable constitutional forms, remain as ever the prey of successions of strong, ambitious autocrats. "In Japan the source of essential power is in the hands of a military oligarchy. After ten years of a monarchist dictatorship Spain has revived a parliamentary regime; but no one could claim that it has yet discovered the conditions of stability. China is the prey of bandits without principle when it is not the battle-ground of revolutionaries without authority. Turkey and Persia have changed from dictatorships on the Eastern to dictatorships on the Western model. Only the British Dominions, Holland, Belgium and the Scandinavian countries remain, with Switzerland, at all firmly wedded to a parliamentary system." And what of France, the United States and Britain? Are they firmly rooted in the democratic faith? "The growing feature of French life," continues Professor Laski, "is the scepticism of the parliamentary system."—"There is in America, we are told, a wider disillusionment with democracy, a greater scepticism about popular institutions than at any period in its history."[1] And here? Conformable to our traditional ways we do not tamper with the political machine. But the virtual disappearance of our party system, the establishment of a national government, with an elastic mandate to carry into

[1] *Democracy in Crisis*, p. 43 (George Allen & Unwin).

effect the will of a virtually self-appointed junta, for a protracted emergency in the national life, is a significant departure from the modern tradition of popular self-government.

CHAPTER II

LIBERTY AND EQUALITY

IN my opening chapter I may have left upon the minds of some readers the impression that the recent collapse of popular self-government in so many countries was due to a realisation of the inability of democratic institutions to function in emergencies. The economic emergency of the last few years, it is urged, requires that dictatorial powers as absolute as those which generals exercise in the emergency of war shall be vested in rulers. The implication is that, when the emergency has passed and normal conditions once more prevail, dictators and oligarchs will step down from their pinnacles of power and peoples will once again resume their sway.

Now this is not the picture as I see it. The emergencies of the Great War, the bad peace and the world economic crisis have facilitated and accelerated the collapse of nineteenth-century democracy, but they are not its determining causes. These lie far deeper down in the misconception of the nature of democracy which was latent in nineteenth-century Liberalism. For though that Liberalism flaunted the banner of liberty, equality and fraternity, the accepted aims of popular self-

government, the actual contents assigned to these fine words were quite inadequate to serve the needs of man regarded as a personality or as a member of a community. This defect of the earlier democratic creed is first disclosed by the negative character of its "liberty." The removal of a number of restraints and disqualifications, legal, political, religious, economic, the remnants of a feudal aristocratic order, which hampered the freedom of large classes of the people, necessarily took precedence in the early half of the last century. Full civil rights for Roman Catholics and dissenters, freedom of contract and of combination, repeal of the Law of Settlement and of other restraints upon the mobility of labour, removal of the taxes upon food and knowledge, the widening of the franchise, increased liberty of local self-government—such were the reforms which occupied the field of domestic politics, all making for the greater liberty of larger numbers of inhabitants. Liberty was also the key-word in foreign policy. Our free trade legislation was to be the prelude to a general adoption by other nations of an economic internationalism, which would render the advantages in natural resources and in labour which any country might possess available to the whole world. This economic internationalism was strangely associated with the liberative nationalism which, in part a protest against alien dictators, in part a unification of fragmentary States, rescued Greece and other

Eastern peoples from Turkish tyranny and gave being to the German Empire and a United Italy. The failure of our nineteenth-century Liberals to foresee the conflict between political nationalism and economic internationalism is intelligible enough when we remember that for them "liberty" meant primarily the removal of legal and political restraints.

But "liberty" means more than the removal of restraints and prohibitions: it means positive access to opportunities for a fuller life and a richer personality. It is sometimes said that the *laissez faire* individualism of the nineteenth century ignored these positive needs. This is, however, not altogether true. Even Cobdenism, if I may take its best expression, was alive to the need of certain positive opportunities, such as a reasonable access to land and education. The radical defect of its thinking lay in a failure to grasp the full nature and content of economic equality. The rhetorical statement that men are born free and equal, taken in its literal sense, will not bear a moment's reflection. No man is born and can live on his own resources of mind and body, without the assistance and co-operation of his family and his fellow men. If freedom means separate self-sufficiency, it is evidently non-existent. So with equality. Few would contend that children are born equal in that they possess the same innate capacities of body and mind. But though some of the political thinkers of the

eighteenth century (including Adam Smith) appeared to hold that children were endowed at birth with the same capacities and that education and environment were responsible for the differences that later emerged, the declaration of equality is not linked up with this untenable position. Although the "rights" of man are described as natural, "rights" are not identical with innate qualities, they are conditions that "ought" to be secured, that is, they rest upon a moral foundation. This is made clear in the language of the Declaration of the Rights of Man, adopted by the National Assembly of France in 1789.

> "Men are born and always continue free and equal in respect of their rights. The end of all political associations is the preservation of the natural rights of man, and these are liberty, property, security, and resistance to oppression."

The citation of these particular rights is interesting for its omission of equality, and its insertion of property. It is so entirely the petit-bourgeois-peasant conception of the desirable state of things, relief from the oppression of the seigneur and the permission to make as much money as one can by any productive or commercial activities one chooses to employ.

Though the early formulas of self-government or democracy are couched in political terms, the economic presuppositions are always there. They vary somewhat with the different economic

conditions of the different countries. The rapid advance of the industrial revolution in this country, as compared with France and America, gave a different complexion to Liberal politics and the evolution of democracy. Here it was not the peasant (for we had no considerable peasant class) nor the craftsmen of the towns that were the champions of reform, but the new rising class of industrial and commercial capitalists. Liberty, equality and other rights were to be interpreted according to their notions and requirements, with such concessions to wider popular demands as were needed to secure their interests. Free trade and cheap food for the people helped towards the overthrow of the power of the landed aristocracy, and was required for the free exploitation of the new sources of wealth. Not a purely economic struggle, for the issue of social equality entered into it. The new rich were not mere money-grabbers, they valued and sought social consideration, titles, civil and political dignities and decorations. Thus their hostility to the aristocracy and gentry was tempered by an intermarriage which brought them into high society, while the needy scions of the old families were drawn quite profitably into commerce and the city.

It is wrong to represent this economic determination of political and social life as a clear-conscious process. A good deal of genuine public spirit and humanitarianism was compatible with the economic urge of capitalism to use the rising

tide of Liberalism in order to turn the wheels of industry, as the careers of Bright and Cobden show. But none the less it remains true that the distinctively libertarian policy embodied in our nineteenth-century democratic movement was the expression of the profit-making interests of the new lords of business.

The sort of equality attached to this libertarian movement consisted almost wholly in the removal of disabilities, civil, legal, religious. There was no real demand for the use of political machinery to secure social and economic equality, as we now understand the terms. This was partly because such equality was not considered possible or desirable. Poverty remained the lot of the many, riches of the few. This was a providential arrangement: it belonged to the settled order of things, and even among thoughtful and kindly people evoked no indignation and no moral criticism. A whole range of emotions was exploited in the defence of economic inequality, generosity, pity, sympathy with suffering, how could these noble feelings gain satisfaction, if there were none to suffer? Mr. and Mrs. Hammond cite the following passage from an address given in 1801 by the "saintly" Hannah More to the famine-stricken women of her village, Shipham.

"It is with real concern that I am obliged to touch upon the subject which made part of my address to you last year. You will guess that I allude to the continuation of the scarcity. Yet, let me remind you that probably this

very scarcity has been permitted by an all-wise and gracious Providence to unite all ranks of people together, to show the poor how immediately they are dependent on the rich, and to show both rich and poor that they are all dependent on Himself. It has also enabled you to see more clearly the advantages you derive from the government and constitution of this country—to observe the benefits flowing from the distinction of rank and fortune, which have enabled the high so liberally to assist the low; for I leave you to judge what would have been the state of the poor in this country in this long distressing scarcity, had it not been for your superiors. I wish you to understand also that you are not the only sufferers. You have indeed borne your share, and a very heavy one it has been in the late difficulties; but it has fallen in some degree on all ranks, nor would the gentry have been able to afford such large supplies to the distresses of the poor, had they not denied themselves for your sakes many indulgences to which their fortune at other times entitles them."[1]

But equally amazing to us is the general acquiescence of the poorer classes in this inequality, and in the narrow libertarian notion of the State. Though the People's Charter of 1835 named among the grievances to be redressed the monopolies of the land, machinery and travel, its immediate demands were confined to manhood suffrage, equal electoral districts, vote by ballot, annual parliaments, abolition of the property qualification for Members and payment for their services—reforms which, with one exception, have long since been incorporated in our democratic Constitution. Save for the brief flickers of

[1] *The Town Labourer*, by J. L. and Barbara Hammond, p. 229 (Longmans Green & Co.).

Socialistic sentiment kindled by Owen and later by Kingsley, Maurice and the Christian Socialists, with Ruskin as a powerful independent ally, there was singularly little conscious demand for economic justice and equality among our people, until the 'eighties. Even then the revelations of the two Booths and the formation of little Socialist societies by middle-class enthusiasts aroused no widespread interest in the body of the nation. Not until the beginning of the 'nineties, when the new trade unionism sprang into importance, can it truly be said that the popular sentiment for economic reforms took a definitely political trend. Even then the conception of a Labour Party which should sway Parliament in the economic interest of the workers seemed so remote that it did not seriously disturb the traditional allegiance of the electorate to the two parties in alternative possession of the government.

This slowness of political democracy to function in the economic field must be attributed to three causes. First, the acceptance by the masses of the traditional distinctions of rich and poor, high and low in social and economic status, through sheer mental inertia. Secondly, the view that political leadership belonged to the upper class, that the House of Commons consisted always of well-to-do Liberals and Conservatives, and that Governments were manned from a group of aristocratic families with a few recruits from the ranks of the new rich. Associated with this traditional attitude was the

conviction that working-class movements did best to keep out of politics and devote their energy to self-help by trade unions, co-operative societies, friendly societies and other organisations under their own control. There was no widespread desire to challenge the capitalist system, either by political or other activities, so long as the workers in the great industries continued to get some share in the fruits of the industrial revolution with its increasing productivity. It was not until these fruits began to fail that widespread discontent and a desire to use political means of redress became manifest. The Socialist movements of the late 'eighties and early 'nineties owed their success, not chiefly to the reason and equity of their appeals, but to the growing dissatisfaction of the workers at the failure of their standard of living to rise. Real wages had been rising for two generations, not continuously but with fair regularity: now they were falling or else ceasing to rise. Here was the opportunity for the agitator. Trade unionism as a negotiating force was found inadequate. It must supplement its economic strength by the organised political strength of its members. Hence the origin and growth of a Labour Party, financed and manned by the trade unions. But though this new and vigorous movement into politics carried no conscious doctrine of economic revolution, the fact that its leadership passed largely into the hands of avowed Socialists, like Keir Hardie and Ramsay MacDonald, began to trans-

form the sentiments and thinking of ever larger numbers of the younger workers. The control of industry by the owners of capital, the exploitation of the employees for the profits of the owners, the precarious livelihood of the workers, the injustice and insecurity of the "capitalist system," roused a fervour of revolutionary thought in numbers of the hitherto acquiescent masses. Liberty, as presented in nineteenth-century democracy, no longer satisfied: the claims of economic equality began to enter proletarian politics and to transform their shape and substance.

But before proceeding further it is worth while looking a little more closely at this picture of the entrance of fundamental economic issues into politics from another standpoint. There were moments in the reform movement of the 'thirties and later, when the landed aristocracy and the wealthy business men feared lest the floodgates of mob-ocracy should be opened, and that Parliament might be packed with revolutionaries. But the sober sense of statesmen of the two parties soon recognised that an increase of the electorate did not sensibly affect their power, and that "the people" had no intention or desire to use politics for ends dangerous to the social and economic dominion of the upper classes. Looking back upon the politics of the nineteenth century, one seems to find a tacit conspiracy among the statesmen of the Liberal and Conservative parties to keep all the fundamental economic

issues out of politics. It was no part of the business of government to endeavour to secure the conditions of economic equality or to tamper with the class distinctions which rested upon privilege and monopoly of opportunities. So far as industrial questions entered the arena of politics, they took shape in claims for redress of concrete grievances, cruelties and dangers in factories and workshops, inflicted upon children and women presumed to be unable to look after their own interests, and incapable of making a free contract with their employers. Such interference as took place with conditions of adult male employment was, in this early stage, merely consequential upon this humanitarianism. Gradually this piecemeal State interference was grudgingly accepted by employers as a proper and useful public service, so long as it did not seriously hamper freedom of management and profitable enterprise. The Poor Laws, sanitary legislation, the beginnings of public compulsory education, may be regarded as integral parts of this eleemosynary patchwork. Their initiation lay not in the popular demand of a growing working-class electorate, but in the energetic action of philanthropic persons of the upper or the middle classes operating through commissions, societies, or direct parliamentary activity. Such reforms of urgent grievances acted as safety valves against the raising of more fundamental issues relating to "the condition of the people." When Carlyle, Ruskin and the Christian

Socialists of the 'fifties and 'sixties blazed out against the iniquity and inhumanity of the economic system, they were met by the reply that the people did not share their indignation, and that such real defects as modern capitalism disclosed were provided against, partly by improved public regulations, partly by a growing recognition on the part of the masters that business success required decent working-class conditions.

This may be regarded as the distinctively humanitarian stage in the pressure of economic conditions upon politics. Nowhere did it involve any theoretic consideration of the duties of the State towards industry, and it is significant that, though Disraeli as a young man betrayed a keen though limited understanding of "the two nations" of rich and poor, owners and workers, at no time through the long and arduous political career of Gladstone did any appreciation of the economic injustices and sufferings of the poorer English working classes disclose itself.

The second stage is that of fragmentary Communism, the increasing outlay of public money for the organisation of particular contributions to the "common good," partly, in the provision of local conveniences and amenities (the municipal Socialism which first took active shape in the 'eighties and the 'nineties), partly in the fuller provision of education and the various pension schemes, school meals, unemployment relief, housing subsidies, which have matured in recent

times. Though a good deal of this practical Communism is for the benefit of the whole community, much goes to redress the economic balance of rich and poor, and is still denounced by *laissez faire* individualists as taking money from the rich to spend it for the poor. The large increase of national and local taxation which this new policy involved aroused a good deal of concern even before the War. Added to the burden of War-indebtedness, it stirred deep resentment among the class-conscious rich who saw in it a definite attack on property. The economics of popular aids and subsidies was beginning to make serious inroads upon politics. Democracy, which hitherto had been a fairly innocuous form of government, was now for the first time developing dangerous traits. The policy of benevolent concessions was becoming too expensive. Moreover, it was passing from a voluntary into a compulsory phase. Pensions, subsidies, reliefs were beginning to be claimed as "rights": the State was to be used as an instrument for redressing the balance in favour of economic equality. This new conscious demand was crystallised in "the right to work or maintenance," and the post-War Unemployment Insurance Act is rightly regarded as the most important step in State Socialism taken by this country. For it contains by implication two admissions, first that society and not the individual is responsible for unemployment, secondly, that the State, as the

agent of society, must use the surplus incomes of the rich to help maintain the unemployed. Though, as is commonly the case, the naked meaning of this policy is concealed by the contributions of individual workers and employers to the fund, the growing share borne by the Government is a clear admission of public responsibility.

The third phase brings us close up to the economic explanation of the collapse of representative government which is taking place all over the world. Though the main cause of this collapse was in operation during the opening years of this century, it was not clearly visible. It therefore did not seem at the time so comical as it now does that Mr. Wilson should proclaim that the object and end of the Great War was "to make the world safe for democracy." Indeed, after the War a new crop of formally democratic States sprang into being in Europe, fragments of the Austro-Hungarian, Turkish and Russian Empires, while the working men of the allied nations returned to peace determined to get their share of the economic prosperity which opened out before their eyes.

Disillusionment soon supervened. Impoverishment, unemployment and attendant financial troubles, occurring first in the conquered debtor countries, spread later on to the conqueror creditor countries. Here, even during the prosperity of the early post-War years, the menace of

unemployment disclosed itself, and the collapse of industry, trade, finance and employment in almost every country since 1929 has everywhere been recognised as the failure of "capitalist democracy."

This term is now widely employed to describe the reality of parliamentary rule in all the great industrial countries. It signifies that organised business forces of industry, commerce and finance have hitherto been able to exercise a dominant hold over the acts of popular governments in important matters of business interest, alike in the sphere of domestic and of foreign policy.

Capitalist democracy has operated negatively by limiting within safe boundaries the interference of the State with the profitable conduct of private enterprise. It has operated positively by allying itself with a sentimental nationalism, which in recent years has been utilised to secure for the industrialist a practical monopoly of the home market, and an imperialism which, interpreted economically, has meant the utilisation of the diplomacy, armed force and money of the nation, in order to procure profitable opportunities for foreign trade and capital investment.

Now this economic and political system has broken down for two reasons. To one I have already drawn attention. The policy of concessions to Labour, the Liberal humanitarianism of capitalist rule, is found too expensive and too hampering. When trade is prosperous, it can be borne; but in adversity it is found too burdensome. Taking

the item of unemployed relief, it signifies that in bad times a larger tax contribution must be made out of smaller profits. Considering that profits are the *vis motrix*, the operating force, of business life, this "right to maintenance" is a crippling influence in capitalist democracy. But such a burden could be borne if the existing capitalist system were not breaking under a more grievous internal strain, viz., the failure of profitable markets. This is no new trouble. Right through the era of modern capitalism the tendency of increasing productivity to outrun its market has been manifested in recurrent periods of bad trade, depression, unemployment. This has hitherto been regarded as an unavoidable waste of industrial powers, due to the incalculable chances and changes of markets, or to some war, famine or financial catastrophe. Never until the last few years has the truth been recognised, that the improved technique of every branch of industry, in manufacture, mining, agriculture, commerce, transport and finance, in every part of the civilised world, has developed a power of production which is wildly excessive in the sense that the goods it could put on the market cannot be produced because they could not be sold at a price that would cover costs and yield a profit. Hence the stoppage of plant and labour, land passing out of cultivation, the wholesale destruction of surplus foods and materials, the organised restriction of supplies, the accumulation of stocks

withheld from markets, and other testimony to the bankruptcy of capitalism.

There are, of course, economists and politicians who continue to impute this grave situation to the tangle of political and monetary troubles that forms the aftermath of the War, the debt burdens, dividing the world into creditor and debtor nations, the accumulation of more and higher tariff barriers, strangling the old-established markets and forcing every country to strive after economic isolation and self-sufficiency. Wild experiments in inflation and deflation, departure from the gold standard, embargoes on exchange, are contributory causes of the world malady. It is here impossible to discuss the precise part played by these political and financial follies. I can only affirm my conviction that they are not prime causes of the collapse of capitalism, but are merely aggravating symptoms in an inevitable malady.

For our purpose it is sufficient that powerful business men, in every branch of capitalist enterprise and in every country, have come to recognise the central fact, viz., the excess of productive power and the necessity of regulating it, if capitalism is to continue working on a profitable basis. Even before the full scope of this situation had unfolded itself, the pressure felt in many particular industries had forced the hitherto competing firms to suspend their cut-throat competition, come to terms for regulating output, controlling

prices and apportioning markets on a basis of co-operative agreement. These cartels, sometimes national, sometimes international in their scope, were in effect recognitions of a solidarity of interests among members of particular trades. Planning was replacing competition within the trade. The obvious interdependence of different trades made it inevitable that this conscious planning should go further, and that the common peril to which capitalism as a system was exposed should force the master class to some common policy of salvation. It was not easy for the big business man to scrap the absolutism he enjoyed in the control of his own business by entering a cartel, and it is still more difficult, especially in this country and America, to get business men to face the necessity of national planning. But clear-sighted capitalists perceive that they have no alternative, if profitable private-ownership and operation of industry is to survive. For if they do not seize the leadership in planning, that process will take a Socialist or Communist shape. Recent events make it evident that on the Continent of Europe, where organised Socialist and Communist movements had attained greater numerical strength than here, the determinant influence in Fascism, Hitlerism and the other dictatorships has been the necessity of forestalling the planning which would take the profit motive out of the capitalist system and convert that system into a Socialist democracy.

What was to be done? There was real danger of democracy ceasing to be the manageable instrument of capitalism. Some class-conscious minority of the electorate might elsewhere, as in Russia, seize the reins of government and pursue a policy of confiscation and working-class control over industry. The prolonged depression with its ceaseless toll of waste, unemployment, poverty and misery, was everywhere producing an unrest dangerously fed by revolutionary teaching. If capitalism was to save itself, it must abandon, if not the form, at any rate the substance of democracy and assume dictatorship. It may seek to cover this *volte face* by the pretence of emergency. Democracy may, it is pretended, return after the emergency is over. But if the situation be such as I describe, the emergency will not pass. For it is the expression, not of a passing disturbance in the business system, but of a permanent vice of that system, concealed in its earlier stages but now openly manifest. Profiteering is seen to be inconsistent with the successful operation of an economic system which shall utilise increasing powers of productivity for the service of the public. The "invisible hand" which was supposed to reconcile individual greed with public welfare, is no longer accepted as an economic law. The day of "rationalisation," of conscious planning, has come. The collapse of democracy means, then, that big business has decided to undertake this task, and to establish the government of the people

by the politician for the profiteer. Investigation of the history of the new dictatorships from the realistic standpoints of finance and force make it manifest that while other political and emotional motives have contributed to the *coups d'etat* which have put the oligarchs in office and in power, the downfall of popular representative government is primarily due to the need which big business feels for keeping in its hands the keys of economic power.

CHAPTER III

FROM DEMOCRACY TO DICTATORSHIP

SO far we have been concerned with an attempt to show how modern democracy grew up and spread as the outcome of a feeling for personal and national liberty. The constant extension of the franchise and the enlarged powers of an elected legislature were first exercised to remove barriers upon freedom of contract and of combination, freedom of movement and residence, and to secure choice of work, free trade, freedom of speech and publication, and the removal of all religious disabilities. Though this libertarian movement was accompanied by various regulative enactments inspired by humanitarian or hygienic considerations, such interference was not a serious impediment to the successful operation of profiteering enterprise. Free contract, free competition, free trade were the accepted bases of business prosperity, and the powers of national government were exercised by statesmen whose personal interests and social connections were steeped in this atmosphere of business prosperity. Later on in this century democracy began to develop more positive policies of public welfare, including

extensive schemes of education, health services, municipal improvements, wage-boards, workmen's compensation, pensions, and unemployment relief. Municipal Socialism became a growing restriction of profitable private enterprise, while the increasing cost of the social services involved taxation that made serious encroachments upon the incomes of the well-to-do. In several countries the serious menace of a Socialist or Communist majority has brought this matter to a head. To meet this menace an authoritarian State, dictatorship or oligarchy, has already been set up, and in every country emergency powers have been taken by the government—all of which are temporary departures from democracy. Economic circumstances are driving nation after nation into a reluctant acceptance of the necessity of substituting a planned national economy for the competitive private enterprise which can no longer deliver the goods. The sight of great productive powers everywhere withheld from use, because they cannot sell the goods they could produce, is forcing this issue not merely in Continental countries where State control is a more familiar term, but in countries like America and Britain where State interference has continued to be exceptional and suspect. For the logic of events is bringing into clearer vision the choice between social democracy and the authoritative State operating as a safeguard for capitalism.

Now the question which immediately concerns

us is this. Is the brief era of modern democracy over, and is the world committed henceforth to oligarchic government, the rule of big business, using political and technological experts to plan industry, commerce and finance, so as to maintain the power of the propertied classes, and to procure the acquiescence of the working classes by well-calculated concessions of wages and other conditions of labour?

There will be many who will question the assumption that Fascism, Nazism and other forms of dictatorship are to be regarded primarily as economic systems. Racial unity, the sentiment of nationalism, defensive and aggressive militarism have played so large a role in the movement as to hide the fears of the propertied classes lest successful attempts should be made to set up an equalitarian State upon a basis of public service. But the concentration of these dictatorships upon the economic planning of a Corporate State, the liquidation of the Socialist and trade union organisations, the regimentation of capital and labour by industries under the supreme control of autocratic nominees, make the underlying motives of these counter-revolutionary governments quite manifest.

Before the sudden impact of these politico-economic forces democracy has gone under. Whether it will revive depends upon the degree of success which attends the new capitalist policy. The waste exhibited in every department of the

current business system is so great that it seems conceivable that an expert business autocracy, though primarily concerned with the defence of property and the profit system, might win the assent or acquiescence of the body of the people by affording them security of employment on tolerable terms of material comfort. The normal indifference of the great majority of the inhabitants of every country to the conduct of government, provided their standard of living is satisfactory and the personal liberties they really value are not interfered with, favours this acceptance of a competent autocracy. Ordinary men and women are aware that the making and administration of laws, the conduct of the public services, state finances, foreign and imperial policy are complicated processes which they neither understand nor desire to understand. They are, therefore, willing to leave this work to persons who are better qualified than themselves. This is in fact the attitude we all habitually adopt towards professional and technical experts whose services we need, doctors, lawyers, plumbers, shoemakers. It is only when the new law restricts our personal liberty, prevents our buying liquor when we want it, makes exorbitant demands upon our purse for rates and taxes; only when the doctor fails to cure, the lawyer muddles our case, the shoe pinches, that the ordinary man reserves the right to change his professional adviser. This right of selection and of change is, he feels, essential to

his safety. It is the most fundamental of his liberties.

Now it is just here that we come up against the precarious nature of dictatorship. There is no adequate security that these self-assertive authorities are expert in any of the arts of government, or that they have obtained and can retain the real consent of the governed. By skilful and audacious exploitation of political and economic fears and distresses in times of grave emergency they may engineer a large electoral success. With this in hand they ride upon "the will to power," using organised physical force to repress all constitutional opposition and all hostile criticism. The political unity thus fashioned they put to the purposes of the economic unity of a Corporate State, claiming to dominate and organise all industrial, commercial, and financial resources in the interest of the nation as a whole. In other words, they apply physical and moral coercion to the planning of a national economy.

It is often urged that the discipline and compulsion needed for this Corporate State will be resented and resisted by a people accustomed to greater laxity and liberty. But is this certain? Though it may be very difficult to generate in a people like ours in peace time a strong positive sense of social service, the amount of free choice of the job a man does and of the conditions under which he works is usually very slight. He is accustomed to a high degree of economic dis-

cipline and regimentation, and he accepts it as part of the ordinary conditions of earning a living. Why then should he kick if the State, or organised society, takes the place of the private employer? Do not most workers under present circumstances prefer the conditions under public to those under private employment? Yes, it will be said, but the better conditions of public employment are contingent upon working-class pressure through local and national elections and the power of public opinion. Remove these democratic influences and substitute a self-appointed autocracy, discipline may stiffen, conditions of employment may harden, and the workers will have no remedy. The ultimate protest of a general strike would not be possible in a Corporate State holding a monopoly of force at its command. Democracy in some visible intelligible form is surely essential to feed that sense of social service which a planned economy requires for its popular acceptance and efficient operation.

Now it would soon be evident that even the most competent autocracy created by the conspiracy of big business with powerful politicians, could not maintain the pretence of a disinterested social service. For the retention of large fields for private profitable enterprise, the maintenance of the rights of property in land and capital, are seen to be the basic motives of these autocracies. Capitalism has run through its democratic course

and has undertaken the planned economy which the new technology and the new rationalisation render necessary. This has appeared to be the only alternative to revolutionary Socialism. But while it is theoretically possible that groups of able scientists and business experts might, as Mr. Wells and Mr. Shaw imagine, place their skilled disinterested services at the disposal of society, in the spirit of chivalry imputed by John Ruskin to his "captains of industry," there is no serious pretence that this is what is happening on the Continent of Europe, or even in the revivalist atmosphere of Roosevelt's America.

Capitalism in its profiteering heart is not repenting or surrendering to the spirit of social service. It is only shedding the democratic forms under which it has hitherto been operating. It may still retain shreds of electoral freedom. Both capitalists and workers in the several industries will co-operate through their chosen representatives to regulate conditions of work and of output. But in such organisations the final determinant voice will be that of some small self-appointed group of business-politicians, wielding in the last resort compulsory powers.

My contention is that this new State-capitalism cannot establish itself as a durable institution because of an inherent contradiction in its structure and working. It wants to do two incompatible things, to organise and keep in full activity the new and ever-growing powers of production

which modern science places at the disposal of industry, while at the same time retaining substantially unchanged the distribution of income and property proceeding from the profit system.

Full productivity is only possible on condition that the growth of markets, the application of purchasing power, keeps pace with every general increase of producing power. This means that consumption must keep pace with production. This again means that a right proportion must be maintained between the productive power put to making consumption goods and that put to making new capital goods (more machines and more raw materials), between spending and saving. Now the profit system by its very nature involves a constant attempt to upset this right balance between spending and saving, by stimulating a wasteful excess of the latter. The large excess of surplus income which comes from rents and profits is not spent (as is sometimes supposed) in luxurious and ostentatious living. Most of it does not even pass into personal income, but is retained as company reserves. Much of what is distributed in personal incomes beyond the current requirements of the rich recipients, passes automatically into bank deposits, and in ordinary times into new capital investments whereby the productive power of the business system is increased. In this irrational field, the ordinary laws of supply and demand fail to operate so as to check oversaving when the price for new capital is low.

Hence it happens that when in periods of prosperity the new productive powers have enjoyed a short free run, a curb is put upon them by means of a collapse of prices, profits shrink, banks call in their loans, plant and labour stand unemployed.

It is sometimes contended that the reason why the full product of accelerated industry cannot be marketed at a profitable price is the lack of sufficient purchasing power, and various devices are urged for the increase of supplies of money. It is not possible here to attempt to unravel the monetary tangle. I can only dogmatise. Though the improvements in productive arts mean that larger quantities of goods can be produced at lower costs per item, this in itself does not explain why the income distributed as costs in the various processes of production cannot and does not buy the growing output at a lower price level. In other words, costs of production and aggregate prices are two aspects of the same things, two modes of looking at the same pool of money, money income translated into priced goods. It is said, and no doubt truly, that the simplicity of such a statement is marred by two considerations, that first, when costs and prices fall, the apportionment of money income between owners and workers, creditors and debtors, suffers change; and secondly, that bank credit, which plays so large a part in defraying certain costs of production, is gravely affected by changes in price level and the restriction of production that takes

place. The so-called monetary explanations of depressions are directed to these admitted facts. But they do not really touch the fundamental issue. If the money income, wages, salaries, rents, profits, received during accelerated production were spent by their recipients without delay, in buying at reduced prices the enlarged quantity of goods (either consumption goods or capital goods) the falling level of prices should bring no loss of profits or of banking confidence, and no stoppage of industry. It matters not how large a quantity of income is saved so long as it is spent in buying new capital goods, through processes of investment. It is when it has become evident that the creation of new capital is causing or is threatening an excessive output of consumption goods, that the stoppage, the depression, and the unemployment take place.

In a word, the profiteering aspect of capitalism is inconsistent with the full regular working of the industrial system. Therefore the autocratic State-planning which permits and assists profit-making must in the long run fail. I say in the long run, because I see two ways in which the capitalist autocracy in any single country or group of countries, might stave off failure for a time.

The first way is that of organising a growing export trade large enough to absorb the surplus products which cannot be disposed of in the home market without causing a disastrous slump in

prices, and a loss of profits. In China, India, Russia, South America, where more than half the population of the world is still living on a low standard of production and consumption, vigorous national or international cartels of Western Europe and the United States might get their governments to promote a policy of rapid economic development which would absorb in export goods and capital the surplus of their mines and mills and shipyards in supplying machinery, power, and manufactured goods to these backward peoples. In a word, they could apply on a wider scale the export policy which served England so well during the first three-quarters of the nineteenth century, taking part payment in the foods and raw materials which Western nations do not produce, and leaving the rest to accumulate and re-invest itself in further developmental work.

This, of course, is no final solution of the economic problem. There must be some limit to this absorption of surplus capital by the backward nations. For its necessary effect is to convert them into advanced nations able to produce for themselves most of the capital-goods with which Western capitalism had been providing them. That is to say, the area of capitalist production will have expanded so much that it will be choked with a surplus that can no longer be applied to develop the shrinking area of backward peoples. But for a considerable spell of time it would be possible for combined Western capitalists, in

effective control of their governments, to pursue this policy, using the great new productive economies to keep in regular employment their increasing plant and their employees on terms which gave the latter a somewhat higher standard of life and leisure, and applying the surplus in the manner here described.

The application of this economic policy, however, assumes a measure of internationalism, political as well as economic, that may not be attainable. It is in fact a substitution of inter-imperialism for rival competing national Imperialisms. Now the prospects of such a pacific inter-imperialism do not seem bright. Capitalism to-day is everywhere associated with a flamboyant and aggressive nationalism, aiming as far as possible at economic self-sufficiency or isolation. But, as we see, for Western countries with standards of living based on international trade, a successful reversion to self-sufficiency, even on an imperial basis (as in the case of the British Empire) is quite impracticable. Capitalism, in its new phase of national economic planning, signifies an ever more intense struggle for markets in the backward world. Nations with colonial empires will conserve these markets for their own nationals with an ever-increasing stringency, and the struggle for those markets which still stand open will be continuously fiercer as the adoption of scientific industry enlarges the surpluses of the competing countries.

Those who accept the view here set forth that the liquidation of democracy and the substitution of dictatorship is a defence of capitalism, contrived and financed by big business, stimulating and employing in its cause the new enthusiasm of national patriotism, will realise that there is only one issue from this situation. The struggle for markets, conducted by businesses whose control of governments is expressed in "national planning" must more and more assume a political character, involving diplomacy, armaments and the menace of war. From time to time, the frank utterances of statesmen in countries where "realism" prevails, or the still plainer testimony of events, such as the Japanese policy in Manchuria, give a new emphasis to the saying that "modern wars are for markets." This does not, of course, imply that the statesmen, whose blundering is the immediate cause of war, or the peoples, whose latent barbarism is evoked when war occurs, are consciously moved by greed for markets or by any other economic motive. The economic determination of history moves in a more subtle and mysterious way. But behind the smoke-screen of muddled passions, the economic need for markets operates. Big business does not itself clearly envisage the dangers of competing national economies. But it scents the danger sufficiently to take precautions in the shape of armaments. The recent revelations of the race in armaments, and of the elaborate controls exer-

cised by armament firms over governments and official policies, over the Press and other organs of public opinion, are not to be interpreted merely as the business devices of certain branches of the metal and chemical industries, coining profits for their shareholders out of national scares.

There is an even graver aspect of the problem. Capitalism no doubt favours expenditure on armaments as a profitable business proposition. But it needs armaments because it needs war. War is a profitable business policy. Its destructiveness is the other way out of the plethora of peaceful productivity. If foreign markets do not expand fast enough to take off the surplus of capitalist production, an era of destructive waste is the only acceptable alternative. Those who have followed the economics of the Great War realise that great profits accrued to enterprising business firms from two sources. First, from the enormous expansion of markets due to the demand for munitions and other war supplies and to the higher spending-power of the civilian population in most of the belligerent countries from high wages, full employment and family allowances. Secondly, from the post-War replacement of the destroyed or impaired plant and other capital resources in the damaged areas. In other words, a periodic blood-letting seems required as treatment for an economic plethora.

During the period of democracy when the chief aim of capitalism was to put close limits upon

governmental interference with private business enterprise, the handling of foreign and colonial policy by financial and commercial pressure, though clearly discernible in particular cases, was not accepted as a normal and legitimate procedure. The Boer War, the carefully planned project of the mining interests in South Africa and Britain, was deeply resented by a large section of Liberal opinion as an illicit surrender of foreign policy to outside business forces. Under the new conditions of the capitalist State, each nation will habitually employ all its resources of diplomacy, economic pressure and in the last resort armed force, in order to secure that expansion of markets necessary to keep its population employed and contented, and to win profits for its business government. For unless our new capitalists undergo so strange a change of heart that they are willing to surrender the profit motive and operate industry for the public good, turning over to the social services and to the worker in high wages and longer leisure the gains that might otherwise accrue to them, economic nationalism under dictatorship must struggle ever more fiercely for the ever-narrowing external markets in which to sell its surplus goods. The hostile grouping of nations for superior strength in a balance of power, the failure alike of economic and of military disarmament, the open preparations for a future war—these are the natural results of the endeavour to abandon democracy and internationalism, and to construct

States upon a basis of economic isolation under the autocratic sway of strong business managers utilising in the last resort the armed forces of the nation.

These oligarchs of big business with their political henchmen do not consciously want war, though the oratory of their spell-binders is often aggressive and inflammatory, but they pursue an economic policy that makes war inevitable. For war, as we see, furnishes the only temporary relief from the congestion of markets and the growing unemployment caused by the growing productivity of profiteering capitalism. The amiable pacifism with which we are drenched to-day is quite ineffectual, because it has not clearly grasped the economic cause of militarism and war. Until it recognises the necessity of eliminating from the business world the dangerous profiteering which distributes income so unequally and so irrationally as to choke production and breed class and national conflicts, with their attendant misery and waste, pacifism will remain a "beautiful but ineffectual angel beating in vain its luminous wings in the void." I see no escape save through the path of economic justice, with the liberty and equality that belong to the now despised and rejected authority of popular self-government.

In an earlier part of my argument I gave reasons for believing that the rapid turn-over of capitalism from democracy to dictatorship was due to a fear lest democratic institutions were getting out of

hand, and lest Socialist or Communist majorities might use the democratic machinery for a frontal attack upon property and the profit system which are the life-blood of capitalism. I then passed on to show why this change-over from democracy to dictatorship could not give security to profitable capitalism. So long as the area of capitalist production was limited to certain industries and a few countries, the existence of large outside potential markets enabled it to put forth its full productivity and so increase its profits. But the recent enlargement of the area of capitalism, with a consequent shrinkage of external trade, has exhibited the deep-seated vice of a capitalism which in its search for profits constantly tries to increase the rate of production faster than the rate of consumption—thus bringing about those stoppages and wastes which figure as cyclical depressions.

A growing perception of the difficulty of finding new foreign markets for profitable trade has thrown business men and their politicians into closer consideration of the means of developing domestic markets. The simplest method of achieving larger domestic markets seems that of keeping out foreign competition, and so we find everywhere the setting up of trade barriers. But this economic nationalism is soon found insufficient. An expansion of the national market adequate to take off the increasing quantity of goods which the new competition can furnish, demands a constant increase of consuming power

among the masses of the people. Now business men whose eyes are glued to their productive processes are not easily induced to see this important truth. They are apt to look for a lowering of their costs of production, or in other words, lower wages and cheaper credit, as remedies for depression. It takes a wider outlook to recognise that lower costs with larger outputs will only accelerate the fall of prices without furnishing a profitable market, and that an expanding market can only be found in one or both of two ways, by a high wage policy which raises costs and reduces profits, or by a policy of public works financed by borrowing or taxing the unused savings of the capitalists.

It is just this critical point that the great American experiment has reached.[1] The President and his advisers profess to recognise that it is futile to offer cheap money to industrialists unless a high-wage policy enables them to foresee a growth of consumption big enough to take off the increased production which cheap money seeks to stimulate. In a word, wage-income must keep pace with production on a higher cost level. Now this means a cutting of profits for the advantage of labour. Nothing but lowering of profits can stop the overproduction which spells waste, depression, unemployment. But the capitalist system will not work along the old familiar lines without reasonable hopes of profit. Can it be worked upon new lines with high wages, reasonable salaries, low rates

[1] December 1933.

of interest, no profits? This, as I see it, is the proposition put in the American experiment. From one standpoint America is the best, from another the worst country to try out the last defence of capitalism. American capitalism has presented a front of more ruthless individualism than the capitalism of any other country. Capitalist democracy has there held a more absolute sway than in any European nation. On the other hand, the necessary national isolation for such an experiment is more feasible than elsewhere, and the mass enthusiasm for a big bold new policy is more attainable.

It is an attempt to put capitalism on a low or no-profit basis. If capitalists were alive to the full implications of the policy, they might accept it as the sole alternative to industrial collapse. Or, if they were capable of a sustained sacrifice of profit to national recovery and in the spirit of chivalrous leadership which idealists have sometimes envisaged, they might accept. But the success of the appeal either to reason or to patriotism is exceedingly unlikely. For it implies a change in thought and in heart so big and so rapid as to constitute a spiritual miracle. And miracles do not happen. There will be wise business minds to whom such a policy would appeal. But the whole trend of thought and sentiment during the past century of capitalism has been closed to such a revolution. To cut profit out of the capitalist system would be to the great majority of business men to remove the

lynch-pin from the chariot of economic progress. In a country where the dominant business forces have always kept so strong a grip upon the federal, State and local government, and where large, quick profits have often been attainable, it is difficult to believe that an attempt to put capitalism upon a non-profit basis, or in any way seriously to curtail the control of business potentates, can be successful. A voluntary surrender of profits in order to retain the empty form of capitalist control must be dismissed as a psychological impossibility.

CHAPTER IV

CAN DICTATORSHIP SUCCEED?

IT may seem to some readers that I have overstressed the part played by capitalism and the profit system in the problem of democracy. Students of history and even teachers in modern universities are accustomed to consider politics and economics as separate subjects with little more than a bowing acquaintance, whereas I appear to merge the two, giving a predominant place to economics in the moulding of political history. Now such an economic interpretation of history is, of course, an accepted principle of Marxist Socialism, and it may be asked whether this is a sound method of explaining the collapse of democracy. Or is dictatorship of "the right" or "the left" the only practicable alternative? Granting the failure of capitalist democracy by reason of the paralysis of profiteering, is a genuinely Socialist democracy, based on economic equality and social service, a sound and feasible institution?

Now upon this vital question we need not theorise in the void. For in the great Russian experiment we have practice closely linked with theory. In the operation of this Communist

experiment thus far there has been no pretence of adopting a genuinely democratic rule. Though the forms of a democracy were set up in the early revolutionary days when peasants, wage-earners and soldiers were brought into concerted activity and furnished with the shell of a representative system, no serious attempt was made to give vitality and power to this popular self-government. The Communist Party, a close corporation with a narrow leadership of arbitrary, self-appointed potentates, admittedly dominates the conduct of the State down to its minute details. How wide or deep is the genuine acceptance of this rule by the people, there is no means of knowing, but no effective opposition to the will of this Communist minority seems possible. Now it is sometimes argued that this dictatorship of the proletariat is an emergency policy, justifiable and even necessary in a revolutionary era, at any rate in a country where the mass of the people is quite uninstructed in democratic institutions. When the emergency is over and the country is more firmly settled on a satisfactory economic basis, and when education has given a political consciousness to the worker-citizens, the free operation of the Soviet system, a majority rule based upon a blend of local and industrial representation, will replace the present dictatorship.

But this does not represent the expressed doctrine of the Communist leaders. They hold that the real will and the real interests of the people are not

in fact attained or attainable through the machinery of representative government. They base this view partly on the fact that in every country where such a form of government exists, the real power is concentrated in a few hands, either in those of the executive, or in those of the bosses who control the party systems and select the candidates for office. In either case, the "will of the people" does not emanate from the people themselves, but is pumped down from above to receive a formal endorsement. Thus the real government passes to small groups of officials, politicians and wire-pullers. It might have been expected that Communists would impute these defects in the working of democracy to the capitalist control of politics, holding that, when democracy was purified from this control, the will and interests of the people would vitalise the democratic structure. But no. The Communist apparently does not trust the proletariat to know its own mind and to express that mind through an electoral system. Communism rejects the notion of rule by voting majorities, preferring the will of a conscious compact minority. This sort of minority rule it does not however regard as oppression. It is simply the developed consciousness of the working classes expressing the real but as yet undisclosed will of the whole people. Now this is not a novel theory. It represents the curious penetration of Hegelian doctrine into the Marxist philosophy. The disciples of Hegel have always distinguished the

"real" will of an individual or a people from the dumb, ill-informed or biased expression of that will contained in a popular response to an electoral appeal. So the Communist Party, or rather its leaders, represent what the proletariat *would* will if their will were "free," in the sense of knowing all the relevant facts and framing policies in accordance with their true interests.

This policy is sometimes justified by saying that the dominant conscious minority is the natural vanguard in every movement of progress, and that its function is to educate the backward majority into a recognition of its rights and interests. And here we find applied to the field of politics a doctrine and a practice familiar in the field of religion. A Church that knows itself in full possession of the spiritual truth feels that it is its duty not merely to preach its gospel to the unconverted, but to repress all heresies, using if necessary the forcible arm of the law for this salutary task. Free thought, free speech, free publication of unorthodoxy are not to be tolerated. Suppress them for a period long enough to allow a generation to grow up in an uncontaminated atmosphere of truth, then spiritual unity and solidarity will be achieved. And will you then relax your coercive rule and give liberty of thought? To this test question a satisfactory answer is rarely forthcoming. When a rule of intolerance, of persecution, has once been established, it is seldom withdrawn. The rule, it may be said, has done its work, it has crushed

out all actual or potential heresies and produced a complete uniformity. But unfortunately the feeling survives in the orthodox that new heresies may arise, or old ones revive, and that it is best to be on the safe side. Therefore keep on the shackles !

This has been the experience of religious tyranny, and the same psychology applies to political tyranny. The Communist (the very name corresponds to Catholic in the universality of its claim) demands that the same rigorous methods which have brought the heedless and the heretic into the true faith shall be used to keep him there. The political and spiritual emergency which justified repression does not pass away. It looks as if the orthodox Communist, like the orthodox Catholic, does not possess that absolute faith which he professes in the rightness of his creed. For he will never submit it to the equal arbitrament of reason, to stand by its inherent strength or virtue. The regimen of intolerance and persecution is in itself a denial of the faith which the dictator professes. But it is something more, and that something more demands close scrutiny. For it lies at the very root of all autocracy, viz., the lust for personal power.

In treating the rise and fall of capitalist democracy I have intentionally stressed the economic factor as if it were the sole determinant, as if property and the profits out of which it is built up were the supreme and ultimate objects of desire.

This, however, gives too materialistic an account of the political-economic struggle. It is perhaps natural for every specialist to assign to his subject the central position in the world of thought and things, and to over-simplify that world in order to support his case. So we find economists, both of the right and of the left, producing a creature called "the economic man," motived in his conduct by purely selfish and materialist considerations. When reminded that the behaviour of men, even as producers and consumers of wealth, is not so simple, they make one or both of two replies. The first is a denial of the charge that they have ever represented man as purely economic in his conduct: the second is that they are justified for scientific purposes in making an abstraction of the economic motive and dealing with man *as if* he were only moved by economic considerations. That Marxian Socialists, on the one hand, and orthodox exponents of capitalism on the other should have committed the same error is quite intelligible. For the science of economics did not grow up in a disinterested atmosphere. Substantially a nineteenth-century product, it could not escape the tenseness of the struggles that composed the industrial revolution. Socialist and individualist economists alike were unconscious partisans and their science was vitiated by their partisanship. Both tended to isolate the economic urges as well in man as in society, and to assign to them a supremacy that was excessive. They

could do so more successfully, because their economic science preceded by a generation or more the analytic psychology which plays havoc with such simplicities as that of economic determinism.

Turn the psychologist loose in the field of economic activity and the first thing he will discover is that property and profiteering are not valued chiefly on their own account, but in order to feed other urges, the most prevalent of which is the sense and exercise of personal power over other people. More potent even than the sensual pleasure which luxurious expenditure can afford is this sense of power. Property is a chief source of self-importance, partly as a testimony to achievement in the great modern field of human struggle. Whether this property is acquired by personal activity in profit-making or is inherited, no doubt makes some difference in the prestige attaching to it. Some of the prestige of feudalism still attaches to the inheritance of landed property, as is still recognised by the craving of the successful business man to become a country gentleman, and take part in the sporting, magisterial and social activities which belong to this status. But not all profiteers are cut out for, or inclined to, such a career. Supremacy in city life, self-importance expressed in political influence, in public benefactions, in social display, combine the inner sense of self-importance with the active exercise of power over other people. This power of the rich over the people is extremely subtle in its manifestations.

It may take a private personal flavour from the enforced or voluntary submission of the servant or the tradesman to arbitrary commands. But in any country where distinctions of social class are strongly marked, the chief value that comes from riches, especially new riches, is the sense of belonging to a dominant class, able to compel members of a lower class to do your will. Here is the will-to-power in its naked form, and psychology rightly attributes to it a chief place in the process of self-realisation.

But here, again, I have oversimplified this will-to-power, treating it as if it were a mere lust of tyranny. For man is not a wholly selfish being, he is kind to others and is genuinely concerned for their welfare. Personal ambition is consistent with philanthropy and public spirit. In many instances the two strains are inseparable. Millionaires have often got more satisfaction out of spending their millions for what they deem the good of others, than out of making and possessing them. There are, however, two flaws in this philanthropy. The first is the false supposition that the capacity to make millions in the modern business world is any warrant for presuming the capacity to spend them well for others. The other flaw lies still deeper. For this millionaire philanthropy, as many instances attest, weakens the spirit of self-help and self-development in the community, by doing for it what it ought to do out of its own resources. Incidentally this charity, in the multitude of sins

it covers, serves to buy off close scrutiny into the economic methods by which great business fortunes are amassed.

The charitable use of wealth thus illustrates the psychological complexity of the economic drive to wealth. But can we assume that in a more equalitarian system, where great differences of wealth do not exist and profiteering is prohibited, the "will to power" will be innocuous and the process which places men in dominant positions will be a selection of the most efficient and most public-spirited? No such assumption is warranted. Take the case of the Russian revolution. Nobody can doubt that Lenin and his group of comrades who made that revolution were animated by a passionate faith in the welfare of their people and of the other peoples of the world that would come from the downfall of capitalism and the establishment of Communism. They genuinely believed that the initiation of this task could only be successful if the minority of firm believers seized the reins of power and enforced obedience to their orders. How else could the desired change be effected? But the very qualities of self-confidence, audacity and fanatical belief which had made these men endure imprisonment, exile and poverty because of the faith that was in them, became dangerous virtues when the revolution placed them in power. "Their bellies were filled with fire": they felt themselves consecrated to this task: hot-gospellers of Marxism, they felt no qualms: force

was a weapon they had the right to use in breaking the resistance of their enemies.

Now we condemned capitalism, whether in its democratic or its oligarchic dress, because its lust for wealth and power disabled it from public service and disinterested government. But is there any better ground for believing that a group of self-appointed proletarian dictators, however public-minded in their first intentions, will prove themselves immune against ambition, "that last infirmity of noble minds," and can be trusted to interpret the true will of the public and to execute it faithfully, without providing any reliable instruments for the ascertainment and expression of that popular will?

Here we come to the heart of the matter. The avowed endeavour of this dictatorship, like those of Italy and Germany, is so to dominate by cooked history and biased propaganda the minds of the young as to mould them into a common standard of belief, emotion, aspiration and conduct. A truly corporate State, they hold, requires this suppression of free thought, free speech, free publication, and free personal feeling. But if we look back through the annals of mankind, we find that the rate of progress in the sciences and their application to the arts of life has varied always with the toleration and encouragement given to freedom of thought and its expression. Intolerance of private thinking and of its expression is fatal even to the successful progress of the arts of industry

upon which the Soviet autocracy relies. It may be said that every encouragement is given to the study of the physical sciences and to freedom of criticism of the economic experiments. But that is not enough. The assault upon political free thought and upon the free expression and organisation of opposing views not merely sterilises political progress. It paralyses personality by presenting shut doors to the exploring mind. The deepest social problem consists in maintaining free and changing relations between personality and community, and a government which in the name of Communism crushes the roots of free personality lays up for itself a certainty of failure. For intolerance of opposition, though seeming to imply an absolute self-confidence in those who practise it, frequently implies distrust. If I am sure that I am right, I shall prefer to make my truth prevail by exposing the falsehood of other claims rather than by refusing them utterance. For it is safer to convince in free controversy than to leave a falsehood festering in the minds of others and fed by the grievance of enforced repression. Brutality generated by the sense of power is the only reasonable explanation of such folly as is applied in Russia, Italy and Germany, for the repression of free thought, free speech and freedom of association.

It is notorious that we are living in a time of extreme danger. Economic, political and spiritual perils beset every country. Prophets threaten us

with an early breakdown of civilisation, that is, of the order and security essential for the maintenance and enjoyment of life to which we have been accustomed. That civilisation has been the slow product of human endeavour by processes of co-operation. Reason and goodwill have lain at the basis of all these processes. What we are now confronted with is force as a gospel and a mission, force as the supreme arbiter within the nation and among the nations that constitute humanity. In the new dictatorships force is openly preached as the right way of life. When you know what is good for children, for ignorant or wrong-thinking persons, for backward peoples, you must make them do it. If they want to do something different, you must use the necessary force to prevent them. Thus force is the true servant of right rule. Within the nation force is to break down sectarianism in religion, party in politics, class division in industry, to crush minorities in every field of thought or action, and so to produce a solidarity of thought, feeling and conduct. Co-operation is no longer to be the fruit of reason and voluntary goodwill, but of compulsion. A State thus welded into unity is not only absolute in the enforcement of its will upon its members, but absolute in its relations to other States and their peoples. National sovereignty admits no obligations to other States, and for any conflicts of interest that may arise war is the only ultimate mode of settlement.

Such is the avowed logic of dictatorship. The

authority of a self-appointed force is to impose its will in all departments of life: the business of the people is to approve and to obey, and where this approval and obedience are not forthcoming voluntarily they are to be got by force.

Now it is always well to test a theory or a policy at its best. Fascism has its idealists who deplore the brutality which has accompanied the recent experiments, who would tolerate free criticism, desirous that intelligent dictatorship should win upon its merits. So far as I understand the minds of Shaw and Wells I think they would adopt this position. It is not a new one. It may be said to date from Plato who found for the ruler of his ideal State a being composed of wisdom and disinterestedness whom he called the philosopher-king. All citizens of his ideal State would gladly recognise the right to rule of this superior man, so that no force would be needed to win the popular assent. Mr. Wells in his remarkable little book *The Open Conspiracy* and elsewhere sets out a modern form of this Platonic policy. Rejecting alike the capitalist domination and proletarian self-government on the ground that both are obstructive of the new creative work required to make our social institutions function properly, he would, as he says, "clear the way for the recognition of an élite of intelligent religious-minded people scattered through the whole community, and for a study of the method of making this creative element effective in human affairs against the massive

opposition of selfishness and unimaginative self-protective Conservatism."[1]

This "élite of intelligent religious-minded people" coming together, chiefly from what Mr. Wells terms "the general functioning classes, land-owners, industrial organisers, bankers and so forth," will become the directive force of the new order. Already having their hands upon the levers of industry and politics, they will, presumably by rational agreement, transform the working of our economic and political machinery in such wise as to win popular assent by making visible improvements in the common lot. The common people, preferring to receive the fruits of good government without incurring the toil of governing, will gladly accept this rule of the élite. For the common people have neither the experience nor the desire to do the necessary "creative" work, and they know it, and will therefore leave its doing to the élite.

Now while it may easily be granted that scattered through every community there exists this intelligent élite who could govern more efficiently than any popularly elected body, there are several serious defects in such a mode of government. The first relates to the appointment of this élite. Plato would select his competent disinterested guardians by an elaborate system of moral and intellectual tests. But who is to devise and to apply these tests so as to select the "perfect

[1] *The Open Conspiracy*, by H. G. Wells (Gollancz), p. 56.

guardians" who are to be philosopher-kings, does not appear. Popular election is excluded. The rulers are to be members of a distinct and specialised class, whose superior gifts for rule will presumably be recognised by their fellows in this class. It will be in the broad sense an examination test applied to the members of an intellectual aristocracy. But this only introduces new difficulties. Is such an aristocracy qualified by disinterestedness and understanding of the people to choose the "perfect guardians"? For the dangers of aristocracy are two; first the social and economic cleavage of interests between the governing and the governed classes; secondly, the sheer lack of understanding of the popular needs on the part of those who have insufficient contact with the people.

These difficulties apply with at least equal force to the Wellsian scheme of government. Indeed, he does not provide for any special training in the arts of government for his élite. They apparently emerge from groups of competent and public-spirited specialists in business and in science who of their own initiative seize the reins of government from the hands of incompetent and discredited politicians. But it would take more than the idealism of Mr. Wells to persuade us that, in such communities as those we know, the élite would consist wholly or mainly of disinterested reformers, and that the craving for power would not bring into the seats of authority men who

would use their position to feed this craving. Popular election may have its defects, but it is preferable to self-election. Even if we assumed, with Plato, Ruskin and Mr. Wells, that the spirit of chivalry did prevail in the opening of this new era, and that a genuine consent of the governed precluded the need of force, there would remain the danger always attendant on the habit of self-assertive authority, the generation of an autocratic spirit which corrupts the souls of all dictators. Even supposing that these early saviours of society were genuinely public-spirited men, the further recruitment of their numbers would bring in a lower moral type, and the rule that opened as a true aristocracy would degenerate into a conflict between rival groups of the élite to get and keep power.

Dictatorship or oligarchic rule is always thrice cursed. It curses him who rules, by the poison of absolute power. It curses him who submits to such a rule by the loss of liberty that it involves and by the resulting injury to personality. And it curses government itself by depriving it of the contribution of the common man. For this whole conception of government by an élite is vitiated by the assumption that the common man has nothing of value to contribute. But the common man, the ordinary elector, has a contribution to make, and it is important for him and for the community that he should make it. The notion that an élite of the wise can safely be left to carry on

government, detached from close, regular association with the body and mind of the governed, is evidently wrong. Their wisdom will be functioning in the void, the vaporising of theorists unfamiliar with the human stuff whose vital interests they are handling. Even if they were disinterested, disinterestedness is not enough. In order to be well governed the governed must themselves take part in government. Thus stated this may seem a merely platitudinous re-affirmation of democracy. But it is more than that. It is the acceptance of Lincoln's famous paradox that "Self-government is better than good government," which signifies that the liberty to choose your own course, to try out your choice, and to learn by your own errors, is better than to obey the dictates of rulers who are wiser than yourselves. This is the principle now accepted by most intelligent parents and teachers in the education of the young. There are limits, of course, to such freedom. No one allows a little child to burn itself in order to learn to avoid the fire. So it is with the arts of social conduct. There is everywhere a place for authority and coercion. As every organised society must repress the freedom of a criminal or lunatic at large, so it must permit authority to regulate the sale of drink and drugs, to compel parents to send their children to school, to use the force necessary to stop personal or industrial conflicts which imperil the vital interests of the community. But all such coercion is defensible because it belongs to the

wider economy of freedom. More freedom is created than is taken away, and the new freedom which civilised government thus exercises for its members, is a higher freedom.

But though the authority of rulers, coercive in the last resort, is justified, it remains essential that such authority shall be derived from the common sense of the people and shall be answerable to that common sense. To our intellectual aristocrats I am aware that the talk of "common sense" sounds uncommon nonsense. The popular mind is to them a dull inert mass, capable of panic plunges but incapable of any useful initiative and guidance in the art of government. Left to its own free play the common mind operates so as to elect commonplace politicians who keep parliamentary government at a low level. Progress under such conditions is only attainable by the secret encroachments of cabinets, expert bureaucrats and party-managers upon the will of the electorate.

Now the true defence of democracy is a direct challenge to this disparagement of the sense of the common people. It asserts that this common sense is a real and potent directive force in the community, not a fully conscious art of government, but a half-instinctive, half-rational drive towards the common good. Primarily it acts as a conservative force, preventive of rash action such as will endanger the Commonwealth. But in a changing world security demands readjustments,

sometimes rapid, to the new environments, and common sense plays an active part in such re-adjustment. It does not devise the acts of policy by which government operates. That belongs to the technique of statecraft. But its function is something more than a vacant consent. It is often a positive demand for a creative action which it is the business of a truly representative government and its statesmen to interpret and express in terms of policy. I believe that this "common sense" of the peoples of the world is discernible at the present time in two directive urges. One is the urge to peace, the demand for disarmament and for such equitable adjustment of contentious issues as will enable and induce reluctant governments to lay down the positive conditions of world-peace. The other urge of common sense is towards constructive economic planning as the remedy for a wasteful cut-throat capitalist competition in a world where plenty is attainable. I cite these two evidences of a common sense which expresses a sound initiative in the common people, struggling to break down the barriers of an obsolete but dangerous nationalism in the field of international relations, and a discredited capitalism in the business world. It is this common sense, and the liberty of thought, speech and communication essential to its proper influence, that are the everlasting condemnation of dictatorships whether of the right or of the left, of the self-assertive strong, or of the self-assertive wise. The real problem of the revival

of democracy is how to enable the common sense of the people to secure the best services of expert statesmen and administrators for their co-operative enterprise in reconstructing the forms of government so as to fit the new world in which we live.

CHAPTER V

THE REFORMATION OF DEMOCRACY

IN basing the case for popular self-government upon the common sense of the ordinary man and woman it may be well to consider a little more closely the nature of this common sense, in order to realise the changes in the structure of democracy required to enable it to function successfully in the new world that is coming into being.

I have spoken of this common sense as a sort of natural wisdom, mainly conservative or self-protective in its rôle. Though it can absorb and utilise a certain amount of information or reason, it is not highly intellectual. It proceeds to its judgments more by intuition than by logic. Indeed, it is somewhat distrustful of the claim of logic or exact thinking in ordering human life, on two grounds, first, that man is not to any great extent a rational animal; secondly, that no situation is an exact replica of any previous situation, and that no rule based upon a generalisation from past experience can be quite applicable to the new case. Put roughly, it comes to this, that common sense, regarded on its intellectual side, is opportunist and compromising. On its moral side, it refuses to

be swept away by passion: it eschews fanaticism and grievance-hugging. The adjectives usually attached to common sense are shrewd, practical, ordinary.

In basing democracy upon this quality, however, two important considerations must be taken into account. Common sense does not mean that sense which is found in all men. A great many men are not guided by this sense; either they do not possess it, or they allow it to be over-ridden by some dominant passion or interest. There is found everywhere a large stratum of humanity whose crude inert mentality keeps them normally below the level of active common sense. Slaves of custom and convention, they are only roused to activity by some panic appeal to fear or hate. As human beings they must perhaps be accredited with possessing some rudiment of common sense, and political education may well address itself to strengthening this rudiment. But democracy does not imply that all men are equal in their capacity for contributing to popular self-government. In every electorate there is a considerable percentage of voters who do not even take the trouble to vote. This does not in the least invalidate the electoral system: it merely indicates that all men are not political animals. Many of the jibes against the incapacity and indifference of electorates carry the false suggestion that this stratum of indifference vitiates the claim of common sense to choose its representatives.

The other misunderstanding arises from the verbal connection between the terms common sense and community. Now though common sense must be accredited with some measure of public spirit or regard for the common interest, it is primarily personal in its urges. Shrewd common sense is directed usually to the assertion of *my* judgment or valuation as regards the matters that affect *me*. It is personal in its functioning and its aim. It is not to be identified with herd-feeling or any operation of a mass-mind.

Only so far as a human personality is not as separate a thing as its bodily appearance suggests, but is by nature, tradition, and current environment a member of society, does common sense come to take a leading part in the life of the community. Now good government, as everybody will admit, consists in the right adjustment between that part of the personality which remains the private property of each man or woman and that part which links him and her with their fellows, in the conduct of a common life.

Differences in politics nearly always arise from divergent views as to what are the requirements for a full personality on the one hand and a full community upon the other. The cause of democracy and the formulation of its methods have suffered in the past from the over-assertion of individual liberty. The second term of the democratic triad, viz. equality, has been too exclusively linked up with the conditions needed to attain liberty, too

little with the neglected element fraternity, comradeship, co-operation, community.

Now we have seen that the new conception of politics and the State involves tasks which stress community. The work of economic planning, for utilising the hitherto neglected or superfluous resources of the earth and of human productive powers, cannot proceed upon the old notion of individual liberty, conceived as the right of any strong man or strong nation to seize a portion of the earth and use it as private property, or of any group of able business men to use the labour of others for their own personal gain. Public planning of economic resources for the common good, forming as it must the chief task of government, will evidently involve a reconstruction of democratic forms with a direct emphasis upon community.

How far does this involve a loss of personal liberty? *Laissez faire* competitive industry meant that owners and employers were free to apply the land and capital under their control in any way that seemed likely to be most profitable to them. Their choice, of course, was guided by their judgment as to what quantities of goods and at what prices their customers would buy. But this judgment was theirs, it was not imposed upon them by any outside authority. In recent times, it is true, their freedom in production has been restricted in many lines of industry, by trade agreements, pools, cartels, while their freedom in bargaining with

employees was limited by public or trade arrangements regarding wages, hours of work and other labour conditions. But a large amount of initiative and detailed control over production remained with the employers, even in trades that had passed out of the free competitive stage. The great majority of businesses in the smaller or more special lines of production and marketing were still operated for profit by free individual enterprise. Any general scheme of Socialism, or public planning, would greatly restrict this area of employers' liberty, converting them from the position of free profit-seekers into that of public servants. As regards the liberty of the main body of wage-workers, the loss would be more apparent than real. For most workers have little or no choice of the sort of work they do. They are either brought up in their parents' trades in a particular town or village, or are confined in their choice by their limited opportunities of training, while their liberty of individual bargaining about the terms of their employment is non-existent. There is, no doubt, a certain amount of mobility and of selection of available jobs still open to many workers, and so public planning would involve some loss of personal liberty for these. But the growing insecurity of capitalism carries, alike for individual employers and individual workers, risks of loss of employment and of income which are more and more incalculable. That is to say, the freedom of choice alike for capitalists and for

workers is vitiated by the impossibility of knowing how the choice will turn out. The chances and hazards of modern private business are the negation of rational free choice.

The basic assumption for public planning is that expert calculations as to the requirements of the various industries are better than the haphazard guesses of individual business men, and that consequently a fuller, more regular, and more productive employment will be assured and a larger body of wealth will be available for consumption. But if this favourable view of public planning be accepted, it does certainly involve such a regimentation of natural and human resources as will interfere with the right of individuals to go on wasting these resources by their own blundering experiments. Under public planning employers will be told by some central economic brain how to apply their capital and labour, by what methods, under what conditions, and in what proportions.

I have stressed this issue because it is of the first importance in considering how democracy is to be reformed so as to operate successfully. So long as politics only touched economics incidentally, by outside regulations and by a gradual extension of public services, the resident voters in the several localities seemed to be the right and sufficient units of representative government. But if an increasing burden of government consists in central economic planning, it seems unreasonable to expect that a parliament chosen by voters whose community

of interests is based on local residence, can be adequate to the performance of this difficult new function. Posing the root issue of democracy as it now appears, we have to ask what changes in electoral forms are necessary, in order that the consent of the governed and their legitimate participation in the new processes of government may be achieved. For the common man with his common sense cannot be satisfied to entrust to some government of alleged impartial business experts his vital interests as worker and consumer, without some express arrangements for securing his personal participation.

This is no new issue. It has been seething for at least a generation in the minds of Socialists and Labour leaders. Trade unions and co-operative organisations attached themselves to the Labour Party because they recognised that in the new economic order it was desirable for them to supplement their private influence as local voters by corporate action within the ambit of existing parliamentary government. The facts that most voters work in the constituencies where they live, and that many trades are dominant in particular constituencies, affected the composition of Parliament in such wise that the interests of certain trades acquired a special influence in the determination of economic policies. Miners, railway workers, cotton operatives and other important groups of employees came to use the House of Commons as an instrument for the protection

and furtherance of their special economic interests, in the same way in which big financiers, landlords, lawyers and industrialists had always done. As grave economic issues came to figure more and more in politics, the unsatisfactory character of a House of Commons in which the pulls of group economic interests often came into conflict with considerations of general public interest, became more obvious. To the conflicts between capital and labour in important fields of industry, affecting public order and public revenue, are added the divergent interests of the sheltered and the unsheltered trades in matters of tariffs and wage conditions, between agriculture and urban industry, besides the more general issue between producer and consumer to which the new problems of monetary policy give vital importance.

Now it is undeniable that an electoral system, adapted to politics where economic issues played a very secondary rôle, is inappropriate to the new political situation as here set forth. So far as certain highly localised trades are represented by elected Labour leaders and employers, some producers' interests are overweighted as compared with others, and there is no equitable provision for correlating the interests of producer, consumer and citizen. The increased power of trade unionism which might, in a House of Commons elected on the present basis, command a majority vote and control the government, would furnish no reasonable prospect of a public policy directed to the

best use of the productive resources of the nation and the equitable distribution of their products. If social planning is to be a function of the State, the corporate interests of all voters, alike in their capacity of specialised producers, generalised consumers and citizen taxpayers, must be presented in some harmonious form of government. Guild-Socialism, as set forth by its adherents, would assign too much power to producer-organisations in key industries, and would in its finance ignore the legitimate interests of consumer and taxpayer. A Labour House of Commons, controlled in effect by trade union nominees and finances, would not escape these same injurious defects by taking on the name of Socialism. For there exists a deep-cut divergence of aims and interests between a socialism that means what its name declares, and a trade unionism out primarily for best wage and other conditions of its several component bodies. A democratic Socialism, while encouraging every organisation of group activities and interests, would refuse to hand over either to such group organisations or to some general body claiming to represent them, the sovereign control of the economic system.

In any discussion of economic government regarded from the standpoint, not of private profit, but of public service, it may be well at the outset to distinguish four aspects of the problem; first, the efficient operation of businesses or industries severally and in their interactions; secondly, the

interests of the employees in regard to wages, hours and other conditions of work; thirdly, the interests of consumers; fourthly, the interest of public revenue needed for non-economic services. It will be evident that the ordinary forms of political democracy are not equally applicable to all these aspects of economic control.

For the efficient operation of a business or an industry, it is plain that it must be vested in the hands of business managers and technicians possessed of the experience and expert knowledge that are essential to this task. Though the specialised experience and intelligence of the routine workers may be of service to the managerial staff, and full opportunities for utilising them should be provided, the actual running of the industry must remain in expert hands. They will correspond to the permanent civil servants of the political government. But since this control affects the economic and human interests of the employees, they must have an effective voice in the terms of their employment. How is this to be achieved? Labour must evidently be organised in the several businesses and industries for negotiation with the management. In so far as business is no longer conducted for private profit, but for public service, most of the ordinary disputes between capital and labour on issues of wages, hours and other costs, affecting profits, need not arise. For in public services most of these issues must be settled upon broader general policies

regarding conditions of employment. But the employees in the several public industries will have their special interests and grievances, and organised opportunities of discussing them with the management must be provided, with a right of appeal to some general court of industrial settlement, representative of managers, workers and the State.

Direct government of an industry by the workers by brain and hand must be ruled out as incompatible with the principle of a social service. The workers in an essential industry will have no longer any right to use their strength in order to exact higher wage-rates than elsewhere prevail now that profit has been eliminated from the business system. Where industrial government is organised on a basis of social service, the final determination of wage-rates, hours and other conditions of work in any particular industry must be vested in the general economic organ of that government, using the powers delegated to it by the political government.

The most vital issue from the standpoint of democracy is the position of the consumers under a planned economy. According to the theory of competitive capitalism, the consumers' demands regulated the whole productive system, determining how much of each sort of goods should be made and how much capital and labour should be applied to each industry. Given complete mobility of capital and labour with free access to natural resources, the wants of the consumers

would dominate production. But since this mobility and this free access were always subject to obstructions, the theory of consumers' rule was never realised in practice. The capitalist, out for profit, the landowner for rent, acquired the power to fix prices for the productive powers under their control, so as to encroach upon the rule of the consumer, dictating to him the amounts of the different goods he could purchase and the prices he must pay. Recent capitalism, with its combines, cartels, tariffs, had gone far towards reversing the respective rôles of producer and consumer, in favour of producer rule, which more and more took shape in restriction of supplies. Under the social planning of a democracy, where private profit was eliminated, the liberty of the consumer to make his wants and will effective throughout the productive system would be restored. For though the fixing of costs in the various productive processes would involve a fixing of supply prices for the consumer, these prices would be natural and reasonable in the sense that they were true balances between costs of production and utilities of consumption, being no longer loaded with surplus values. Consumers would be free to use the incomes they received as workers, to satisfy their personal needs and exercise their private choice in the purchase of those goods. The planning of the several industries would have regard to the anticipated amount of such consumers' demand, and the greater equality of incomes and

therefore of standards of consumption would enable the calculations of such demand to be more accurate than hitherto. There would still remain margins of fluctuation, especially in trades supplying articles subject to changing taste and fashion, but such trades might well be omitted from the "planning" system and left to the limited area of private adventure.

The fourth issue, the interest of public revenue for non-economic purposes, important though it is in view of the increasing engagement of modern states in hygiene, education, recreation, pensions and other public services, need not detain us here. Its importance for our present discussion lies in that the political government must exercise a final regulative power over the economic system from which its revenue will be derived. The whole expense of the political government must come from current economic processes. The private consumer, therefore, cannot get all his goods and services at what is in the narrow sense cost prices. Either some industries, like the Post Office, and certain municipal undertakings, must be run "at a profit," i.e., the consumer pays something in addition to the cost, or else direct or indirect taxation must be put upon the money or real incomes of the consumer-citizens. If planning is confined, as probably it would be at the outset, to key and fundamental industries, leaving considerable scope for profitable private enterprise, revenue can continue to be drawn from such

profits, either through income tax or inheritance duties. This vital interest of the State in the sound operation of the economic system implies that in the last resort the State is financially responsible for the maintenance of essential industries and services, and in virtue of this responsibility must be vested with a power of intervention where any such industry fails properly to fulfil its function as a public service.

One further limitation upon the powers of the planning economic government demands attention. Leisure is an economic product, in the sense that it involves the curtailment of time and energy which might have been devoted to producing more economic goods. The enlargement of personal liberty which leisure brings, the larger opportunity for utilising personal and communal resources of culture and enjoyment, is the true measure of the contribution of economic progress to civilisation. Now the decision as to how much time and energy shall go to the working life is clearly one that cannot be left to any economic government to determine. For such a government is not qualified to weigh economic against non-economic claims. Again, though industrial councils on which employees are represented may reasonably be expected to ensure that workers are safeguarded against unhygienic and other dangerous conditions, the right to prohibit the production and sale of articles injurious to the consumer and to the community (the things included

by Ruskin under the term "illth") must remain within the jurisdiction of the general government.

It is such considerations that lead me to reject the proposal made by Mr. and Mrs. Webb in their *Constitution for the Socialist Commonwealth of Great Britain* for the splitting of the national Parliament into two co-ordinate national assemblies, one distinctively political, the other social and industrial. The political assembly is to remain as at present on a territorial basis of election: the social-industrial assembly will be elected on the same territorial basis but the two will have "distinct spheres." It is true that the Webbs assign to the social-industrial assembly some of the functions which I have here imputed to the general government, but my objections to their proposal are three. First, I object that the spheres as marked out by them are not "distinct," especially in regard to the vital issue of finance, and they themselves admit this, by providing a machinery of consultation and joint voting for their two assemblies where conflicts arise. My second objection is that local constituencies are not suitable for the election of an economic body whose main tasks are those of economic organisation. A definitely functional assembly is needed, with representatives of brain and hand-workers freely chosen by their fellow workers, and not on a citizen-consumer basis. But my third and most vital objection is against the co-ordination of powers to be accorded to the two assemblies. The final determinative power

must, as I see it, be vested in the locally elected Parliament, representing what I would call the living interests of the community. The functions wielded by any economic government or assembly should be expressly delegated by this supreme Parliament, and such an economic assembly should be chosen by the managers and workers in the several occupations with the addition of such nominated members as the political government might appoint to represent the consuming and other interests of the public. The several industries, the capital of which was owned wholly or part by the State, would be substantially self-governing units in all administrative matters, though their technical and commercial interrelations would require some federal machinery for their conduct, and there would be a regular sitting economic assembly for the more general purposes of economic planning.

While, therefore, it would be necessary that large powers of economic self-government should be delegated to bodies either wholly composed of elected representatives in the various occupations, or with some appointed members to represent the interests of consumers, the final settlement of issues bearing on finance, public order and morals, education, hygiene and leisure, must rest with the political government and its expert advisers. It has sometimes been proposed that the locality basis of election for Parliament should be crossed or supplanted by a functional basis, trade repre-

sentatives sitting in the same assembly and sharing the same powers as the local representatives. But there are grave objections to such a proposal. For as we have already noted, certain functional interests are already strongly represented in Parliament, and, if they were increased by the pressure of additional members, the genuinely public control over economic government might be overridden by strongly organised economic group-interests. Moreover, the added tra e element would have no competence to deal with most of the distinctively political matters which would form the chief part of the public business of Parliament if distinctively economic issues were delegated, as in any case they must be, either to parliamentary committees, or to joint councils outside Parliament.

CHAPTER VI

DEMOCRACY AND PUBLIC OPINION

THE essential character then of democratic government is contained in two related acts and influences, viz., the free election of local representatives and the intelligent formation and continuous exercise of public opinion. There are many questions of electoral reform which I cannot here discuss at length, such as Proportional Representation, the Second Ballot and the use of a Referendum. The underlying issue in all these questions is one's conception of the popular will, supposed to be conveyed in the voting process. Do we want the elected representative assembly to be a miniature of the numerous mixed opinions and valuations of the electorate, or do we want a more general indication of the majority will upon a few salient issues of policy? In the former case we have an assembly of many groups, ill-adapted to party rule, as hitherto practised in this country. But is that party rule reasonably accommodated to democratic principle, and has it any proper place in future government? The prevailing view of government in this country has been that, by periodic but unfixed elections, the people should be consulted upon one or two predominant issues

when public opinion is supposed to be divided, and that by choosing candidates of two or, at most, three parties, they should place a majority of members of one party (or a coalition of two) in control of the government, with a single party or at most two parties in opposition. The fact that the size of the majority party is disproportionate to the total ratio of votes cast for its candidates is not regarded as a defect. On the contrary, granted majority rule, it is held an advantage that the will of the majority shall be exaggerated in the size of the elected party, for thus a more settled and decisive policy seems to be secured. Little groups of humanitarians, utopians and other cranks, only get in the way of practical statesmen applying opportunist methods in manners appropriate to each occasion. This has been the dominant view. It is really a difficult question on which to make up one's mind. The pure logic of democracy favours reforms which will make the Government a mirror of Parliament, and Parliament of popular opinion. But just how logical ought we to try to be in politics, or in any of the arts of conduct? Politics is not a science, not exactly a fine art; it is a practical business process, using the rough material of opportunities and occurrences so as to safeguard or promote the public interest. There has always been a good deal of haphazard and of the unforeseen in the problems that confront the politician, much that lies outside the measurements and estimates of reason. Opportunism has been

of the very essence of politics, and common sense has been its guide in conduct.

But now that there is a serious attempt to get rational planning into the economic and other fields of government, in national and world affairs, this hugger-mugger opportunism can no longer suffice. Security, progress and prosperity require, both of the rulers and the peoples, a more reasonable will and further-sighted plans of action. Now this change in the conception of politics, if it is to be made effective, involves a more thoughtful mind in the electorate, conveyed in some closer control of their elected representatives and some more real influence upon the course both of legislation and administration.

But is such a development of the popular will practicable? It implies a public opinion more intelligent, more stable in purpose, than actually exists. The sort of common sense which I have hitherto adduced as a warrant for democracy is not enough. Though sound for certain simple issues and emergencies, it has not, in its uneducated form, sufficient initiative and constructive power to make the popular will an effective instrument for government.

For it is not enough that the electorate should make a more intelligent choice of representatives and form more definite views on large political issues. It is widely recognised that our Parliament itself has been weakened as a governing instrument in two ways. First, the Cabinet has assumed larger

control of the business of Parliament, both in initiation of policies, in a practical monopoly of time, and in the use of party loyalty for securing compulsory majorities in passing its measures.

This assumption of control has hitherto been justified by the practical requirements of a government confronted with a continuous growth of new and complex business which could only be put through by a rigorous economy of parliamentary time. If the Cabinet were either a committee appointed by the several parties in the House (as in a genuinely National Government) or by the majority returned at the poll, its rule might be regarded as conformable to the principle of democracy. But the Cabinet is in no full sense representative of or responsible to the elected Chamber. True, it is chosen by the leader of the majority party, but its personnel does not in any sense represent the choice of that party or of the electorate, and some of its members are drawn from a non-elected Chamber. Only, then, in a very loose sense can it be said that the will of the Cabinet represents the will of the electorate. It is, of course, inevitable that in a changing world new issues cannot, save in rare cases, be submitted to the direct decision of the people, and that the more skilled political work of framing legislation and of controlling administrative government must be vested in the hands of experienced statesmen. Though a case can be made for the occasional use of a popular mandate or veto in the form of a

referendum upon a definite and separable issue of policy, the normal relation of the electorate to the Government and its Cabinet is that of a general endorsement of proposed policy, not of specified mandates. Large powers of choice and of political technique must necessarily be in the hands of the Cabinet, though it should be possible to make use of the knowledge and capacity of ordinary Members through an extension of the committee system, that would relieve the Cabinet of much work which even under its recent development of Cabinet committees it cannot properly perform, and in respect of which the condition of collective Cabinet responsibility cannot be fulfilled.

In any reform of democratic machinery there should be an attempt to make the Government and its Cabinet the chosen servants of the majority of the elected Chamber, thus placing them in some real relation to the will of the electorate, while much of the work which they cannot as a body properly perform, should be delegated to committees of the ordinary Members of a House which under recent circumstances is becoming more and more a mechanical register of the will of the Government.

. . . . .

Another issue goes even deeper into the problem of a reformed democracy. I mean the growing political power of the expert bureaucracy. As the governmental machinery of a modern State increases in complexity, the increase of the power

of administrative officials becomes inevitable. Many modern laws are little more than rough sketches, leaving the important concrete substance to be filled in by departmental fiat. Now this is not a defect in legislative method. It is eminently desirable that large use should be made of the knowledge and discretion of expert officials in thus supplementing the more generalised work of legislators. Democracy could not dispense with such governmental services. But it could do much to safeguard and improve them, so as to make them more conformable to the needs and will of the people. For the drafting and the administration of Acts of Parliament are performed by men the great majority of whom were born in well-to-do families, educated in our more reputable and expensive public schools, and associate almost exclusively with members of the upper social, professional and business classes. Now, without imputing any conscious class bias to these officials, it is inevitable that their personal opinions, sentiments, interests and social attachments, must often be of determinant influence upon the performance of their official duties. Can a man who has been educated at Eton and Oxford know enough of slum life to understand how the Housing Act which he is called upon to frame or administer will actually affect the lives of the poorer city workers, or how some alteration in the terms of unemployed relief will affect the physique and morale of workless families?

The same point arises in the various grades of the judiciary before whom disputed issues of law and fact come for decision. The profession to which all members of the higher Courts, and the counsel who plead before them, belong, is in its social status and associations the most exclusive of all, and the anti-popular bias exhibited not infrequently by virtually immovable judges and magistrates, constitutes a grave scandal to the common cause of justice. The small leaven of working-class representatives on the magisterial benches goes a very little way towards mitigating a grievance which is at every stage worsened by the inability of the working-class complainant or defendant to pay the heavy costs of contesting his case on equal terms with a wealthier opponent. This inequality is particularly flagrant in certain cases of disputes between workman and employer, where the lack of means to stand the cost and risk of an appeal to a higher and more expensive court vitiates whole grades of justice.

Democracy, if it is to come into effective being, must grapple successfully with this situation. Men fairly representative of the common interests of the people must be substituted at the focal points of administration for the present guardians of class interests. The civil services, central and local, the judiciary and the magistracy, must be adequately staffed by sons and daughters of the people, if we are to have anything better than the class government which has hitherto prevailed in nominally

democratic nations. Now no sudden popular upheaval of democratic sentiment expressed at a general election can achieve this. For here we encounter a demand which is not primarily political or economic, but educational. As long as the conservative forces can prevent the people from getting full access to a liberal education, they may look with complacency at every democratic movement. So long as they can keep the common schooling to the level needed for the labourer, the clerk or the shop assistant, with information and intelligence adjusted to the suggestive influences of their cheap Press, they have "got the people in hand." Sixty years ago they were foolishly afraid of a popular franchise. They know better now. Experience has taught them that the working-class movement in politics is innocuous, so long as the mind it expresses is the mind of a mob. Their party machinery, their Press, their handling of political and social events have, therefore, been continually directed to making and preserving a mob-mind, sensational, fluid, indeterminate, short-sighted, credulous, disunited. In such a mentality there is no will of the people, no effective common sense. Under such conditions it is easy for the ruling and possessing classes to confuse the electorate by dangling before their eyes specious unsubstantial benefits, to divide them by conflicting appeals to trade and locality, to subject to undetected mutilation any really inconvenient or dangerous reform, and in the last resort to draw

across the path of policy some great inflammatory national appeal to passion. Until the people evolve an intelligent will able to resist those influences, a real democracy will continue to be impossible.

But that intelligent will would not be achieved merely by a wider extension of the opportunities of "higher education" in the current meaning of that term. The more intelligent members of the ruling and possessing classes have long recognised the necessity of some sort of higher instruction for selected members of the working classes. Though the modern technique of capitalism reduces the common worker to a robot, it requires some slight scientific knowledge and some trained capacity of thinking for a considerable minority of its employees. Their problem is how to prevent this education of higher intelligence from becoming a source of dangerous class consciousness. To keep the working classes in their proper place, while at the same time cultivating such intelligence as can be utilised for profitable ends, is a knotty problem for capitalism.

Such considerations signify that the will of the people, expressed at the polls, must be supplemented in two ways in order to become an effective instrument of democracy. Popular control of government must be carried beyond the election of parliamentary representatives into the realm of administration by securing a personnel of the public services that is in intelligent sympathy with the needs and aspirations of the common

people. This means such an extension of educational opportunities as shall enable the sons and daughters of the workers to compete on equal terms with those of the upper classes for all posts in the public services.

But even more urgent is the wider work of education in giving vitality and guidance to that larger volume of public opinion which is needed as a continuous support and check in the conduct of a popularly elected government. For the greatest defect in our nominal democracy is the torpor which prevails among the electorate after performing its occasional duty at the polls. Save in a very small minority there is no continuous interest in politics and therefore a lack of that "eternal vigilance" rightly said to be the price of liberty. Now it would be foolish to deceive ourselves into believing that educational opportunities alone can impart a high general standard of culture or intelligence, reflected in a keen, continuous interest in politics. Judging from the classes which have had full access to such intellectual opportunities, we may reasonably infer that only a minority of any class will cultivate this keen interest in public affairs. What is required is such free access to intellectual opportunities as shall produce in every social environment a sufficient minority of this type of mind. A chief function of these intelligent minorities will be to prevent the minds of the uninformed and less intelligent majority from succumbing to the deceptive

propaganda which artful politicians employ to gain their ends. A more instructed common sense for the many, a wider intellectual outlook for the few, and a popular will to which both contribute—such are the requirements.

But in considering what part education may play in meeting these requirements, we must scrutinise the processes of education. So long as educationalists remain the nominees and servants of the upper classes they will continue their present function of seeking to impart information, while stifling independent thought. Not merely is there little attempt in our schools to inculcate free thought. There is a definite attempt to introduce "wholesome influences" and "a sound atmosphere." So far as the Churches still keep hold upon the reins of education in this country, religion is still utilised as a spiritual soporific. But our political reactionists, recognising that supernatural religion has lost much of its ancient hold upon the masses, employ a new audacious policy. They seek to impose their own social dogmas and defences—militarism, imperialism, exclusive nationalism—as a new religion upon the teaching and discipline of the schools of the people. Into the teaching of history, literature, even of geography, the emotional bias of patriotism is introduced, and humanity is presented in terms of national competition rather than of solidarity. Not only does this "religion" pervade our teaching, but it is stamped upon the plastic views of the young by

military and patriotic rites and exercises. Military drill and flag worship, Empire Day, and other national Saints-days, are directed to produce a spirit of combative patriotism. This interested education is not, of course, confined to the elementary schools. Far from it. The defence of capitalism and nationalism requires that the whole system of secondary education and of the universities shall be subjected to the same bias, and that the teaching of history, economics and civics shall be directed to provide intellectual defences against the inroads of the new economic and political democracy.

It is not enough, then, to provide equality of current educational opportunities. Reforms in educational methods and values are also necessary. Class oligarchy defends itself by two diverse policies. One is the retention of obsolete mediæval curricula, especially in our older universities, the artificial "culture" of a leisured master class, exhibiting its unearned wealth—leisure through decorative "accomplishments."[1] If a small minority of clever working-class boys can, by judicious selection, be brought into this atmosphere, such an opening of educational opportunity will be far from harmful to the oligarchy. For it will draw from the service of the people the picked brains of its children and fit them for the work of helping to "manage" the people. This method

[1] Veblen's *Theory of a Leisure Class* (George Allen & Unwin) is a skilled commentary upon this theme.

has so far been found satisfactory. Certain concessions to modernism have indeed been made, both in subjects and methods of teaching; but the social and intellectual atmosphere of higher education in all its stages has been kept immune from dangerous ideas.

The new demand for equal educational opportunities can, however, be made innocuous in another way. Instead of directing the latent intellectualism of young workers into the elevated by-paths of class-culture, it is possible to press it into close utilitarian moulds by over-stressing the claims of the applied sciences, to the detriment of any broad personal culture. This appears to be a doubly advantageous defence of capitalism. For while, on the one hand, it diverts the intelligence of the people from the sort of knowledge and interest that yield political power, on the other, it harnesses their brains to the chariot of profiteering industry.

Democracy must, therefore, prepare for two struggles in the field of education; one against the attempt to keep down to a low level the public expenditure upon humane and social culture, while making provision for scientific and technical instruction of a distinctively utilitarian order: the other, against the degradation of such personal and civic culture as is provided by the insertion of sedatives and stimulants devised for interested purposes of class "defence."

Let me now summarise the situation as I see it.

Effective political democracy is unattainable without economic equality. Economic equality signifies a displacement of capitalist ownership and control of industry, and the application of social planning to the whole economic system. Such a change cannot be brought about by a sudden revolution, achieved, either by the people as an electorate, or by the extra-constitutional method of a general strike or a forcible seizure of the State. For a democratic State thus created would not be in effective possession of the administrative side of government. Even if it could remove, as might seem necessary, the impediments of hereditary power in the Crown and the Peerage, it would be confronted with military and civil services manned almost exclusively by elements unsympathetic to democracy. Though many of these public servants would doubtless offer no formal resistance to the mandates of the new government, a widespread sentiment of hostility would prevail and countless obstructions would appear in carrying out the legislative measures necessary to give reality to democratic principles.

A sudden purging of these obstructive personnels and a substitution of untrained democrats would so seriously impair the efficiency of these services as to be impracticable. A real democracy cannot, therefore, be achieved by a sudden use of popular powers, either at the polls or by extra-constitutional force. The economic and political transformation it involves requires the education

of a body of competent public servants, sympathetic with the methods of social-economic government, and of a public opinion founded upon common sense and provided with such reliable sources of information as will enable it to resist interested or impassioned propaganda.

. . . . .

The stress here laid upon education is not intended as an argument against the early capture of the key positions of political and economic rule by the courageous use of an electoral mandate. For it is evident that the existence, display and use of the power of the common people are an essential part of the very education of public opinion needed to convert the principle of democracy into an operative policy. It is both the strength and the weakness of our popular character that we do not easily realise or interest ourselves in schemes of policy that seem beyond our early reach. A great democratic victory at the polls placing in the people's hands the known instruments of power will touch their practical imagination and evoke a purpose and a will to use them without delay.

CHAPTER VII

"THE CLOSED STATE"

A DEMOCRATIC State, based upon the will of a people operating through electoral machinery and the continuous free play of an informed public opinion, may be considered in three different relations; first to its individual citizens; secondly, to other associations; and thirdly, to other States. Though the first two of these relations have already been subjects of discussion in our account of the enlarged functions of a modern State, a brief summary may be advisable before passing to the broader consideration of the place of a democratic State and nation in the world of States and nations.

The old individualist conception of the State and its government, as rightly confined to the protection of persons and their property from injuries by other members of the nation or from foreign aggression, has almost disappeared. It was in effect an owners' anarchism, condemning every State activity except those which safeguarded existing rights of person and property. It regarded individuals as independent self-conducted beings, entitled to use their bodies, minds and possessions for their own exclusive ends. Their lives were in their own keeping, their incomes were of their

own making, and any interference by the State with their full freedom of action in either of these spheres was an unwarrantable abuse of governmental power. Save for a little group of die-hards, this view of the police-and-army-State no longer exists in this country. But in certain quarters it has been superseded by a view which, though more liberal, is quite inadequate. According to this view, government is concerned with "the hindering of hindrances," so as to provide equality of opportunity for individuals to make the most of their lives. This is a clear advance upon "owners' anarchism," for it favours public provisions for hygiene, education and other personal benefits. But it still remains a very inadequate view of the rightful activities of the modern democratic State. For it restricts the part which such a State can play in the raising and enrichment of personality through communal work and expenditure. Here is a creative sphere of government, using public resources for the larger achievement of the common life. Moreover, as the government comes more and more to undertake economic planning, the error of estimating its success entirely in terms of individual gain will become evident. The welfare of the community will no longer consist only of the well-being of its separate personalities. There will be a commonwealth in the strict meaning of that term.

Towards that commonwealth there will, however, be many social contributions besides those of

the State. Innumerable associations, local and national, for various objects, religious, educational, political, economic, hygienic, recreative, must be taken into account, forming, as they do, the chief channels of free social activity. Some of them, such as political party organisations, certain trade and educational associations, impinge upon the activities of the State, and most of them have legal status and are at times liable to public interference. Most of these bodies are democratic in their spirit and their structure, they express the free desire of numbers of persons to co-operate for some limited but common good. This local and fractional democracy plays a most important part in feeding the general sense of free popular self-government. A genuinely democratic State will accord the greatest possible liberty to such associations, even to those party, class or trade associations which are openly critical of State policies. For it will recognise that such liberty of criticism and of opposition, obstructive as it may appear, is vital to the efficiency and progress of a democratic State. A dictatorship must repress criticism because it lives on force: a democracy must not, because it lives upon persuasion. This common spirit, inspiring both the government and the private associations, secures for all these bodies the largest liberty compatible with the maintenance of public order.

This qualification, applicable alike to the relation of the State to the individual and to inter-State

associations, must be plainly faced, for it opens up an unsolved, perhaps insoluble problem, viz., the right of private consciences to "rebel," the right of organised groups to "strike" against governmental orders which seem to them unjust or otherwise intolerable.

It will not do to argue that in a self-governing democratic State such conflicts cannot arise. Admittedly they are far less likely to arise than in an oligarchic State, and when they do it should be possible to apply methods of conciliation and equitable settlement not found in States which rely upon enforced authority instead of popular consent. The probability of such conflicts would undoubtedly be much diminished by the growth of a network of representative advisory committees, dealing with the various branches of industry, education, health and other public services, and in constant touch with the departments of local and national government.[1] The dangers of an imperfectly informed bureaucracy on the one hand, and of the tyranny of the multitude upon the other, would be greatly reduced by such devices for keeping a constant flow of informed public opinion bearing upon governmental policy.

But though the democracy we here envisage is one in which industry, health, education and other essentials of welfare would, so far as they are

[1] For a fuller discussion of the use of Advisory Committees see Professor Laski's essay "The Recovery of Citizenship" in his volume *The Dangers of Obedience* (Harper), and Mr. Harold Macmillan in his *Reconstruction* (Macmillan & Co.).

standardised activities, be directly amenable to governmental control, there would still remain wide and numerous group activities of a free co-operative order. For democracy will wish to leave outside the governmental ambit a large liberty for private initiative and enterprise in all the finer arts of life to individuals and groups, recognising that, while governments may furnish means and opportunities for new discoveries and inventions, signal achievements of this order demand the free play and experimentation of individuals or co-operative groups.

Now occasions may arise when, either from these free areas, or from specialised interests within the governmental order, strong opposition may arise to the will of the majority expressed in law or administration. For no democracy can guarantee the consent of all its citizens. There will arise cases of rebellious minorities or individuals whose conscience or sense of their inherent rights induces them to refuse obedience to State authority. This issue, which has frequently come up under capitalist democracies or oligarchies, would not necessarily disappear under a true democracy. The right to strike against conditions imposed in an essential public service may be raised by the employees in that service.

Now in an economic order where everyone is out for his own hand, and where economic gain is apportioned according to the strength of that hand, the right to strike, even though such action

inflicts grave injury upon an innocent public, is in strict accordance with the rules of the game.

The use, and still more the threat of the strike has often served to improve the condition of labour, and to secure for groups of workers, and for labour as a whole, a more equitable share of the general income than they could otherwise have obtained. But this line of argument seems to me to fade away when a genuinely democratic rule embraces the economic system, and when public service and not personal profit is the regulative principle. For an economic planning on such a basis under a democratic government carries the implication that wages and other conditions of labour are no longer imposed by an economically stronger employer but are equitably arranged by a body in which the interests of each industry are fairly represented. On such a supposition, a strike, where it is an attempt of a strongly organised group to get by force more than its fair share, would be an offence against the fundamental order of the State. A democratic State will recognise a "right to work," or alternatively a "right to subsistence," on the part of all its members, but not a right to work in any occupation or on any terms each member chooses. As soon as it is recognised that the value of all work is determined by the needs and well-being of society, it becomes evident that a worker has no longer full liberty to choose his work or to insist upon the particular conditions under which he does it. Over his "right to work"

must be set the right of society that he be set to do the work which he can do best in the interest of society. This, of course, does not imply that his choice and special aptitudes should be ignored. Far from it. Most workers at present have very little real choice of work and very little opportunity of discovering and improving their personal tastes and abilities. It will clearly be to the interests of a democracy to give each man the opportunity to do the sort of work he likes and can do best, so far as the public demand requires such work. Moreover, as the sense of public service comes to displace personal monetary gain as the dominant motive, the choice and desire of the individual worker will insensibly gravitate towards the job in which he is most wanted. In other words, there will come about a natural harmony between his will and the will of society. When such harmony is not attained, the will of society must prevail. For public requirements must be paramount in the use of all sources of production, including the productive power of labour. The right to strike would therefore simply disappear in a society organised on a basis of economic equity.

I do not contend that this argument disposes entirely of the claim of any organised or unorganised minority in a democratic State to refuse obedience to a law that is offensive to their sense of right. Where loyalty to the State and its laws comes into conflict with loyalty to God, to some fundamental principle of right, or to humanity,

the strongest advocate of democracy cannot confidently maintain the paramountcy of the democratic State. For democracy will always express the will of the majority, or of the largest section of the electorate. There will always remain minorities. Are we to say that members of such minorities must always recognise that they should defer to the will of the majority, and should only use their personal liberty to endeavour to win over the majority to their view? This is no doubt the normal attitude of minorities in a law-abiding nation, though not that recently adopted even by reputable citizens in America towards Prohibition when it was made law by their representative government. But there will be cases where individuals or minorities will claim the right of disobedience, as in the case of war-service. The State concerned for its primary function of defence cannot recognise this personal right: it must maintain its ultimate right to use all the resources of the nation for this defence. But neither can the conscientious objector withdraw his resistance.

To this conflict of duties it is clear to me that no solution can be found within the limits of a national democracy. The conscientious objector by pitting his loyalty to humanity against his loyalty to his nation is exposing the inherent inadequacy of a national democracy. So long as independent sovereign powers are claimed and exercised by nations and their governments, the democratic principle, with all its liberty, equality, fraternity,

is crippled in its application. Conscientious objection to military service is the test issue here. For it arises directly out of the political and moral separation which breaks humanity into unrelated national units, or leaves such international relations as exist without effective guarantees or sanctions.

That such a situation should arise in the course of a civilisation where smaller effective units of social life have only within the past few centuries been welded into effective nationalities, is natural enough. It is also natural that such international co-operation as exists, mainly the growth of improved material communications, the contacts of members of one country with those of other countries, should have been so predominantly left to private enterprise, involving little inter-governmental co-operation. Effective humanity in the sense of solidarity, or community of interests and activities, has become so potent and so universal that there remain few populations on this earth who do not depend for keeping body and soul together upon the goods and services of innumerable foreigners in all parts of the globe.

But though, as we see, every national government, capitalist or genuinely democratic, is ever more deeply involved in economic problems, no government yet exists to organise the material and human resources of a society of nations. We come here to a halt in the evolution of democracy, and a halt which is holding up to-day the safety and progress of the world. When the League of

Nations, with its economic appendages, its International Economic Commission, its I.L.O., and the Bank of International Settlement, was established, it seemed to contain in embryo the world-government needed to secure peace and to bring the interest and activities of the member nations into harmony. Unfortunately this promising experiment has been conducted in an atmosphere of intensified nationalism. This was due partly to the surviving passions of the War itself and to the pride of the new nationalities established on a basis of self-determination and with feelings of hostility towards the States of which they had been subject parts. Resentment rankling in the defeated nations, on account of the losses of territory and other injurious conditions of the unjust and foolish peace treaties, bred what is termed an inferiority complex which brooded over its wrongs and prevented easy co-operation with neighbours. For co-operation demands a reasonable mind, and the force of the peace treaties was the enemy of reason. Among the conquering nations in possession of the territorial and other spoils of victory, fear and the determination to keep by force what they had got by force prevented that disarmament which was to be the pledge of the new world order. The maintenance of militarism, whether inspired by fear or by revenge, is the most potent of all feeders of conscious nationalism, as the experience of the Disarmament Conference has shown.

But these political passions of nationalism might have died down in course of time or by the revision of treaty grievances, had it not been for certain new urges towards economic nationalism in the recent post-War period. The sentiment of economic nationalism, which is the strongest obstacle to an international government, is attributable partly to political pride and partly to the desire to be as self-supporting as possible in the event of future war. But it is wrong to regard these motives as chiefly responsible for the great extension of protective tariffs, embargoes and other interferences with trade which are the most marked feature of the last few years. A far more potent force has been at work. During the years of recovery after the War, the re-equipment of industry in the pre-War capitalist countries with improved machines, technique, power and organisation, brought a greatly accelerated productivity. New or relatively backward countries, such as Czecho-Slovakia, Poland, Sweden, Japan, made swift advances in the manufacturing arts. Improved communications, and the revolution brought into agriculture by power-driven machines and biological discoveries, immensely stimulated the output of foods and many raw materials. In most countries it soon became apparent that this increasing output was in excesss of the demands of the home market, and of such foreign markets as were hitherto available.

This situation, brought home to business men

and politicians partly by falling prices and profits, partly by the spread of unemployment, partly by the growing difficulties of public finance, stimulated a series of attempts in the several countries to preserve their home markets as monopolies for their own producers by keeping out foreign goods, and to push their export trades so as to sell abroad the surplus that remained after home markets were supplied. So tariffs have been raised to unexampled heights in formerly protected countries, while the new peace-made nations have taken on protection; Great Britain has succumbed to the same patriotic wave, tariffs have been supplemented by quotas or by complete embargoes, the carriage of goods overseas has been "nationalised" by subsidies and prohibition of foreign vessels. Finally, the most fluid of all trades, the trade in money, has been subjected to national obstructions of increasing number and severity. The fluctuations in the purchasing power of different moneys gravely interfere with modern travel, and a sentiment against spending one's money in foreign countries serves to diminish every mode of international intercourse.

In all these ways post-War economic developments make for economic isolationism. But that is not a complete account of the injurious tendency. The interference with free commerce, here described, must sensibly diminish the productivity of each country, by preventing it from specialising on those productive employments in which its natural or acquired advantages are greatest. Here

is a check upon that tendency towards over-production visible everywhere in this time of depression. But this check does not so operate as to absorb in the home market anything like the whole national product, either for the advanced industrial countries, or for more backward countries now supplied with tractors and other new agricultural equipment. The result is a lopsided economic nationalism. While each country seeks to secure its own markets from the invasion of foreign goods, restricting its import trade within the narrowest limits, it seeks at the same time to expand its export trade to the utmost limits, supplementing the ordinary processes of salesmanship by loans of capital sometimes expressly earmarked for delivery in machinery or other export goods, sometimes trusting to the slower processes of round-about trade to secure the needed end. As the number of countries striving thus to reduce their import and expand their export trade increases, while the undeveloped areas shrink in relative importance, the struggle for exports grows ever more intense. The merchants and financiers in each country press for government assistance in tariffs, embargoes, subsidies, in order to secure an increase of markets. Governments thus come to play an ever larger part in forwarding a policy which, by promoting a favourable balance of trade, promises full employment, a higher price level and a larger public revenue. Each plays for its own hand, endeavouring, by lower wages and other

cost reductions, to win for itself an increasing share of a limited market, and pressing upon needy nations loans often applied to armaments or other extravagances, and not to purposes of genuine development.

The most formidable outcome of this struggle for export trade is the conversion of nationalism into imperialism. The endeavour to earmark backward countries as special reserves for the trade of nations in need of outlets for their trade and population surpluses, though mingled with other motives of national aggrandisement and power, has been the dominant urge towards the acquisition of colonies, protectorates, spheres of influence and other forms of imperial expansion. The maxim "Trade follows the Flag" is enforced by the policy of monopoly, exclusion, preferences, practised now by all European countries with colonial possessions and by the new imperialistic policy of Japan. The seizure by Japan of a large section of China, the largest and most populated backward country in the world, is the most dramatic disclosure of the essential economic nature of capitalist imperialism.

Imperialism of this order is the inevitable outcome of a nationalism which requires for its existence either a high-wage low-profit policy inconsistent with its nature, or alternatively colonial possessions furnishing a sufficient market for its growing surpluses. Britain's reversal of her free trade policy and her attempts at imperial self-sufficiency bring out most clearly the latent bellicosity of economic nationalism.

The growing productivity of profiteering industry, unaccompanied by equality or equity of distribution, maintains and exacerbates the spirit of this antagonism. The vital interests of rival national capitalisms in control of governmental policies are everywhere engaged in this fight for external markets and for imperial possessions. The complete failure of international economic conferences plainly registers this fact. The collapse of disarmament conferences implies the secret intention of each capitalist power in the last resort to fight for the markets which it cannot otherwise obtain or hold, and to expand the necessary financial and human resources of its nation in what will appear to it as a strictly defensive enterprise.

. . . . .

Now many politicians are setting themselves seriously to consider the feasibility of evading the difficulties of an international or world policy by trying to remove the capitalist control from their national government and converting it into a closed democracy. This brings up an issue of supreme importance, the question whether a "closed State," socialistic in its economic structure, can be genuinely democratic in its government. Most Socialists in the Western world have revolted against the internationalism of the Marxist creed as a basis of immediate action, and have adopted the provisional policy of national revolution with the maximum of economic self-dependence. Let each nation "set its own house in order" and then

it can enter a genuine internationalism. Internationalism is to be postponed until national socialism is well established. But can a "closed State," however socialistic in economic structure, be democratic in government? The current instances of closed Corporate States do not encourage an affirmative reply. All of these are oligarchies or dictatorships, self-appointed and maintained by force, with or without some formal consent of the people. In no case is the economic government, however socialistic in formation, under any sort of democratic control. In theory, no doubt, national socialism is consistent with a genuinely democratic rule. It is, indeed, arguable that such State-planning, applied alike to internal and foreign trade, might, by a distribution of incomes which eliminated excess profits and was favourable to the workers, remove that need for external markets which is the chief barrier to good international relations. Such a more equal distribution might, as we have seen, operate pacifically under an enlightened capitalism by payment of wages high enough to provide an adequate domestic market. Or else the formation of international cartels, for the partition of business in the work of developing backward countries, might operate so as to avoid economic warfare. But there is little ground for believing that either of these pacific processes is feasible in a world where rabid nationalism is crossed by conscious class-antagonism in every advanced industrial country. For the normal

defensive tactic of capitalism in every country is to seek to hold its own by feeding the feeling of dangerous emergency. The national unity and discipline available for the emergency of actual war can possibly be utilised for the economic emergencies of peace.

Dictatorship can live upon emergencies, real or fabricated. The economic depression and its related dangers, financial and political, are sources of a skilled propaganda, for the creation or the maintenance of dictatorship. It is not only actual war that is found incompatible with democracy. Potential war is seen to be likewise incompatible. Now the nationalism, imperialism, militarism, protectionism of a "closed State" are potential war. They are a reversion to a position which, regarded from the international and human standpoint, is literally anarchy. Such industrial planning or socialism as might be organised inside this "closed State" must therefore be subordinated to considerations of national defence in the struggle for territory or for markets. Its industry, transport, commerce and finance must be "planned" with this end consciously in view. Only such labour policies as contribute to this end could be adopted. Rural development would aim primarily at food supplies for a besieged country. Railways and roads would be strategic. Mining, engineering, shipbuilding, aircraft, chemicals and other industries of direct war-value would be controlled, subsidised and otherwise stimulated, while other

occupations would be graded as of greater or less national importance, according to their presumptive utility for military and economic warfare.

Commerce would, so far as feasible, be confined, for all essentials, within the limits of the nation or the empire, for non-essentials to a restricted circle of allied or friendly powers. Shipping would be directed by State-owned, controlled or subsidised lines along imperial and other prescribed routes. The intellectual and spiritual life of the "closed State" would be regulated by an education policy, a Press and art censorship, a religious and a recreative system, prescribed and enforced by political authority. Not only the body of the citizen but his soul also would thus be nationalised and regimented under the "closed State." Personal liberty, the first ingredient of democracy, must disappear from such a State. Though the forms of popular self-government might survive and even be extended both in the field of politics and of industry, the dominant underlying purpose of the "closed State" would crush the spirit of free public opinion wherever it attempted to assert itself. For the "closed State" must remain a militant State and all the enforced discipline which the people had accepted in war would be riveted upon them in the intervals of rest from war, entitled peace.

To those disposed to regard this diagnosis as exaggerated, I would point to the experiments of the social-economic planning in Italy, Russia and

Germany. For there the logic of the "closed State" works out more clearly than in Britain or America, where its application is blurred and crossed by a number of conflicting tendencies. Behind the military and distinctively political influences making for this "closed State" we generally find an aggressive capitalism foraging for profitable markets, and using the powers of government to repress the forces making for a popular control of industry.

It would, of course, be wrong to oversimplify the issue. There is no close solidarity in the forces of capital or of labour. Though the internationalism of certain strongly organised cartels has suffered a distinct set-back in the post-War epoch, some of them survive, and the tendency to combine for regulation of output, prices and apportionment of markets, persists in mitigation of the closed economic nationalism. So likewise in the case of labour. Though a successful attempt has been made in every country to win over both organised and unorganised labour to the cause of national self-sufficiency by appeals to patriotism and protectionism, the engineering of such a policy has roused much class suspicion, and the certain failure of the "closed State" to give satisfaction, either to the cravings for a higher standard of life or for security, will revive the earlier sentiment and policy of working-class internationalism.

For the "closed State," however strong its emotional appeal, must fail to satisfy the economic

demands of the workers. The barriers upon international trade must react on each nation in a reduction of real income. A larger proportion of this reduced income will pass in profits to capitalists in the protected trades. The heavy taxation required for the costs of armaments in a world of isolation and insecurity must, whatever its immediate incidence, work out as a reduction of the national output of wealth available for serviceable consumption.

CHAPTER VIII

DEMOCRACY AND INTERNATIONALISM

PACIFIC internationalism, not merely in the sense of disarmament and political co-operation, but expressed in a growing solidarity of economic institutions, is not merely in the long run but even in the short run essential to the survival and revival of democracy within each State. This judgment does not, however, signify that we must wait for an international solidarity, which now seems remoter than in 1918, before attempting seriously such national planning as is needed to replace the fumbling wastes and failures of a capitalism which can no longer be operated so as to secure its prime object, profit.

A revival of democracy upon a reformed basis will need a simultaneous activity upon the national and international fronts. The planning of economic life must be taken out of the hands of dictators and placed in the hands of the freely elected representatives of the people. This conscious struggle for economic democracy, with its equality of opportunity and standard of living, must be fought out within each nation. For only within the national area is the democratic sentiment strong enough and the concrete gains of victory

clearly envisaged. And yet the separatist policy of "setting your own house in order first" is not adequate to the solution. For we have seen that this sentiment and policy are weapons utilised by capitalists and their politicians for the defence of their economic dominance. Militarism and protectionism are the direct products of this nationalism, and the newly developed arts of propaganda are even more skilfully applied to the production of "emergencies" which shall keep "the people" under discipline. While, therefore, the areas of this democratic struggle are primarily national, the need for the wider appeal to constructive internationalism is very urgent. For though there seems little likelihood of international co-operation along the free-trade line, the pacific and efficient exploitation of natural and human resources of production on a reliable basis of agreement must become the prime economic objective of a League of Nations or any other form of international government. For the danger and waste of economic isolation, with competitive struggles for limited markets, are so manifest that no leader of democracy can believe in confining the struggle to his own country, with a view to some distant future when the national democracies shall come together in a common cause of humanity. The economic separatism to which each nation has committed itself must, therefore, give way to active practical policies of international co-operation, as the only way of salvation. The policy of

independent sovereign States, that was compatible with some limited measure of peace and security so long as governments kept their economic functions within narrow limits, is no longer possible when every government is committed to a planning and control of all essential business processes, including the regulation of foreign trade and the money that finances it. International democracy is the only road to peace and prosperity, however difficult to travel. But international democracy does not signify the scrapping of national democracy in favour of cosmopolitanism. Territorial, racial, linguistic, sentimental bonds guarantee the continued existence of national governments. Even Mr. Wells in his latest utterance[1] has to evoke a cataclysmic epoch of collapse, in order to provide the chaos out of which his cosmopolitan government can emerge. National interest and sentiment, with the political and other social institutions they have produced, though they may and should be weakened as the wider areas of interest and sentiment acquire importance, will retain a strong hold as essential units of internationalism. In fact, that very term is a pledge of their survival.

A completely cosmopolitan government as a development from the existing system of national States is not merely impracticable. It is undesirable. For effective self-government requires that the area of such government shall be related to the par-

[1] *The Shape of Things to come* (Hutchinson).

ticular groups interested in the objects of such government. This principle is applicable through every sphere of human conduct. There are many issues so closely associated with what we rightly term the private personality of each human being that they are left to that rational self-government which consists in correlating the diverse and sometimes contending urges and interests within the personal life under a single self-control. It is of vital importance that such self-control shall be left free from the interference or dictation of the wider or narrower group in which such a person lives and the social customs and institutions which under the name of morality, respectability, propriety, "good form," would interfere within this area of free personal self-government.

Entering the social field, we find many sorts of co-operative conduct best left to the direction of the family, the neighbourhood or other areas of closely local self-government. The modern family as a "democratic" or self-governing group offers a particularly interesting field of study. For here the principles of liberty and equality have limitations which turn upon the fact that some members of the family may not yet be full persons "able to look after themselves," or to participate in a family group government. This has in the past history of man served as a screen for the most penetrating and injurious form of dictatorship, sometimes that of the father, sometimes of the mother, sometimes a dual tyranny repressing under the pretext of dis-

cipline many of the free impulses of a growing personality. The abandonment or mitigation of this discipline in recent years, the greater sense and practice of freedom and equality within the family must be accounted a most significant advance in the cause of democracy. For the seeds of freedom and self-government of the future citizen must be sown first within the narrow limits of the home.

Next comes the school. I have no space to do justice to the changes that are still taking place in educational methods. It must suffice to recognise that everywhere the rule of an arbitrary will, enforced by physical coercion, is being replaced by more reasonable forms of government with elements of active co-operation and something amounting to a consent of the taught. These reforms in the home and the school are of incalculable value as preparations for freedom and equality in the definitely political fields of conduct. The less interference from outside with the detailed government of the home and the school, the better. And yet some interference, as we know, is necessary to deal with grave cases of misgovernment. These simple, small forms of society cannot be absolute in their sovereignty, they must be organically related and even subject to some wider rule of government. This same truth holds of all the social institutions, political or other. The elaborate network of local self-government by which the citizens of a township, a district, a parish are assigned the control of matters of common local

interest, is regulated by the same democratic expedient, liberty of group action qualified by federal control.

I here introduce for the first time in this argument a term which is fundamental to the practical technique of democracy, the term federal. Federalism implies everywhere the subordination of the absolute sovereignty of one political area to the claims of a wider rule on the ground that certain aspects of local or national government vitally affect the wider area. It may be regarded as an economy of government, each area, from the family through the widening areas of local and national government to internationalism, practising free self-government in such matters as fall predominantly within the compass of its own knowledge, interest and capacity. But the term economy does not do justice to the full value of the federal principle. Its moral root lies in the basic concept of fraternity, interpreted in various phases and areas of the common life, the humanity which binds man to man ever more closely as civilisation furnishes closer and more numerous modes of communication, material, intellectual and moral.

This, it may be said, sounds specious talk, but what does it all come to? Let us then apply it to the special field of international relations. What are the governmental relations between the different countries and populations that make up the world? The basic relation between most of them is the negative one of absolute sovereign indepen-

dence. This independence is, however, qualified in several ways. A loose code of international law has long been in operation, dealing with the customary rights of intercourse between citizens of different States travelling or resident outside their national area or owning property in foreign countries. A good deal of this law is concerned with shipping and other maritime relations in the open seas. Such laws have been constituted by the voluntary recognition of community of interest among peoples of different States and the mutual advantage of putting these interests on a stable basis of co-operation. But though a Court now exists at The Hague for the equitable pacific adjustment by arbitral or judicial procedure of differences between member nations, no adequate powers exist either to compel recourse to this Court or to enable the Court to execute its awards.

Outside the area of so-called international law, international co-operation has in recent times been making important advances along the lines of postal, railway, telegraphic, telephonic and radio arrangements, and for certain hygienic and other humane policies. Before the War international governmental conferences were making a timid advance towards a common standard of conditions for labour in different countries. But none of this internationalism contained a surrender of sovereign independence, or the acceptance of any effective sanctions for the fulfilment of any obligations

which the member governments in such arrangements might have undertaken.

Though the League of Nations has furnished a more continuous set of instruments for such positive co-operation, in its various Commissions and its supplementary bodies such as the I.L.O. and the Bank of International Settlement, regarded as a basis for world government in the true sense, it is defective alike in membership, methods and authority. The slowness of this advance is attributable to two conspicuous defects of nationalism. On one of them, the insistence upon sovereign independence, the vicious temper of isolated nationalism, I have already touched. The other lies in that imperialism which is the denial of legitimate nationalism to weaker countries held as Colonial possessions, protectorates, mandated areas, or "spheres of influence." The history of modern imperialism makes it evident that, whether this power is acquired and exerted for political or for purely economic ends, it is obstructive to international democracy, on the one hand by the denial of self-government to the subject peoples, on the other, by poisoning the democratic atmosphere of the country wielding this coercive power over the life and labour of weaker peoples.

For the personal freedom which is the breath of national democracy is inconsistent with the claims of imperialism to limit freedom in its subject empire. The worst symptom of this evil spirit is the pretence that this imperial power is "a white

man's burden" undertaken for the elevation of the subject races, to teach them the "dignity of labour" and to lead them towards self-government. This moral corrosion necessarily accompanies the political corrosion which makes national democracy incompatible with imperialism. That an advanced people is able to help a backward people in many serviceable arts of civilisation for their own good, may well be admitted. The form of a mandate under the Covenant of the League was a true profession of this service. It was, however, marred in its application by the allotment of these mandates in accordance with the respective claims and "pulls" of the recipient nations, and the lack of any adequate international safeguards either for the rights of the inhabitants of mandated areas or for the equal enjoyment of rights of trade and settlement by other nations.

But though the "mandate" principle is imperfectly applied, it must none the less be regarded as a right and necessary adjunct of federal democracy in internationalism. For there exist certain countries whose populations are too backward in the arts of civilisation for equal participation in democratic federalism but which none the less cannot be left out of any scheme of world-government. For such countries may contain material resources the development of which is of prime importance for world prosperity, and the claim that the people in occupation of a country are the absolute owners of those resources, and

entitled to leave them undeveloped, is a quite inadmissible assertion of national sovereignty. So likewise a backward country which, by its position, affords the only or the easiest access for the peoples of adjoining countries to communicate with one another, is not entitled to refuse or to impede such access. Such claims of absolute ownership and of isolation are of course equally applicable to civilised countries, and any democratic world-government would deal with them. Here I cite them as conclusive evidence against the view that the injustice and tyranny of imperialism can properly be cured by the complete liberation of such areas from external rule. But if it is neither to the interest of the world, nor of the backward peoples, that they should be left entirely to their own devices, a federal democracy must be accorded some powers of intervention primarily directed to the welfare of those backward populations, but also to the commercial and other rights of the outside world. A specific mandate to perform such services may be given to a civilised country whose position and knowledge render it best fitted for this performance, or else a body more directly representative of the Society of Nations may undertake it.

The purpose of this argument is to meet the objection against attempts to extend the democratic principle to world-government on the ground that some peoples are as yet neither capable of democratic rule for themselves nor capable of

equal participation in such world-government. Because imperialism has in the past been a forcible and selfish scramble for power and plunder, at best with incidental and secondary gains to the governed, that is no reason either for pretending that definitely backward peoples are capable of immediate participation in world-government on equal terms with advanced peoples, or that they can safely be relegated to an isolation neither splendid nor secure. Whereas the removal of all such backward territories from the control of a single imperial power is essential not merely to the safety and progress of the population of such areas, but to the democratic character of the people wielding the imperial power, it is right that such backward peoples should be incorporated in the world federation upon such terms as I have above indicated.

But supposing the case of imperialism thus disposed of, how should the principle of federal democracy be applied to the participant nations? This principle can be applied in either or both of two directions. The first is by a delegation of legislative and executive powers from the central government to local or functional bodies more competent to undertake such work. In such federalism, the powers delegated are of a specified character and some final check upon their proper use is usually reserved to the central government. The federalism, however, which here concerns us is a movement in the opposite direction, by which

certain sovereign powers or rights of independent nations are ceded to a new federal power brought into existence in order to exercise them. To most of us the League of Nations has been the embryo of such a federal world government. Its defects in origin and structure, the misshapen child of a victorious war, set in infancy to cope with a nationalism inflamed by the follies and iniquities of the peace treaties, afforded perhaps no reasonable hope of rapid growth towards a sound world democracy. But feeble as have been its achievements in its main task of securing military and economic peace, our disappointment should not lead us to ignore its possibilities, or to suppose that somehow suddenly the world will become so rational and human in its aspiration that nationalism can be superseded by a cosmopolitan government, either oligarchic or democratic in its structure. Nationality as a basis of government must and will have its proper and important place in the wider application of democracy. For many purposes the nation, with its strong historic sense of community and its traditional institutions, must remain the proper area of free self-government. But national democracy must shed its claim to absolute sovereignty and must cede to a federal world-government powers necessary to deal with issues of international or, more properly, supernational import.

In this necessarily brief indication of a democratic world-government, the vital questions are two,

first, what are the functions which must be handed over by the national democracies, secondly, how should the international government be constituted. As to the main functions of such a world federation there can, I think, be little doubt. The maintenance of peace by the requisite machinery of international law, with the judiciary and police powers needed to enforce such law, is the first essential. The lamentable failure of recent disarmament attempts is manifestly due to the insistence of each national power upon its right to make its own provisions for its national security and to set its own qualifications upon each practical proposal to disarm. A Society of Nations is impossible until those elementary powers to maintain world order are placed in its hands.

Hardly less important are the powers to secure the world against the economic disorders and conflicts which have been the causes and precursors of actual war. The federal government must here have firm control over the instruments of international trade and communications. International trade can only be secure and prosperous on condition that the finance through which it is conducted is internationally controlled. Therefore, the supply of currency, credit, investments and loans, outside the needs of the several national areas, must be regulated by the federal government. The network of communications by land, sea and air is likewise an essential of international government. The development of national resources in

backward countries, and the finance connected with it, is, as we have already indicated, a proper task of internationalism.

A fully developed Society of Nations on a democratic socialistic basis would, no doubt, go much further in the expansion of its economic functions. It would organise the material and human productive resources of each country in relation, not exclusively to the needs and gains of its own inhabitants, but to those of humanity at large. Such a task would, of course, involve far larger cessions of national sovereignty than we have here contemplated. But even if each nation member of a world federation were socialised for internal government, it is unlikely that they would all consent to a world-pooling of the national resources. At any rate such a consummation is too distant for consideration here. The economic application of the democratic principle to the functions of world-federalism would be unlikely, for some generations, to proceed to so strict a limitation of national self-government. But it would be foolish, even at the outset of the experiment, to limit the powers ceded to the international government so closely as to place difficulties in the way of their enlargement to meet the new requirements of a changing world. The history of the United States is a standing example of the follies of a Federal Constitution so rigid as either to rob the federal government of much needed powers, or to compel it to resort to crooked

and inconvenient artifices for the correction of such defects. The present crisis in American affairs is due in no small measure to the retention by the several States of financial and other economic powers, defensible enough a century and a half ago, but incompatible with the closer unity and wide-spread business organisations of modern America. In a federated world-government it is pretty certain that a continual increase of functions must pass under the federal power, and nationalism must not be left in a position to obstruct this process.

Now turning to the structure of a Society of Nations, we come to the difficult issue of the basis of representation. Are we to take the principle "one man one vote," generally accepted for a national democracy, as applicable to the federal government, in the shape of an equality of States irrespective of size of land or population, conditions of trade, education or other tests of needs or capacities? Such a proposal, which would give the Republic of Andorra an equal voice with France or Germany or China in the World Council, is quite indefensible. Even for national democracy the equal franchise is only acceptable because no safe test of the proportionate fitness of citizens to take part in government can be devised, not because it is actually true that all citizens are equal in political capacity. But the disparity in the case of member States in a World Federal Democracy would be so enormous and so evident as to render the policy of "one State one vote" intolerable.

None of the larger powers would consent upon such terms to the cessions of sovereignty needed to establish the world-government. Nor could size of population, taken by itself, afford a satisfactory basis of representation. A parliament in which China, India and Russia could outvote the rest of the world, and in which the civilised nations of the West would be politically penalised on account of birth-control, could not command a reasonable acceptance. For good government, as for other social institutions, quality should count for more than quantity. But the application of a strictly qualitative test of human values would imply a general acceptance of racial, class, cultural and other standards of human value which would manifestly be impossible.

Some mitigation of this difficulty may be found in two directions. The earlier steps towards a world democracy, such as we have under consideration, would be taken not by the simultaneous action of all States, but by the more advanced States which, in the League of Nations and by group-treaties, had been educated in the growing necessity of a World Government and in the kinds of co-operation which such a government most urgently requires. The conception of a common interest in such co-operative work, irrespective of the size and status of the national units, would form the moral nucleus of the future world-government. An international parliament, growing out of such experimental co-operation, and

recognising the urgency of common governmental action in matters of political and economic necessity, can, I think, be conceived as reaching a compromise on methods of representation in which due weight would be given not only to the size of a country and of its population, but to the qualitative status it held in the recognised arts of civilisation, and the contribution which a long tradition of such civilised life enabled the more advanced peoples to make to the general progress of humanity. These somewhat vague generalisations signify that, although no closely reasoned basis can be found for applying the democratic principle of equality to a world-government, that fact need not prevent the creation of such a government, provided the common sense of vital interests among the advanced nations demands it.

We need not suppose that the movement towards such a world-government as is needed can be held up because of the impossibility of getting an agreement on the respective human values of an Englishman, a Turk, a Chinaman, a Russian. For behind such divergencies of valuation lies the common factor in humanity, which outweighs all differences, and furnishes the determinant urge towards human co-operation in an ever wider range of interests.

One other important consideration requires attention. In discussing national democracy we saw that its efficiency required an ever larger delegation of powers to functional bodies repre-

senting the various professions, industries and other economic groups. This instrument of practical government would be of even greater value in a World Democracy. Indeed, it can easily be seen that the incorporation of such a system is essential to the survival of democracy on both the national and the international plane. For, though the pre-War drive towards international capitalism, in the shape of cartels and other business controls, has been temporarily weakened by the forces of economic nationalism, it is virtually certain that the new advances of capitalistic productivity will impel world capitalists to combine in every special industry where such combination is needed to control output, prices, and distribution of markets. Now such international controls, if left to their free run, are manifestly incompatible with democratic government, either national or international. It is necessary that a federal world government, in so far as it delegates powers to federal functional bodies, shall deal with bodies which are representative of all interests in the several industries, so that the democratic principle may prevail throughout the federal structure. This condition makes it very difficult to conceive effective world-democracy becoming a reality until capitalism has been eliminated at least in all the fundamental industries and services. But having regard to the compromises in the logic of pure democracy which we recognise as unavoidable, I would not go so far as to say that federal world-government could

not come into existence until all its constituent States had taken on a full democratic socialism. Even in its present crippled form and weakly spirit the League of Nations is a distinct advance on the former nationalist anarchy, and an acknowledged authoritative federation, with large powers over crucial political and economic issues, could function with considerable success, though some of its members were still capitalist democracies, or dictatorships either of the right or the left. But such a federal machinery would, of course, only work with a good deal of friction and creaking. The capitalism that remained entrenched in national governments, whether democratic or avowedly oligarchic in form, would be constantly tempted to tamper with the levers of federal control over certain economic industries and services whose administration affected its profitable operations. Indeed, to many practical politicians and business men it would seem much more natural and easy for a federal world-government to be established by capitalism for capitalism, with such considerations for popular well-being as were required to evoke and maintain a formal consent of the governed in accordance with the traditional constitution of the several nations. But in our economic analysis we have shown that such a policy, however specious in the short run, could not make a permanent success, because a world-capitalism motived by profits must continue to expend its productivity in excess of its consump-

tion, so repeating in an ever acuter form the wasting sickness and the other maladies from which the world is suffering to-day. The only sound basis for world economic democracy is a national democracy which shall secure a distribution of the national income so equal and equitable as to maintain a balance between higher productivity and higher consumption. This balance, as we saw, cannot be secured by competitive or monopolistic capitalism. It involves a conscious planning by representatives of the common interests of the producer-consumers in control of all fundamental or key industries and services, a substantially socialist government. If a world-federation can emerge before the national units have all taken on such planned economy, its experimental procedure will disclose the practical difficulty of effective co-operation between capitalistic and socialistic States, and will facilitate the conversion from capitalism into socialism in the countries still clinging to the old obsolescent order of economic government. But it would be a bad technique of progress to shirk endeavours to promote world economic government on the ground that each country should "set its own house in order" as a prior condition to wider co-operation. A wise opportunism favours simultaneous advances on every front, and the seizure of every chance to strengthen in general and in detail the advance of a democracy in politics which embraces economics in its new scope of government.

CHAPTER IX

THE SURVIVAL POWER OF DEMOCRACY

THE recent collapse of popular self-government and the reversion to dictatorships and oligarchies are seen to be attributable to the appearance of two related types of emergency, both aggravated by the occurrence of the Great War and the bad peace, though the origin of both lies deeper embedded in the political and economic structure of national society. The economic emergency, the paralysis of the productive powers of every country, due to the failure of consumers to purchase and consume the wealth which producers are able to produce, has brought unprecedented losses, poverty and unemployment to most classes of the community, and has stimulated dangerous antagonisms, not only between rich and poor, capitalist and worker, but also between debtors and creditors, agriculture and town industries, sheltered and unsheltered trades, industry and finance. The other emergency is *prima facie* political, viz., the inability of governments to furnish to their peoples and to the world at large a reasonable security against the outbreak of another war. The visible failure of a disarmament policy, accompanied by an active campaign of economic

war, conducted by tariffs, embargoes and other offensive-defensive weapons, marks the interaction of these economic and political emergencies. In so dangerous a world democracy, it is held, cannot function. A war atmosphere demands the absolutism of dictatorship. History shows us that in emergency strong men assert their right to rule and popular assent is obtained—for a spell. But history also shows that dictators and oligarchs always tend to outrun their mandate and by their impolicy to extend the period of emergency. Peace and prosperity they fail to give, and failing, fall. This is the broad lesson of history. Will it be belied by the new era on which the world is entering?

There are, I think, those who would reply in the affirmative. Their case is this. The new art of government, extending, as it does and must, to a public control of the equipment and operation of the economic system, is so delicate and intricate as to surpass the wit of ordinary amateur electors and their "public opinion." It is an expert job, which, to be done properly, must be done by trained brains, devoted to the public service, but not subject to the ignorant interference of incompetent voters or their parliamentary nominees. For, it is clearly understood by those who hold this view, that incompetence extends from the uninstructed masses to the members they elect, and therefore parliaments must be limited in power to ineffective criticism. To the objection that dic-

tators are self-appointed and rule by force or glamorous personality, the semi-mystical theory of a divine right or a "natural selection" is applied. The occasion calls forth "the great Man," according to the Carlylean dogma. To doubters it is further replied, that, even if dictators are ambitious, play for their own hand, or even feather their own nests, they will display more skill and efficiency in handling difficult situations than the untutored mind of a democracy.

In dealing with this claim it is worth while pointing out that new dictatorships differ from those of ancient times, in that they do not rely so much upon enforced acceptance, but use the new arts of propaganda to work up a fervour of "spiritual enthusiasm." In Italy, Germany and Russia this exploitation of the mass mind is an integral part of the technique of tyranny. It takes over from the decaying religious creeds and rituals attitudes of mind and behaviour which can be made serviceable to political dominion. This is already marked by the working up of definitely sacred sentiments towards Lenin, Hitler, Mussolini as modern saints and "saviours." It is in some measure a reversion to the priest-chieftain of a primitive race. Here they utilise the raw material of an inchoate uninformed democracy, the herd-mind. This mind has two defects, which at first sight seem opposed, though really related organically to one another. The stupid indifference, which normally prevails in the attitude of the majority

of all classes towards the conduct of public affairs, contrasts dramatically with the tidal waves of enthusiasm, fear or hate, which sweep over the mind of the multitude in periods of great emergency. How, it is said, is it possible that such a people can safely be trusted with real powers of self-government? Wiser persons must take upon themselves the right and duty of governing for them. Granting all the risks of oligarchy, they are far less than the risks of democracy.

To meet this contention it is necessary once again to open up the source of real power and capacity for a self-governing people. That capacity I have hitherto termed "common sense," by which is understood the half-rational, half-instinctive power of judgment by which persons express themselves in the conduct of private and public affairs. It is not exclusively a selfish urge, for it includes some not clearly formulated feeling for the "common good" and so far ranks as a "sense of community." Education and experience can raise this common sense to the higher level of "reasonableness." Indeed, it is ultimately upon the wider spread of this quality of mind and temper that the claim for democracy, alike in its national and its international field, must rest. Though the term "reasonableness" appears to stress man's intelligence or thinking power, it is equally concerned with his moral attitude or feelings. When you charge a man with being "unreasonable," you generally mean that he thinks

and acts unwisely because he is under the influence of an emotional bias. His unreasonableness is expressed sometimes in his attitude towards himself, a passionate refusal "to make the best of himself," but generally it means a wrong attitude towards others, prompted by egotism, class, racial or national feeling. It is this latter sort of unreasonableness that bears upon our problem of democracy. For though the detailed work of modern government calls for considerable knowledge and intellectual power in its responsible ministers, and some intelligent grasp of principles and policies in the conscious electorate, its chief difficulties lie rather in the sphere of emotions.

The basic feeling in sound democracy is a sense of the rights of others. This does not, indeed, carry one very far towards the active co-operation which democracy requires. But it implies a feeling for liberty and equality. Its first expression is that of tolerating non-interference with the speech and conduct of others who speak and act differently from ourselves. The habit of such toleration generates a positive feeling of fair-play, justice, equality of opportunity. A purely individualistic conception of society, as of a number of persons freely seeking their own good upon equal terms, is what may be called the rudimentary phase of democracy. Proceeding as it did from a sense of the relations between man and his Maker among the Puritan founders of New England, it entered into the very marrow of republican institutions

in America and formed the spiritual foundation of their competitive system in business and politics. But a sense of equality did not form a sufficient guarantee of toleration, in matters of religion or other conduct, where strong feelings about right and wrong entered in. Indeed, "the tyranny of the multitude" has been a chronic disorder in American democracy, which, as Dr. Bonn shows in his masterly study,[1] frequently tends towards anarchy.

In any case, toleration and fair-play only carry us half-way towards true democracy. A sense of justice towards others needs to be reinforced by active sympathy, and sympathy must be realised and nourished by personal co-operation.

For democracy, as a modern art of government, requires that, within each group or nation and within the Society of Nations, there shall be an organised pooling of human and natural resources for the common good. It was once supposed that this could be achieved without any concerted plan by a natural harmony between the separate gains of individuals and the general good. Such a theory had the apparent advantage of leaving everybody free to follow out his selfish instincts and make the most for himself without any conscious regard for others. Now the new task of creating and maintaining a conscious organised democracy implies a real struggle in the cause of reason, justice and goodwill. It is idle to ignore or minimise the

[1] *The American Experiment* by Moritz Bonn (Allen & Unwin).

human obstacles to success in this struggle. Class-war and national war cannot be exorcised by smooth words about "solidarity of interests" and "the good of humanity." If capitalism can continue to make great profits, by exploiting cheap labour and the consuming public, it will not be deflected from this course by appeals to generosity or public services. If organised labour can extort high pay, either from employers or consumers, it will do so, without ever realising the broader implications of its policy. If groups of industrialists can by political pressure gain a monopoly of their national market or special advantages in the control of outside markets for their goods or capital investments, they will not be deterred from using their economic and political power by consideration of the losses of other groups or other nations. If nations or empires think themselves able, by diplomatic or armed forces, to extend their dominion over weaker neighbours, so as to satisfy their lust of power or greed of wealth, they will not be prevented either by altruistic feelings or by regard for "the public opinion" of other nations whose past history has shown them practising the same policies of power and greed.

But we need not despair. In spite of the temporary setback, alike in political sentiment and in economic policies, due to the War, there is a ripening of pacific and co-operative feeling and a new perception of identity of long-range interests that afford a rational hope for reconstructed

democracy. Though class antagonisms within each nation, and national antagonisms in the wider field of human relations present more conscious obstacles to peaceful democracy than ever before, the higher level of this consciousness carries some element of rationality. The inherent falsity of the early crude conception of class-war, as a clear-cut conflict between "capital and labour," is giving way, under closer inspection and experience, to a more complex analysis of interests and forces in the economic struggle. So, likewise, the mad attempts of national governments to carry the independent sovereignty of their political relations into the field of industry and commerce are beginning to furnish a liberal education in the elements of economic internationalism. The temporary failure of the League of Nations to build a reliable edifice of international democracy upon the pacific constructive co-operation of equal States, is serving to make manifest the urgent peril of an anarchy of States as the alternative.

Our analysis has brought out the organic interaction of these intra-national and international disorders, in which the lust of power combines with the greed of gain for the establishment of personal, class and national dominion. Now the fundamental assumption in these struggles is the confident belief that no real solidarity of interests exists between the various units of humanity, and that, therefore, it is possible for each person, class, or nation, to make a separate gain for himself by

seizing and utilising the political and economic resources at his disposal. But the situation in which the world finds itself to-day exposes more clearly than ever before the falsity of this assumption. The failure of capitalist democracy to operate as an effective profit-making instrument is a complete refutation of the separatist fallacy upon which the policy of *laissez faire* competition within each nation and in international relations has been based. Organised conscious co-operation in both spheres is seen to be essential for recovery and future safety. Peace must be rescued from its feeble position as an amiable negation and assigned a positive function in co-operative enterprise. If reasonable considerations show that individual, class, national struggles for power and wealth are futile, and that ever wider and closer co-operation is the sole path to human prosperity, the exhibition of our present economic breakdown with its political manifestation of dictatorships and international hostilities may be a necessary step in the appeal to reason. The economic equality, never yet achieved as a stable element in democracy, is now for the first time seen to be a necessity for the survival of civilisation.

For the organised economic activities of men demand such equality as an indispensable condition of the working of the modern machinery of production.

The maintenance of an equilibrium between rising productivity and increasing consumption

requires within each nation the adoption of a high-wage policy, which will enlarge the consumption of the workers, and a progressive policy of communal services financed by taxation of inheritances and high incomes. But this economic equilibrium within a single nation cannot suffice for a solution of our problem. For, as full productivity implies international co-operation in industry, commerce and finance, so the provision of an adequate expenditure upon consumption goods involves, if not a fully planned international policy, at any rate the adoption by all advanced industrial nations of a common economic strategy of high wages, public services and increased leisure, in order to secure a right equilibrium between productivity and consumption. This common policy, applied through a political and economic federalism which recognises divergences of national development, does not necessarily imply a rigid equalisation of incomes as payments for economic services either within a nation or throughout the international system. Nor does it imply the same amount of nationalisation in ownership or control in different countries. The economics of democracy will aim at a harmony between the claims of public and private enterprise, which, though continually enlarging the proportion of production and employment which falls under the former, will leave ample scope and stimulus to the more adventurous paths of private discovery and business enterprise. It is the failure to adapt world-

economics to the new conditions of this internationalism, that has been the chief provocative, alike of the class-conflicts from which dictatorships within each country have arisen, and of the inflamed aggressive nationalism in which the defence of capitalist power disguises its less reputable character and aims. But an overstressing of the economic aspect of the democratic problem fails to take due account of the new auxiliaries in the cause of constructive world-democracy which are of continuously growing strength in our modern world. Even many who to-day favour restraints on import trade as emergency measures admit that under recovery world-commerce would revive, and with its revival strengthen every mode of rapid, easy intercourse between peoples which modern travel, the radio, the cinema and other standard inventions have established. Better knowledge, wider spread, must feed better understanding and sympathy beyond the limits of nationality, and help to replace the concept and sentiment of independent nationalism by a growing perception of the material and moral gains of a federal democracy in which is realised the commonwealth of nations.

Modern Democracies, by Lord Bryce (Macmillan & Co.) (the fullest account of popular self-government before the collapse).

Three volumes in the Home University Library (Thornton Butterworth) present the theory of Modern Democracy):

Political Thought from Locke to Bentham, by H. J. Laski.

Political Thought from Spencer to To-day, by Ernest Barker.

History of Freedom of Thought, by J. B. Bury.

L. T. H. Hobhouse in *Democracy and Reaction* (Fisher Unwin) and R. H. Tawney in *Equality* (G. Allen and Unwin) give the best analysis of the new dangers which liberal institutions are exposed.

For an account of the post-war situation see:

The Intelligent Man's View of Europe To-day, by G. D. H. and M. J. Cole (Gollancz).

A Short History of the World, 1918-1928, by C. Delisle Burns (Gollancz).

Special studies of the present struggle are given in:

Prosperity or Peace? by H. N. Brailsford (Gollancz).

Democracy in Crisis, by H. J. Laski (G. Allen and Unwin).

After the Deluge, by Leonard Huxley (Hogarth Press).

Modern Civilisation on Trial, by C. Delisle Burns (G. Allen and Unwin).

The Economic Foundations of Fascism, by Paul Einzig (Macmillan).

The Open Conspiracy, by H. G. Wells (Gollancz).

The Economics of Unemployment, by J. A. Hobson (G. Allen and Unwin).