John A. Hobson
Collectivism in Industry
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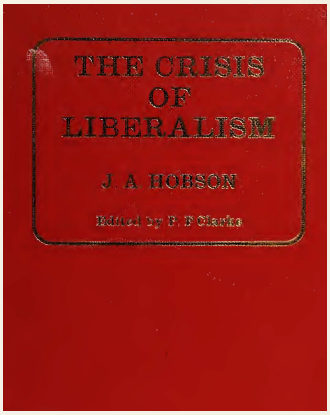
Reprinted in John A. Hobson, *The Crisis of Liberalism: New Issues of Democracy*, London: P.S. King and Son, 1909, pp.114-132. Transcribed by Daniel Gaido. Marked up by Einde O'Callaghan for the Marxists' Internet Archive.

Note by the Transcriber: Eduard Bernstein's first article in his *Problems of Socialism* series, which gave rise to the Revisionist Controversy, was published in *Die Neue Zeit*, Vol.15 No.1, 28 October 1896, and carried the title *General Observations on Utopianism and Eclecticism*. There is an English version in H. Tudor and J.M. Tudor (eds.), *Marxism and Social Democracy: The Revisionist Debate 1896-1898*, Cambridge University Press, 1988, pp.73-81. Bernstein's article contains long quotations from an essay by John A. Hobson, published anonymously as an introductory article in the *Progressive Review*, No.1, October 1896. Hobson is referred to as "a lecturer for the University Extension Society and the author of a very good work, reviewed in this journal, *The Evolution of Modern Capitalism* (1894)." *Ibid.*, p.78. Earlier, Bernstein had reviewed Hobson's book in *Die Neue Zeit*, Vol.12 No.2, 1894, pp.504*ff.* See also the review by Lenin, published in May 1899 in the periodical *Nachalo*, No.5.

Bernstein's second article in the series *Problems of Socialism* was published as „Eine Theorie der Gebiete und Grenzen des Kollektivismus", *Die Neue Zeit*, Vol.15 No.1, 28 October 1896, pp.201-213. It was actually a translation of the present article by John A. Hobson, "Collectivism in Industry", *Progressive Review*, No.1, October 1896, pp.38-52, reprinted in Hobson, *The Crisis of Liberalism: New Issues of Democracy*, London: P.S. King and Son, 1909, pp.114-132. Kautsky commented on it in a letter to Victor Adler: "I couldn't find much to agree with in Ede's second *Problems* article. Let us hope that there is a third on the way. [The third article was called „Der gegenwärtige Stand der industriellen Entwicklung in Deutschland", *Die Neue Zeit*, Vol.15 No.1, 1896, pp.303-311.] The Fabians will have to be dealt with more vigorously, and in particular they must be made aware that they are setting the consumers' interest above that of the producers, though it is the latter which is crucial. In the last resort, the position of the workers is determined by their interests as producers, not as consumers, and the first concern of socialism is to abolish the exploitation of the workers, not of the consumers. This means that collectivism will certainly not be defined as Hobson defines it, and someone ought to say so." Kautsky to Adler (extract), Stuttgart, 12 November 1896, in H. Tudor and J.M. Tudor (eds.), *Marxism and Social Democracy: The Revisionist Debate 1896-1898*, Cambridge University Press, 1988, pp.81-82.



COLLECTIVISM IN INDUSTRY

A contemptuous neglect—sometimes a boastful repudiation—of principles or theories of social reform is a characteristic attitude of most "social reformers" in England to-day. Rejecting the "scientific" claims of Social Democracy upon the double ground that its analysis of economic problems is radically defective and that it fails to apply practically to the future the conception of historic evolution which it recognises in interpreting the past, English "progressives" present no alternative analysis or theory, nor do they recognise the need of forming any. Not a few among them have passed through a period of half-intellectual, half-emotional Utopianism, dreaming dreams and seeing visions, but they have come out at the other side, and pride themselves upon having sloughed all hallucinations and settled down to the practical work of detailed reform. Most of them frankly admit that along with their early hallucinations they have shed all "theory" or "principle" as awkward encumbrances which impede that facility of compromise by which alone they deem each separate measure of real progress can be achieved.

Many earnest workers in the cause of that expansion of Municipal and State activity, which is termed Collectivism, are especially impressed by this conviction of the futility of theories and ideas. Progress is for most of them purely a matter of detailed experiment, which shall concern itself only with the special circumstances of each case. Such work, they hold, is best entrusted

to men with no particular intellectual principles or broad convictions, or who, if they have any, will be careful not to seek to bring them into application. Mazzini, indeed, has told us that "principles alone are constructive," but our practical reformer is sure that he knows better: he sees how very apt principles are to get in the way and to clog the wheels of progress. Whatever may be true of France or Germany, English history, as he reads it, proves that progress is not governed by the conscious operation of ideas. This revolt against ideas is carried so far that able men have come seriously to look upon progress as a matter for the manipulation of wirepullers, something to be "jobbed" in committee by sophistical motions or other clever trickery. Great national issues really turn, according to this judgment, upon the arts of political management, the play of the adroit tactician and the complete canvasser. This is the "work" that tells: elections, the sane expression of the national will, are won by these and by no other means.

Nowhere has this mechanical conception of progress worked more disastrously than in the movement towards Collectivism. Suppose that the mechanism of reform were perfected, that each little clique of specialists and wirepullers were placed at its proper point in the machinery of public life, will this machinery grind out progress? Every student of industrial history knows that the application of a powerful "motor" is of vastly greater importance than the invention of the special machine. Now, what provision is made for generating the motor-power of progress in Collectivism? Will it come of its own accord? Our mechanical reformer apparently thinks it will. The attraction of some present obvious gain, the suppression of some scandalous abuse of monopolist power by a private company, some needed enlargement of existing Municipal or State enterprise by lateral expansion—such are the sole springs of action. In this way the

Municipalisation of public services, increased assertion of State control over mines, railways, and factories, the assumption under State control of large departments of transport trade, proceed without any recognition of the guidance of general principles. Everywhere the pressure of special concrete interests, nowhere the conscious play of organised human intelligence! Yet the folly of thus ignoring ideas and the enthusiasm they can evoke, and of trusting entirely to the detailed pressure of felt needs and grievances, can be made manifest even to the practical man by pointing out how such an expansion of Collective action by redress of known long-standing grievances not merely implies a waste of Collective energy in the past, but involves the grievous expense of compensating vested interests which a wiser regard for "theory" would never have permitted to grow up.

My object here is to justify the practical utility of "theory" and "principle" in the movement of Collectivism by showing that reformers who distrust the guidance of Utopia, or even the application of economic first principles, are not thrown back entirely upon that crude empiricism which insists that each case is to be judged separately and exclusively on its own individual merits.

There are certain middle principles and sober hypotheses which are serviceable half-way houses, built by legitimate generalisation out of past experience, to which it is reasonable to appeal. The student of recent economic history finds a plainly marked development of the structure of business, which throws a clear and powerful light upon the true paths of progress in collective enterprise.

"The Wealth of Nations," written upon the very brink of the industrial revolution, contains a most instructive passage in which Adam Smith assigns what he held to be the necessary economic limits to joint-stock enterprise:

"The only trades which it seems possible for a joint-stock company to carry on successfully, without an exclusive privilege, are those of which all the operations are capable of being reduced to what is called a routine, or to such a uniformity of method as admits of little or no variation. Of this kind is, first, the banking trade; secondly, the trade of insurance from fire and from sea-risk and capture in time of war; thirdly, the trade of making and maintaining a navigable cut or canal; and fourthly, the similar trade of bringing water for the supply of a great city."*

Now in the first place it will be observed that all these "trades" which in the later eighteenth century Adam Smith saw ripening for joint-stock enterprise, together with their allied branches of business, have passed right through the phase of joint-stock enterprise, and are in various places and at various paces visibly moving towards the condition of public businesses. Not merely in America, but all over the civilised world, the growing use of credit-money and the speculative processes of modern commerce are driving home the dangers of private banking, and the support which various governments are practically forced to give to private firms in financial emergencies is everywhere strengthening the conviction of the necessity of a firm national control of currency in all its complex forms, which is the normal development and adjustment to modern conditions of one of the earliest and most general functions of the State. Closely related to the trade in money is the Insurance trade. With the growth of credit on a basis of banking has grown a number of risks against which provision must be made. As Adam Smith truly foresaw, this work has proved suitable for joint-stock enterprise; but in several countries private joint-stock is giving way before public joint-stock. The most pressing risks of old age poverty, disablement and death, are passing under schemes of State insurance, voluntary or compulsory; the habit of

* Book V., chap. i., part 3.

"pooling" risks of fire and life among formally competing companies, so as to eliminate genuine competition, is rapidly preparing the way for a wider recognition in this country of the economies of State insurance. The "navigable cut or canal" was the first fruit of large capitalism in the transport industry and involves in its development of structure that large department of industry which takes national shape in railways, postal service and steamship companies, and municipal shape in tramways, omnibus companies, local telephones and railroads. This whole vast transport trade has fully ripened under companies: the mightiest member of this industrial class, the railroad, has in most countries been established by or fallen under State management; or, as in the United States, is either drifting out of private into public hands from the pure pressure of economic circumstances,* or is organising its hitherto competing members into vast monopolies wielding a dangerous dominion over the industry of whole States. The fourth of Adam Smith's trades, that of Water Supply, is likewise the index and forerunner of an ever-increasing series of industries for the supply of common municipal needs, including gas, electricity, etc., which are being municipalised in all parts of the civilised world.

Now, the first lesson contained in these facts is the plain testimony to a natural course of growth by which certain large classes of industry are seen to pass from individual into joint-stock business, and again from joint-stock business into public business, the limit of Collectivism being determined by the specific character attaching to each work. So wide and so multifarious is this movement, that it cannot fail to impress all observers with that feeling of inevitability which is the characteristic of the operation of "natural" laws. Many even among those who both in principle and practice have set themselves in most stubborn opposition

* In 1894, 192 railroads, containing nearly one-fourth of the aggregate mileage in the United States, were in the hands of Official Receivers.

to this current of events are compelled to bear regretful testimony to the overpowering force of the stream.

Some, again, have been so powerfully impressed by the volume of this movement that they derive from it a general law which they seek to impose upon all industrial growth. All businesses, they urge, pass from small simple types into larger and more complex types, outgrowing first the bounds of individual or family control, then, taking on the joint-stock or voluntary co-operative structure, so increase in size and strength as to develop a monopoly character, which ultimately compels the State, as agent for the interests of oppressed consumers, to "take them over." According to this view, all industry alike is moving along the same road, at different paces, towards the same goal of State Collectivism.

Is this a just interpretation of the facts? If not, what limits are to be assigned to the operation of this law? To find the answer to this question, let us turn to the pregnant criticism of Adam Smith. The common character of those businesses which in his day were suitable for joint-stock enterprise he marks by the word "routine." This furnishes a crucial test. Trades which are susceptible of "such a uniformity of method as admits of little or no variation," which can be reduced to "routine," are visibly, and in some cases rapidly, moving along the prescribed road to Collectivism. "But," it has been said, "cannot all industry, sooner or later, be brought under 'routine' conditions and worked collectively?" This question is intimately connected with another relating to the limits of machinery. The machine has been continually encroaching upon the domain of handicraft, and has executed by mechanical "routine" methods the work which formerly required the exercise of individual skill. Can all work be brought under the control of the machine? The vital connection of the two questions is marked by the fact that the growing application of machinery, especially to the

manufactures and the transport industries, has been the most potent agent in driving these industries towards joint-stock enterprise and towards Collectivism. If, then, it appears that there are certain kinds of work which cannot be done by machinery, which do not require large capital, which are essentially and eternally incapable of reduction to "routine," such work seems likely to resist the movement to Collectivism. Are there such kinds of work? For answer, turn to the consumer, for the satisfaction of whose needs the whole of industry primarily exists, and whose "effective demand" controls alike its quantity and character. There are certain needs which nature or custom has imposed alike on all members of a community, or upon large sections of Society in cases where economic resources are unequally apportioned. There are general human needs which are satisfied by the production of large quantities of goods of common quality and common shapes and sizes. Such "routine" wants can be supplied by "routine" industry, and the very economic nature of these wants, as we have seen, drives the industries which are engaged in their satisfaction towards Collectivism. It is, of course, this principle, which has collectivised the high roads of all civilised countries, placing them under national or local control according as they supply the common need of the nation or of the locality; and the demand for nationalisation of railways involves no new principle of policy, but merely an adjustment of the mechanism of transport to the modern conditions of the "consuming" public. Almost all the means of transport, whether for persons, messages, or goods, in populous countries tend to pass into the condition of "routine" industries. The whole work of conveyance along common routes is of a "routine" and mechanical nature. It is true that what is called "routine" may consist with great complexity, and with some irregularity of demand. But when we are dealing with a wide common demand this complexity may be copied by complex

machinery, and this irregularity discloses its own laws of fluctuation. The conveyance of men and goods is not more irregular than the conveyance of letters and telegrams.

But many of the needs of ordinary material consumption are of a "routine" character, for the whole or for large sections of a community. Because all citizens use water and gas, and because there should be only one sort of water and gas in use for all, namely, the best and purest that is attainable, these industries tend to pass into collective forms. It is not quite Utopian to look forward to a time when it may be considered as important that one sort of milk should be consumed by all, and when the general demand for bread may be brought within such narrow limits of difference that these industries shall be added to the services of municipal supply. So far as the body of the public are dominated in their needs by common elements of humanity, whether on the material or the mental plane, mechanical and "routine" methods which tend to take on collective forms will be more and more adapted to their supply.

In proportion as a genuine levelling up of the standard of comfort for the masses of a population takes place, the number of industries which can thus be regulated economically upon the largest scale for the satisfaction of wants which, once only common within a narrow "class" range, have now extended to the whole population, will be constantly increasing. Thus an incessant growth of Collectivism is indicated by the essential facts of common progress.

But those who fix their eyes ecstatically upon this movement often ignore the other side of the case. If this law of progress covered all the needs of man, then no limits could be set upon Collectivism. But man is not only one with his fellows, but also one by himself, not only a partaker of common humanity but an individual with nature and conditions which evoke tastes

and needs that are his own and his alone. Now such tastes, such needs, can never be satisfied by "routine" industry, which for its essential economy depends upon the production of large quantities of similar goods for the satisfaction of common un-individual needs. The needs of an individual nature can only be satisfied by the conscious activity of an individual producer. Here emerges the radical antithesis which utterly destroys the validity of all ideals of complete Collectivism. It is the antithesis of "routine" and "individual" work, of machine production and art. A machine can be made capable of satisfying all or any of the needs which we have in common with all, or with a large number of our fellow-men: if those needs are for material commodities, steam-driven arrangements of iron can be devised for making them; if they are for intellectual goods, they can be turned out cheaply from the factories of "schools," "churches" or "presses" which are contrived for the wholesale production of common intellectual or æsthetic wares for the consumption of those who will consent to merge the individuality of their demand and consume these common articles. But if I stand out for the satisfaction of those wants in which I differ from my fellow-men, I require not a machinist but an artist to satisfy me, one who by the conscious exercise of some individual skill of his own can mould the material on which he works to the satisfaction of my individuality. Now the whole gist of the matter lies here. Is the Collectivism of the future going to impair the multiplicity and force of those needs and tastes which mark off one person from another? Is individuality to be swallowed up by humanity? Few even among the most advanced or fanatical Collectivists admit this tendency; most are prepared to stake the value of their Socialism upon the single test of its active promotion of individuality, the increase of the satisfaction of those needs which mark off each from his fellow. Though the absolute number of common needs

capable of routine supply will grow, though much of the higher satisfaction which comes to individuals will be derived from the individual use of opportunities which are accessible to all, " of joys in widest commonalty spread," they are few who do not eagerly insist that a chief object and result of such Collectivism will be to enable individuals more fully and freely to cultivate and satisfy their individual aspirations. Now if this is so, and it seems incontrovertibly true, any growth of Collectivism based upon the most economic use of routine activities of nature and of man must be progressively outweighed by the growth of human activity devoted to those kinds of work here broadly designated Art. Under this term will come all handling of material or intellectual " stuff " which involves individual skill and attention in the worker imposed by the need of executing an individual order. The Fine Arts of course yield the plainest examples of such work, but, as Ruskin has so admirably shown, there is no material which does not admit a genuine artistic treatment, provided there exists some true public appreciation of the excellence of the product. Metals, wood, stone, leather—every form of matter—will afford infinite scope for a handicraft which shall exhibit the truest and most noble character of Art in places where there live lovers of beautiful form and colour. There are few who will not admit that the progress of civilisation in a nation implies a constant rise in the discriminative character of work and enjoyment. Now if this is so, it implies a proportionate diminution in the quantity of effort devoted to routine or common work as compared with that which is individual in its execution and in the enjoyment it furnishes. This, of course, does not mean that the enjoyment of a great picture by a wide class of the community is inconsistent with true progress, but that this enjoyment, though common to many as enjoyment, will be more discriminative, that is, more individual, in the appreciation and satisfaction it affords.

Now, there is no evidence from the tenor of recent history to show that the fine arts, or any of those arts which, not so fine, are yet engaged in satisfying individual tastes, tend to pass from small into large businesses moving towards the goal of Collectivism. The chief economies of great industry, the adoption of mechanical processes of production and routine management, do not equally apply to them. Dependent as they are for the most part upon close constant individual care of execution, and not upon that minute division of labour which goes hand-in-hand with machine-production, most of them do not even take the first step of entering large business shapes. Though a work of art in tailoring or millinery, as in statuary, may be erected upon a basis of rough mechanical work, the finer processes which constitute the art commonly defy the economy of division of labour. "There is no fit—there can be no fit—in a coat made by the machine and by sub-divided and unskilled labour," writes Mrs. Sidney Webb, in dealing with the London tailoring trade. So, again, of the best kind of clocks, a trade which still maintains its primitive form in London, we are told: "The work of making a clock is conducted under one roof, both by hand and by machinery. The men learn to make a clock throughout, and whatever their particular work may be, they do it with conscious reference to its bearing on the action of the whole clock." Here even in the production of a mechanism survives the principle of unity and individuality. Not only a poem and a picture, but a well-fitting coat and a well-made clock, is an individual, retaining the distinctive character of a work of art, and imposing upon the industry a corresponding nature. Thus the two closely-related forces, machine production and division of labour, which conspicuously favour the big complex business tending towards Collectivism, are inoperative where industry consists in the satisfaction of nicer individual needs. Not only in the most skilled branches of such trades as cutlery, bookbinding,

and cabinetmaking do we find the healthy survival of domestic industry or small workshops, but even in trades where some of the worst features of sweating have appeared, the best work still remains in businesses of a primitive type, *e.g.*, boots and handmade ropes. It is not, however, always the individual taste of the consumer which imposes the character of art upon an industry. A close investigation of the structure of the textile trades will show that the nature of the raw material, as well as the size and uniformity of the demand, determines the character of the industry. The silk trade and some branches of the woollen trade have failed to attain the full economies of machine production, as much from a certain irregularity or individuality in the raw material, which requires care and judgment in its treatment, as from the irregularity and qualitative character of the demand. Sometimes individualism will inhere not in the material, but in some condition of the work. Taking the example of street transport, we find that whereas trams and 'busses are almost everywhere in the possession of large companies, the cab business is for the most part in small businesses, though in London and other large towns, where the demand for cabs is larger and more regular, the "company" is gaining ground. Applying the "routine" principle, we easily understand how trams and 'busses, which run with regularity of routes, times, and prices, are far more amenable to collective control than cabs, more dependent for their business upon the will of individual "fares."

It is true that where skilled work plays a comparatively unimportant part in the aggregate of processes, and in general wherever there exists a large and steady demand for goods not widely differing in character, the industry passes into large capitalist shapes, the small survival of skilled workmanship being a mere appendage to the big routine business. But it is important to recognise that a sharp and genuine antagonism exists between industries engaged in the satisfaction of

quantitative demand and those engaged in satisfying qualitative demand. Whereas the former can utilise to the full all the economies of machinery and division of labour, the latter cannot. The chief forces which are visibly making for Collectivism in material industries are weak just in proportion as the elements of skill and art are strong. If, therefore, we admit that social progress will express itself in increasing taste, refinement, individuality of consumption of material goods, we admit a slackening of the very forces which have hitherto been driving these industries towards fully-developed Capitalism. Though it is probably true that in a progressive society the tendency to seek expression for individuality in ordinary articles of material consumption might not be widely prevalent, while fashion and the irregularity of demand which comes from unbridled caprice would be weakened by education and an approximate equalisation of material resources, we cannot fairly regard the whole of material industry as subject to a set of economic forces driving irresistibly towards the goal of routine work and Collectivism. It is, of course, probable, as Socialists would urge, that a *rapprochement* would come from the other side, that a State or Municipality, confined at first to the control of the most routine forms of industry, would become by experience qualified to enter businesses where the routine was less rigid and to manage them successfully. Such an expectation has a certain *à priori* validity and some backing from experience. But this admission does not negative the main principle of demarcation between industries which at any given time are essentially Collective, and those which are not. Though the signification which each society and each age may give to the term "routine" will differ in degree, it is not the less true that a State which is best equipped for Collective control and unimpeded by vested interests from the exercise of such control will nevertheless limit that direct control to industries which are relatively of a routine character.

Our illustrations have been drawn from industries engaged in production of material wealth. But there is no essential difference here between the production of material and non-material wealth. If our reasoning is sound, it applies equally to State education, to State enterprise in art, science, or literature, as to transport and manufacture. Historic forces are not driving these activities wholesale under Collective control, though everywhere the State is encroaching and organising by social machinery the lower stages of these "arts." As we have already recognised, there is in the "arts" themselves a routine basis, certain work which is relatively common or unskilled, and which can be conveniently executed by machine methods. Such education as is directed to the preliminary training of those faculties which belong to common humanity, physical, intellectual, and moral, the communication of that great social heritage of knowledge which is the rightful intellectual possession of all citizens, the provision of colleges and technical schools, art schools, museums, theatres, and the completest machinery for the best education of our common life—these things will be recognised as properly belonging to the routine department of intellectual production. This "Collective" work will always remain the relatively "ruder" work, though much of it be far in advance of the present conception of "routine" education in a nation which does not understand education, or even understand that it is a thing to be understood. The finer intellectual work in science, in the fine arts, in literature, will never be directly controlled by Collective machinery. Whatever progress Collectivism may make in its capacity of skilful, energetic, and disinterested management, its methods must always continue to be more mechanical than those of private enterprise, and less successful in directing the more individual elements of effort to the satisfaction of individual needs.

This principle to which we have addressed ourselves,

the antithesis of quantitative and qualitative consumption, of routine and art industry, in reality covers the chief lines of advance to which Collectivists appeal. Professor Marshall has summed up a remarkable investigation of the conditions of great industry by declaring that "there is *primâ facie* reason for believing that the aggregate satisfaction, so far from being already a maximum, could be much increased by collective action in promoting the production and consumption of things in regard to which the law of Increasing Returns acts with a special force."* Now what are those goods which in their production and distribution conform to the law of Increasing Returns? They are "routine" goods which go to satisfy the common needs of large numbers of consumers. These are the things, which, because there is a large and constant regular demand for certain common forms and qualities of them, can be produced and distributed more cheaply on a large scale than on a small scale. Elaborate machinery and sub-division of labour are most fully utilised in keeping down the cost of making them, while wholesale buying and selling, and large advertising assist in cheapening their distribution, and last, not least, expenses of direction and management are most fully economised. These economies of cost are the very forces which we have observed driving "routine" business along the road to Collectivism. This judgment of Professor Marshall, taken with the careful evidence upon which he bases it, is a most important testimony in favour of the practicability of the Collectivism of "routine" industry. Professor Marshall also recognises, though not so fully, the relation between this tendency and the theory of monopoly. The polemics of Collectivism are largely concerned with the insistence of the need of Collective control as a protection of the interests of the consumer against monopolies. Now monopolies (using the term in its

* "Principles of Economics." Vol. I., p. 537 (Ed. 2.).

broad sense to signify all industries in which prices are not regulated by "free competition" of sellers) are of two classes; those in which the monopolist power is derived from control over some source of supply restricted in quantity by nature or by law, and those in which the power comes from the superior economies of the big over the little business. Most of the strongest monopolies conjoin these two powers, resting partly upon monopoly of land or raw material, partly upon size of capital, as in the case of railways or of such a trust as that of the Standard Oil Company. But the difference in source of power, though both are dangerous to the community, suggests clearly that the defence of Collective interests will adopt a different attitude to the two kinds of monopoly. Where size of capital, underselling competitors, and narrowing the area of effective competition until some syndicate can be formed to obtain sole control of the market, is the source of power, we are dealing with a routine business taking advantage of the operation of the law of Increasing Returns to establish a private monopoly. All around us in the most highly-developed industry such forms are crystallising, often not completely shaped and not absolute in their monopolist power. They are not, as sometimes is pretended, the mere product of tariffs, though tariffs have often helped them to mature. They are the normal necessary issue of competition in business where machine-economy and widening markets make size and strength chief constituents of success, conditions under which competition must finally give way to the private monopoly of the biggest and best placed competitor. The demand for public protection against the powers which these monopolies exercise over the consumer, and over the labourers whose employment and subsistence they hold in the hollow of their hand, is a growing force in modern politics. In England and upon the Continent of Europe there are perhaps no industries which can be considered to have reached the form of perfect

monopoly, from which direct competition has permanently disappeared. But there are many cases where the dominion of organised capital exercises a serious restraint upon competitive prices, and where the monopolist power differs only in degree from that of the perfected " trust." It is consistent with the historical tenor of progress that the practical pressure of these dangers and grievances should be more potent forces in the growth of Collectivism than any conscious recognition of the natural ripening of this class of business towards a Collective form, or of the ability of the public to undertake such businesses. The contention of theoretical Collectivists, often sustained by arguments of general utility or of humanitarian import, to the effect that the State should at any rate control those industries engaged in producing the necessaries of the life of the people, harmonises with the general policy impressed by these structural considerations. For those industries which, by operation of purely economic forces, tend towards private monopoly, will generally be industries engaged in supplying the commonest and most universally-consumed commodities. These "necessaries" will be in the largest regular demand, will be " routine " commodities, and since an exercise of monopolist power will have the least effect in reducing their consumption, it follows that monopolies in the sale of them will be most profitable to the undertakers. Thus the demand for a Collectivist policy along the line of increased public control over " necessaries " is in general accord with the wider principle upon which we base the Collectivist advance. This recognition of the natural historic growth of private monopolies imposes Collectivism as the sole substitute. The only alternative to private monopoly is public monopoly. For when a private monopoly is the product of economic forces restricting competition, it is futile to endeavour to break up forcibly by law the monopolic form, that competition may be re-established. It is impossible to turn back the

hand of the dial. A private monopoly built upon legal privilege may be resolved by rescinding the legal basis, but a monopoly evolved out of competitive conditions admits no other remedy than Collectivism.

In those industries where elements of "natural" monopoly chiefly express themselves, we do not find a general movement along the same lines. The question of large and small culture still remains to be fought out in different departments of work upon the soil and in different social and racial conditions. In some large industries the "niggardliness of nature" seems to yield before the employment of machinery and capitalism, bringing agriculture, too, under the law of increasing returns. Where this occurs, as on the great Bonanza farms, agriculture is brought into line with the great manufactures, and becomes a routine industry. But where small culture survives (and the strong individualism which soil, climate, position, and other natural facts impose upon land indicates a wide survival), the tenor of our argument does not place agriculture among the mere routine industries. This seems to indicate a bifurcation of collective policy according as we regard monopolies established by the operation of the law of Increasing Returns and those established under a law of Diminishing Returns. While the former tend to pass under directly collective management, the latter may remain under private control, the collective policy being confined to securing for collective use those economic rents due to the special values which public needs assign to funds of natural supply.

A policy built upon a recognition of these principles of collectivist development is of course in no sense a compromise. It claims for collective action all work which the community can profitably undertake; it recognises that the absolute area of that work is constantly growing in two directions, first and foremost by the ripening of "routine" industry into the form of private anti-social monopolies, secondly by the growing

capacity of public management which experience should evoke in public bodies. But it also recognises that since the direct object of collective action will be so to economise the claims which Society shall make upon the Individual as to leave him an ever-increasing proportion of his energies for self-expression, the amount of energy which is organised directly for collective work will be a diminishing proportion of the aggregate energy of individuals, and that therefore the field of private enterprise in all departments of effort will grow faster than the field of Collectivism.

These are no new principles, and this is no new presentment of them. If practical workers for social and industrial reforms continue to ignore principles, the inevitable logic of events will nevertheless drive them along the path of Collectivism here indicated. But they will pay the price which short-sighted empiricism always pays; with slow, hesitant, and staggering steps, with innumerable false starts and backslidings, they will move in the dark along an unseen track towards an unseen goal. Social development may be conscious or unconscious. It has been mostly unconscious in the past, and therefore slow, wasteful, and dangerous. If we desire to be swifter, safer, and more effective in the future, it must become the conscious expression of the trained and organised will of a people not despising theory as unpractical, but using it to furnish economy in action.