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The Way of
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WHEN PEACE COMES—THE WAY OF INDUSTRIAL RECONSTRUCTION.*

I.—THE GREAT DISBANDMENT.

The difference between the Outbreak of War and the Outbreak of Peace is that we did not expect the former and we do expect the latter. War sent the whole nation scurrying round like scared rabbits trying to prevent dislocation from spelling unemployment and starvation. The Declaration of Peace will entail an even greater dislocation of industry and of wage-earning than did the Declaration of War. If we let it come upon us without adequate preparation, it will be much more difficult to deal with, and much more socially disastrous, than anything that we have yet had to face. It will create much more discontent and angry feeling, for thousands who would cheerfully die for their country in the stress of war will furiously resent going hungry in time of peace. But we can see the trouble coming, and we can, if we choose, prepare for it. Great will be the responsibility of the Cabinet if the nation presently discovers that proper preparation has not been made for what we can all see is a certainty.

When War Wages Cease.

To-day at least seven millions of our wage-earners (probably not far short of half the total wage-earning population) are engaged on "war work," either in the Army and Navy and their innumerable subsidiary services, or in the four thousand factories making munitions, or in the countless other establishments working on Government orders of every kind. These millions, together with their managers and officers, and the shareholders and other capitalists who are living on their labours, are being fed from the five million pounds per day that the Treasury is disbursing. From the very moment that peace is assured the Treasury will do its utmost to stop that expenditure, and to reduce it as rapidly as possible to the

* This tract is reproduced, with slight additions, from half-a-dozen articles in the "Daily News" (which appeared July 28, August 3, 12, 19, 26, and September 5, 1916), with permission of the proprietors. Many of the facts, figures, and proposals will be found more fully stated in "Great Britain After the War," by Sidney Webb and Arnold Freeman, price 1s. net (supplied by the Fabian Bookshop, 25, Tothill Street, Westminster).

few hundreds of thousands per day that will represent the future normal outlay on these services. This means, under the system on which we have chosen to conduct our industry, the stoppage of the earnings of nearly half our manual working population. No such economic convulsion has ever menaced the inhabitants of these islands. And we know that it is coming; we can foresee its approach, and we can, if we choose, take the action necessary to prevent it from resulting in distress and demoralisation and starvation. If our people have any political capacity—if those whom we have put in high places to rule over us have any “gumption” and any sense of public duty—let them show it now, or dire will be our fate. What is approaching in all the belligerent countries, so far as the mass of the people are concerned, is more like an Indian famine than like any ordinary depression of trade.

The War Office Promises.

So far as is known, the Government has come to practically no decision on the Problems of Demobilisation; and the preparation of the Great Peace Book, about which Mr. Asquith was talking about six months ago, has in September, 1916, resulted only in the secret appointment of a score of different committees, not all of which have yet got under way. We learn from Lord Newton's answers in the House of Lords in December, 1915, and from a stray reference or two elsewhere, that the War Office has come to certain provisional conclusions about the disbandment of the soldiers. The return of some three millions of men from all the various theatres of war, and their discharge from the Army, must necessarily be gradual; but it is to be proceeded with, under Treasury pressure, as promptly and rapidly as possible. Moreover, the mass of the men are enlisted only “for the duration of the war”; and they will nearly all eagerly claim an early discharge. The disbandment will be governed exclusively by military considerations, without reference to the position of the Labour Market. It must take place, so the War Office declares, by entire military units, irrespective of the needs of particular industries or the desires of individual men. The only concession that the War Office will make to those who are troubled about getting these millions of soldiers back into civil employment is to promise that a form shall be filled up for each man, stating his occupation, the town to which he intends to proceed, and whether he desires a place to be found for him. This form is to be forwarded through the War Office to the Labour Exchange of the town which the soldier has designated at least one month before he will be discharged. Every soldier will be given at the port of disembarkation a free railway ticket to any station in the United Kingdom; and he will be allowed a month's furlough, during which pay and separation allowance will be continued. He will be awarded a gratuity of an amount not yet fixed. (After the South African War the men received five or six pounds each.) And, as if with a magnificent gesture washing its hands of the whole problem,

the War Office promises to every discharged soldier, for a whole year after his discharge, that he shall be entitled, whatever his occupation, whenever he is out of work, to call at the Labour Exchange and receive Unemployment Benefit (for which, if he belongs to an insured trade, he has already been paying), to an amount not yet definitely fixed, but probably ten or twelve shillings per week.* It is believed that the Admiralty will not refuse to do the same for the couple of hundred thousand sailors whom it will dispense with.

Finding Situations.

Now this provision, which leaves the War Office astonished at its own munificence, and to which, it is feared, the Treasury had not then given its consent, is considerably in excess of any previously made. It does not, as will be explained later, go far to ensure the soldier civil employment. But, so far as merely disbanding an army goes, it is on the right lines. It is quite a good innovation to send forward the soldier's application for employment a whole month before he can possibly take up a job, although it may be doubted whether this will, in most cases, lead to any engagement in advance. In spite of the fact that the Board of Trade has hardly kept faith with the trade unions in the matter of Supervisory Committees of the Labour Exchanges—there are such committees, but they have been formed in secret, usually for impossible areas; they hardly ever meet; they are given next to nothing to do; and they are carefully prevented from knowing anything of the daily operations of the Labour Exchanges—it is absolutely necessary to entrust the Exchanges with the finding of situations. The Board of Trade ought promptly to make its Trade Union Advisory Committees into realities; to constitute them, as at present, to the extent of one-half of representative local trade unionists; to have a separate one for each town or county district; to let them meet regularly and control their own secretaries and agendas; and to enable them to see exactly how the Exchange is being run. After all, these committees are only advisory. They can do no harm. The timid secretiveness of the Board of Trade over this matter arouses a quite unwarranted suspicion and distrust of the really fine work that the 400 Exchanges are doing. They have at present accommodation and staff adequate to deal with fifteen or twenty thousand cases per day. The task thrown upon them by the receipt within a few months of these millions of applications for situations will be immense. It can be satisfactorily accomplished only if the Exchanges are adequately strengthened by the Treasury, generally utilised by employers, and trusted by the trade unions, and if their work is better understood by the

* It is to be noted that these are definite promises by the Government, which Lord Newton publicly announced on their behalf that he was authorised to make; and voluntary recruiting took place on this basis. It would therefore be a grave breach of faith if these pledges were in any detail departed from.

public. But, with all their shortcomings, the Labour Exchanges are far more efficient and far more trusted by the workmen than any philanthropic committees would be. There has been an influential backstairs movement going on to get the whole business of finding situations for the soldiers handed over to a series of charitable bodies, working on Charity Organisation Society lines. This, it is believed, is now scotched. In view of the fact that the important thing is not to get the ex-soldiers into employment *at any price*, but to do so without in any way lowering the Standard Rate, the intermeddling of the philanthropists would be simply disastrous. The only appropriate answer would be an immediate labour revolt.*

Soldiers and Savings Banks.

A very serious question—not, it is believed, yet answered—is how the War Office is going to pay these three millions of soldiers their gratuities. What the Army Pay Department wants to do is what it has done before—apparently merely because it is what it has done before—namely, pay each man his five to ten pounds in cash when he is given his railway ticket at Folkestone or Southampton or Plymouth! We hope that the strongest protest will be made against any such insensate endowment of the local publican. Why should the Government incur the unnecessary expense—no inconsiderable item—of paying over in cash three million separate sums of money to the aggregate amount of twenty millions sterling? It was all very well at the end of the eighteenth century wars, when there were but scant banking facilities, and these were not understood by the soldiers of the time. But to-day the Post Office stands ready with 25,000 branches, eager to do the business. The Postmaster-General would jump at the chance of opening three million special accounts in the Savings Bank. The War Office would supply a list of names and amounts, and would pay the twenty millions to the Postmaster-General in a single cheque. Each soldier would be told to call at the Labour Exchange of the place to which he was returning, and would there be handed—along with any news as to employment—his new Savings Bank book, showing the gratuity and balance of pay standing to his credit, withdrawable from the local post-office at his will. All that the Army Pay Department need do is to accompany the railway ticket with a one-pound note as “journey money.” All the rest ought, in the twentieth century, to be done through a bank (as it has long since been done for the officers). The saving in cost to the Treasury might be as much as 5 per cent. on the sum to be handled—a clear million sterling! The saving to the three million men themselves would be inestimably great.

* The schemes of the Social Welfare Association of London, though doubtless well-intentioned, are wholly inapplicable, because they show no comprehension of the supreme national importance of maintaining the Standard Rates of Wages. They actually take for granted that wages must be left to supply and demand!

What about the Munition Workers?

But all this relates only to half the problem of disbandment. The three or four million men, women, boys and girls now working on Government orders will also be summarily disbanded. For their immediate necessities the Government has, so far as is known, yet made no provision. Probably a quarter of a million of them are directly in the pay of the Minister of Munitions, the Admiralty, or the War Office in the hundred or more national factories already at work. Nearly three millions are working in the 4,000 odd controlled establishments, at rates of wages fixed or controlled by the Government, and they are legally forbidden to relinquish their employment in order to take up more permanent jobs, as some of them would wish to do. The Government, in fact, is as responsible for their discharge, when it comes, as for that of the soldiers. The Treasury will be just as insistent in its demands for immediate stoppage in the one case as in the other. Yet we can learn nothing of any decision as to their fate. What has just been done is—not to provide for their disbandment—but to start levying 2½d. per week upon their wages (the employer having to contribute a like sum), so as to bring them, in six months' time, into eligibility for Unemployment Benefit when they are out of work (but only so long as they remain in these "insured" trades), to the extent of seven shillings per week for a limited number of weeks. Even this limited provision is refused to the poorly paid workers for the Government in the food and confectionery trades; and the textile and the boot industries, with some others, have also been omitted at the request of the employers and the better-paid sections of the workers—to the loss of the badly paid youths and women and unskilled workers, who have not been consulted. This Unemployment Insurance is in itself a good thing, which might well be made universal, except where the trades make other adequate provision for themselves; but it is not provision for demobilisation. We hear nothing as yet of (1) securing these munition workers, like the soldiers, a gratuity on discharge, or a month's furlough, or even any prescribed notice of dismissal; or (2) providing free railway tickets (for which the Government would not have to pay any fares) to enable them to get back to their former homes, or some place where alternative employment can be found; or (3) ensuring that particulars of their needs as to new situations are supplied to the Labour Exchange one month before they are discharged. Why cannot these things be done by the Ministry of Munitions for the army of men and women which has worked for us in overalls just as well as by the War Office for the Army of about equal numbers which has worked for us in khaki?

The Need for National Organisation.

The machinery and the provision for the disbandment of the three or four million munition workers, no less than of the three or four million soldiers and sailors, are of vital importance, because of

their influence on all the Problems of Demobilisation. These seven million men and women have to be helped to sort themselves out afresh. They have to be got as quickly as possible into appropriate civil employment. The send-off is half the battle. It is very largely upon the organisation that we devise for discharging them from war service that will depend our success in getting them back to wealth-producing service without loss of time, loss of health, loss of character, and loss of temper. For it is upon a sea of troubles that we shall be discharging them. What will be the state of trade after the war, immediately or eventually, no economist dares to predict. What is certain is that the sea of employment will be "choppy"; that even if a large proportion manage to keep afloat in trade revival, the tides will leave many hundreds of thousands on the rocks; and that nothing but national foresight and national organisation on the largest scale will save us from calamitous and long-continued unemployment. This demands a separate section.

II.—THE PREVENTION OF UNEMPLOYMENT.

What the Government is presently going to do—it is as well to re-state the position clearly—is, as soon as possible after the Declaration of Peace, to bring to an end the war employment, and to stop the wages of nearly seven million men and women, equal to not far short of half the industrial wage-earning population of these islands. It is the most gigantic "turning off of hands" that the world has ever seen. And the Government will, of course, be right in this step. The sooner we can take our people off this "unproductive" war work, and get them back to wealth-production, the less will be the burden of debt that the nation has to shoulder. But the dismissal of these six or seven million wage-earners from the Army and the munition works—the sudden stoppage of the means of subsistence of possibly one-third of the families of the community—will be one of the most momentous economic decisions ever taken by a Government.

The Disbanded Millions.

Now, this is not an unnecessary warning. On no previous occasion, when similar but much smaller dislocations have been imminent, has the Government admitted any particular responsibility in the matter. The Treasury, it is believed, still clings to the old-fashioned economic doctrine that the "labour market" will in due course "absorb" those who are unemployed, and that it would be contrary to all financial precedent to admit any obligation to find situations for the disbanded millions. On this occasion, however, it will be the deliberate act of the Government that will produce the crisis. It will be a Cabinet decision that will summarily bring to an end the incomes of these millions of families. The nation ought to insist—I think the nation will insist—on the Government

taking as much trouble to prevent the occurrence of unemployment after the peace, as it is now being practically driven to take over the mere disbandment of the Army.

It is not as if there need be any lack of employment after the war. There will be work enough for a whole generation in repairing the ravages of war, and replacing the enormous mass of commodities that have been destroyed. We know that every one of the seven million wage-earners can produce at least the value of his or her subsistence; and, indeed, a great deal more, as is shown by the tribute of rent and interest that the mere landlords and capitalists actually derive from the industry of those who labour by hand or brain. But we know also that, if we "let things alone" the process of "absorption" by the labour market may take a long time; and that it will certainly mean a great amount of more or less prolonged unemployment, the slow starvation of men, women, and children, the lowering of the rates of wages, even of those fortunate enough to get employment; and the Degradation of the Standard of Life of a large proportion of the population. That is what happened after the Peace of 1815, because the Government of that time "let things alone." That is, quite certainly, what will happen after the coming peace until a different policy is adopted.

Trade After the War.

What will be the "State of Trade" in the first, the second, and the third year of peace? No one can predict with any confidence how things will go on the whole. We know, on the one hand, that there will be millions of men and women simultaneously running up and down seeking for new employment. We shall have looking for jobs the disbanded soldiers and sailors (together with 50,000, or it may be 100,000, partially disabled men); the displaced substitutes; many of the ousted women. There will be sudden slumps, too, not in "war trades" alone, but also in all the diverse industries that have been producing substitutes for the things that we could not get during the war—just as there will be local slumps in the present congested "munition towns" and at those ports (including London and Liverpool) to which traffic has been artificially diverted.

On the other hand, there will immediately be local trade expansions at the ports which have been largely closed to Continental traffic, and at other towns characterised by the reviving trades. The industries repairing war damage will become suddenly busy. The shipbuilding yards will go on working continuously at their fullest strength for the next few years at least. The world-scarcity of warm clothing will long keep the woollen and worsted industries occupied. The makers of marine-engines, of agricultural machinery, of automobiles, and of sewing-machines and many other engineering mechanics will be in demand. The devastated areas all over Europe will require iron rails, bridges, rolling stock, and every kind of railway equipment; they will need every builder's requisite

and all sorts of raw material; they will have to import coal, and, for a long time, food, for all of which their Governments will have to find the necessary purchasing power.

Thus, we shall have the strangest possible mixture of local booms and local slumps, with the most unforeseeable "repercussions" and "reverberations" at a distance; some trades suddenly reviving in more or less lasting spurts of activity, whilst others simultaneously go down into the dumps of depression; pressing demands for additional labour in some places for some purposes, whilst other places will have crowds of men and women who can find no situations. It is emphatically a case for national organisation.

The Prevention of Unemployment.

What, then, can the Government do? It can, if it chooses, prevent the occurrence of unemployment. It is emphatically not a case for merely relieving the unemployed. That is a poor business, always unsatisfactory in its working and its results, and unnecessarily very costly; but inevitable when the Government has failed in its duty of preventing unemployment. It is plainly better to prevent the occurrence of unemployment (as of cholera) than to let it occur and then relieve the sufferers. And though it is not pretended that every individual case of unemployment can be prevented—any more than we can prevent individual cases of cholera—it is now known that it is quite within the power of the Government, by nothing more recondit than using the huge orders of the various public authorities in such a way as to keep at a fairly uniform level the aggregate national demand for labour within the kingdom as a whole, actually to prevent any widespread or lasting involuntary unemployment in any part of it.

The first step in organising the Labour Market lies in systematising the disbandment. That is why it is so important (as already indicated) to provide in the same sort of way for the three or four million munition workers as for the three or four million soldiers—to secure them all pay or gratuity during a brief spell of leave, as well as adequate notice of their coming dismissal; to arrange for them all to be looked after at the Labour Exchange before their dismissal, so as to stay the aimless wandering in crowds after "will of the wisp" rumours of vacancies that will otherwise ensue; and to promote mobility by a free railway ticket (the Government being still in control of the railways). It is plainly imperative to strengthen the 400 Labour Exchanges, which are now staffed to deal, in the aggregate, only with fifteen or twenty thousand applicants per day, and which will certainly, in the first year of peace, have to grapple with soldiers and munition workers discharged in successive batches of hundreds of thousands within single weeks. A calamitous breakdown of the official machinery will only be averted by a timely addition to the staff and the premises, so considerable as probably to take away the breath of the Treasury!

But the Labour Exchange is dependent, at present, on the

goodwill and intelligence of employers, most of whom neglect to make known their labour requirements in advance of the vacancies, and many of whom still refrain from notifying them at all. It may not be practicable to make it compulsory on employers to use the Labour Exchange, though the provisions of the Merchant Shipping Act, obliging shipowners to complete all engagements of seamen through the Mercantile Marine offices (provisions found most successful in preventing unemployment among seamen) afford a useful precedent.* But would it not be possible for the Government to request the principal employers in the kingdom—notably, all the 4,000 “controlled establishments”; all the railway companies; all the dock, harbour, gas, water and electricity undertakings; all the firms seeking Government contracts in any industry; all the mines; all the factories and workshops to which the Factory Acts and the Trade Boards Acts apply; and all the firms with which the Board of Trade is in friendly communication over statistics, etc.—to agree, as an act of patriotism, in the colossal “general post” of workers that is about to take place, at least to notify all their labour requirements to the Labour Exchange?

Organise the Public Work.

The Labour Exchange, however, cannot find situations that do not exist; and we know that there is going to be a shortage, in particular trades and at particular places, of longer or shorter duration, until the revival of trade becomes sufficiently general to take off all the six or seven millions who will have to find jobs. Now, at this point trouble will arise. There are those who want to see the difficulty dealt with on what we may not unfairly call C.O.S. lines—the getting of particular men and women into places by philanthropic influence and personal favour; in short, by kindly jobbery. Against this idea every Trade Union will protest, and rightly protest. What will become of the Standard Rate if it is to be left to kindly charity to get people into work? The right course is quite otherwise. The number of situations can, if only the Government chooses, be made equal to the number of applicants for them. There should be no question of “making work for the unemployed.” There need be no unemployed. What is required is to maintain at a constant aggregate the total demand for labour, by systematically organising with this object the extensive orders that the local and central Government authorities will, during the ensuing five or ten years, certainly be giving. Let us note one or two of these inevitable developments.

* To make the use of the Labour Exchange as compulsory as is that of the Mercantile Marine Office does not mean, as is often supposed, that no worker will be permitted to get a situation otherwise than through the Labour Exchange; or that an employer may not take on any man he pleases. All that it would involve would be that the employer would be required to notify to the Labour Exchange how he had filled the vacant place.

Housing.

The nation will need to lay out a very large sum—possibly as much as a couple of hundred millions—in housing. The building of workmen's cottages and blocks of dwellings, very largely suspended as a builder's speculation since about 1905 because it could not be made to pay, and actually prohibited during the war, has left us with a ten years' shortage in town and country. We shall not get enough farm labourers unless we build a couple of hundred thousand new cottages.* We shall not be able to face the widespread rise in rents that will be made by the town landlords of weekly property, when the present Rent Restriction Act expires soon after the end of the war, unless the Local Authorities have actually increased by several hundreds of thousands the supply of dwellings in all the congested areas. We know, from the Census of 1911, how many hundreds of thousands of families were then living in an overcrowded condition. We know how many had only one room. We know how many had only two when the minimum requirements of decency were three or four. Great Britain needs, it may be thus calculated, at least five million additional rooms, in cottages or town tenements before the humblest third of its population can be said to be housed up to a bare minimum standard. But the Local Authorities cannot now build without a subsidy; and objectionable as a subsidy is, the Government has definitely adopted this policy. In Ireland, which has less than one-tenth of the population of Great Britain, it will be remembered that some 40,000 cottages—healthy, but unfortunately very ugly—have already been built wholly at the Government expense. This precedent is now to be partially followed for Great Britain. As long ago as November 24, 1914, the Chancellor of the Exchequer proclaimed, in a long and careful statement, how the Government would not only advance the necessary capital on the most favourable terms, but would also render it possible for Local Authorities to build without involving any charge on the rates *by making a free grant of a substantial percentage of the total cost*. Since that date nearly a dozen towns have received these free grants for housings (in addition to loans), to the amount of about 20 per cent. of the cost; and have thus been enabled to build without any charges on the rates.

What ought now to be done is for the Local Government Board to put pressure on all the Local Authorities, urban and rural, to secure sites and at once prepare plans for cottages, up to a possible total expenditure even of a couple of hundred million pounds, so as to enable as many as a million cottages, if need be, to be put in hand on the very morrow of the Declaration of Peace; and to be proceeded with in batches, quickly or slowly, according as the

* As to the rural shortage of cottages, see "The Rural Problem" (Constable, 1913), being the Report of the Fabian Society's Committee on Land Problems and Rural Development, edited by H. D. Harben.

Board of Trade reports unemployment to be setting in. Conditional on these preparations being now made by the Local Authority, the Government might renew its promise of free grants in aid of the capital cost so as to make the enterprise involve, with rents deemed "reasonable" in the locality, no charge on the rates. In no other way are we likely to get the workers decently housed. What is more urgent, in no other way can we avoid very serious disturbances when the Rent Restriction Act expires.

Schools.

There is no need to enlarge on the necessity for the same procedure of timely preparation and promise of grants (in this case, of loans and the ordinary maintenance grants), to enable every local education authority to put in hand, the very morning after peace is declared, the necessary making-good of two or three years' arrears of buildings, repairs, school furniture, books, etc.; and it is to be hoped, of the promised great new developments in education. To name only one item, the calamitous shortage of teachers ought to lead to the taking into the University and other training colleges immediately peace is secured of at least 20,000 young men and women with adequate Maintenance Scholarships. These educational developments will be further discussed on a subsequent page. For the moment we need note only the opportunity they offer for keeping the aggregate volume of wage-earning employment approximately level from year to year.

"Preparedness."

Nor need we do more than mention the very considerable orders that will necessarily be given by the War Office and Admiralty during the next few years in order that the nation may have in store, in case of any sudden need for reconstituting "Kitchener's Army," enough khaki uniforms, sailcloths, blankets, boots, belts, rifles, etc. These orders for equipment to be laid up in store should be given, not just as the War Office and Admiralty think fit, but at dates deliberately arranged, just when unemployment shows signs of occurring, with a view to prevent it.

Keep the Wage-total Even.

It is, in fact, easy to foresee that in every branch of the public service there will have to be, at any rate, within five years, the same bound forward. What is needful to prevent the occurrence of unemployment is only to put brains and forethought into the work. The Government should (1) authorise, here and now, these bounds forward, which it can be foreseen must occur, and get the plans ready; (2) deliberately control the time and rate of putting all this public work in hand (including the extensive orders of all the public departments and local authorities) in close correspondence with the amount of the contemporary labour demands of the private capitalists, and in such a way as to keep the total aggregate of weekly

wages paid in the kingdom approximately at a level.* There would then be—apart from individual cases and particular trades and localities in exceptional circumstances—no involuntary unemployment. It can be done, and done even by the present Board of Trade, if the Cabinet would consent. And this mere rearrangement and control of the public orders, it is now statistically demonstrated, would, by the endless reverberations that it would set up, automatically prevent any unemployment on a large scale, or for any long period.

But although the Government knows how to prevent unemployment, and thus save themselves all trouble about dealing with the unemployed, and although the officials realise exactly how it can be done, the Cabinet is not prepared yet to give the necessary orders. The Chancellor of the Exchequer does not want to be committed to finding all the capital that the local authorities would need, or to making the necessary increase in their grants in aid. There are still some Ministers who hope, after the war, actually to cut down the public services (such as Housing and Education), instead of expanding them as is required, because they wish to reduce the supertax! The general opinion of employers is against the Government taking steps to prevent the occurrence of unemployment—they honestly cannot bring themselves to believe that there will be any more men at their factory gates than will be convenient for their foremen! The result is that the Cabinet has, so far, come to no decision on the subject; and the President of the Local Government Board has merely asked the local authorities to tell him what works are likely to be put in hand.

Unless "Labour" wakes up, and insists on the proper steps being taken in time, this Government will do what every other Government so far has done, namely, let the unemployment occur (which it knows how to prevent); and then, in the most wasteful way, grant sums of money merely to relieve the unemployed!

Yet this time the importance of preventing unemployment is greater than ever; because, as Mr. Gosling said in his presidential address to the Trades Union Congress in September, 1916, this Prevention of Unemployment is actually the key to the very serious industrial problem with which the Government is confronted.

III.—THE INDUSTRIAL CONFLICT.

Reluctant though we may be to face the fact, there is the gravest danger that peace on the battlefield will be followed by tension between employers and employed at home—indeed, by spasmodic and possibly widespread industrial war. Employers are counting on being able to secure a heavy fall in wages, when several millions of men and women will be simultaneously seeking employment. But unless prices come down with a run, the conditions to meet

* One imperative need is for an Act enabling Local Authorities to secure sites for schools, housing schemes, etc., without the present interminable delays.

which war bonuses and war rises were granted *will not have changed*; and every Trade Union will fight its hardest against any reduction of rates, *which have nowhere risen in proportion to the cost of living*. Now freights are going to remain high, owing to the shortage in ships; and practically all raw materials owing to the renewed demand from Central Europe. All woollen clothing will be dear; and meat and milk may go to famine prices when Germany begins to replace its slaughtered herds, and the American Meat Combine once more gets hold of the refrigerating ships. (Why should not the Government retain its present control of these?) Rents are, to say the least of it, not likely to be lowered. All over the world the currency will long remain inflated; and this in itself causes high prices.

No More Cheap Bread.

Though bread may fall by a penny or two per loaf, it is not within human foresight likely to go back to the fourpence or fivepence per quarter of previous decades. We cannot hope to get rid of heavy taxation on tea and petroleum at least. We are accordingly in for years of dear living. Yet, unless very drastic action is taken by the Government to ensure that the aggregate number of situations is kept approximately equal to the aggregate number of applicants for them, employers will undoubtedly seek to beat down wages. The Majority Report of the recent Committee on Agricultural Employment almost openly relies on unemployment and distress in the towns to compel men to become farm labourers at the insufficient wages of the past. When the separation allowances cease, and the overtime earnings—when the school children and the grandfathers are no longer adding to the household incomes, and even the adult man goes on short time—any fall in wage-rates would seriously aggravate what may anyhow prove to be a socially disastrous Decline in the Standard of Life of the mass of the people.

Restoration of Trade Union Conditions.

But the tension will not be confined to the attempts that will be made to lower wages. The men in the engineering workshops have, at the instance of the Government, patriotically given up the regulations and customs—often originating in the shop and quite unconnected with any trade union—which they had built up in resistance to the employers' continual attempts, by "speeding up" and cutting piece-work rates, to lower the rate of payment for each unit of effort. They have (and not in the engineering industry only) submitted to autocratically determined piece-work rates without Collective Bargaining; they have yielded up their places to women and labourers, and allowed their skilled jobs to be subdivided and brought down to unskilled level; they have accepted the utmost possible acceleration of work without guarantees against the maximum output of piece-work intensity being presently con-

verted into task-work at virtually time-work earnings. The Government has sworn itself black in the face, and pledged its honour, and Parliament has endorsed the guarantee by express words in a statute, that all these new departures shall be unconditionally reversed and undone at the conclusion of the war.

Employers and Pledges.

The employers are laughing at the pledges, and openly saying that the restitution of the old conditions is physically impossible, even if it were desirable; and that, from the standpoint of maximising production and minimising expense, it is so undesirable that nothing will induce them to consent to it. Moreover, some of the leading "captains of industry" are going further. They make no secret of their intention to insist on complete control over their own factories; they will henceforth brook no interference with their decisions as to the machines to be used, the "hands" to be put to any kind of work, the speed to be maintained, the hours to be worked, the holidays to be allowed, and the piece-work rates to be given. They propose, so they declare, to treat the workmen fairly; but they intend to deal with each man or woman as they choose. This means, as they realise, a death-blow to trade unionism. They have made up their minds that, in competitive factory industry on a large scale, the only "scientific management" is autocracy.

It is doubtful whether the Government, if it decides simply to adhere to its pledged word, can enforce on the employers the *status quo ante*; especially as this might involve ousting many tens of thousands of women and labourers, and "scrapping" the machines constructed for them. What we are in danger of is the proposal of some specious alternative, privately suggested by the employers, to which some trade union leaders may be persuaded to agree, in despair of finding anything better, but which will not satisfy the members of the Amalgamated Society of Engineers—the representatives of the Government then retiring from the dispute, and quibbling over the exact terms of the Government pledge—and an era of local strikes, demarcation disputes, sullenness and anger; possibly the destruction of trade unionism in the engineering industry, and the revival of the objectionable tricks of restriction of output, and refusal to make the best of machines, which are the angry workman's reprisals when he feels himself baffled and cheated.

Canon Barnett's Suggestion.

What can be done to avert such a calamity? There comes to my mind a remark of one of the nation's wisest teachers, the late Canon Barnett, of Toynbee Hall, very shortly before his death. Admiration was being expressed of the late Sir Henry Campbell-Bannerman's successful audacity in the grant of Constitutional Government to a South Africa lately in rebellion. He had triumphed, it was said, not by any great political genius, but because of his simple

faith in "Liberal principles," and his honest determination to apply them. I well remember Canon Barnett turning suddenly round, and asking, "Cannot we apply Liberal principles to the Labour problem?"

Will the Government have the courage to declare that autocracy can no more be allowed in the factory or the mine than on the throne or in the castle? That after a century of Factory Acts, Mines Regulation Acts, and Minimum Wage Acts, the claim of the employer to "do what he likes with his own" has long been obsolete; and that the time has come, as the only means of averting social disaster, to *grant a Constitution* to the factory; and quite frankly to recognise and insist that the conditions of employment are not matters to be settled by the employer alone, any more than by the workmen alone, but in joint conference between them; and not even for each establishment alone, but subject to the National Common Rules arrived at for the whole industry by the organised employers and employed, in consultation with the representatives of the community as a whole? The principle of conjoint control is already embodied at various points in our industrial legislation—for instance, in the checkweighman and pithead baths clauses of the Mines Regulation Acts, in the Joint Boards fixing wages under the various Minimum Wage Acts, and, again, the other day, in the clause in the Act providing for welfare work. On the other side, the employers in each great industry may presently be organising themselves, as Mr. Ernest Benn suggests,* in a National Association for the better management of scientific research, representation in foreign countries, standardisation of production, and other parts of their business.

What is needed now is for the Government, supported by the House of Commons, very definitely and decidedly to negative the claim that employers are once more making to autocracy; to insist that any National Associations of Employers cannot be allowed to refuse a constitution to their employees; to set up the necessary machinery of workshop committees and national industrial committees, formed from the trade unions concerned; and to give the decisions of these committees (which would not, any more than do the Factory Acts, compel any employer to engage in business, or any workman to accept employment) as to the minimum conditions upon which the industry shall be carried on, all the backing of law, administration, and public opinion.

A Workers' Constitution.

Such a grant of a constitution to each industry would go far to allay the discontent that may presently flame up into anger. But the mere establishment of constitutional machinery to deal with difficult problems does not in itself find solutions for them. The employers are already at work with their plans for such a factory

* "Trade as a Science." By Ernest Benn. Jarrold. 2s. 6d.

reorganisation as shall give them the largest possible profits. What are the Trade Union proposals for factory reorganisation? It is imperative that the workmen, if they are not eventually to be "done" in the deal, should have thought out separately for each industry and prepared in detail their own solutions of such problems as the effect of piece-work on the standard rate, the rates to be fixed for labourers, women, and boys in relation to those for skilled men, the avoidance of disputes as to demarcation, the maintenance of the standard minimum per unit of effort, and so forth. We ought to hear that each Trade Union Executive and every local Trades Council has appointed its own committee to solve these difficult problems from its own standpoint.

What the workman wants is status and security and freedom, as well as better conditions of life. But, after all, one of the biggest immediate issues will be the amount of wages that his work will bring to him. Now on this issue five general principles stand out as of national even more than of individual importance, upon which the Government and the House of Commons and public opinion ought to insist, and for the enforcement of which in all industries every administrative device and social pressure ought to be employed:

1.—Prevention of Unemployment.

There must be (as already explained) an actual Prevention of Unemployment.

2.—Maintenance of Standard Rates.

There must, in the second place, be a very authoritative maintenance (and a very definite security for maintenance) of the existing standard rates. A degradation of the standard of life is the worst calamity that can happen to a nation.

3.—Security Against Cutting Piecework Rates.

There must be, in particular, wherever any form of piece-work remuneration is adopted, some effective means of protecting the scale of piece-work payments against the insidious degradation of the pay per unit of effort, whether by the progressive "cutting of rates," or by various forms of "speeding up," to which (as a whole century of experience has shown) unregulated individual piece-work is prone.

4.—No Limitation of Output, or Hindrance to Machinery or to New Classes of Workmen.

On the other hand, we cannot as a nation afford to permit, for this or any other purpose, anything in the nature of limitation of output, or restriction on the best possible use of machinery or new materials or processes, or hindrance to the employment of any individuals or classes for any work of which they are capable. We must simply find some other way of achieving the object.

5.—Universal Enforcement of the National Minimum.

Finally, we cannot as a nation afford to let any of our workers remain at wages, or under conditions, which do not allow of the maintenance of their strength and of a continued healthy family life. We must, perforce, start from existing conditions, inexcusably bad as in many cases they are; and only gradually build up whatever may be prescribed as the national minimum of subsistence, sanitation, education, and rest, below which no employer and no worker can, in the interests of the community as a whole, be permitted to descend. But build it up we must, at whatever cost of capitalists having to forgo some of their possible profits. It was Mr. Asquith himself who said that "every society is judged, and survives, according to the material and moral minima which it prescribes to its members." Huxley warned us a quarter of a century ago that "any social condition in which the development of wealth involves the misery, the physical weakness, and the degradation of the worker is absolutely and infallibly doomed to collapse." We all admit it in general terms. But how to apply these five principles in the prevention of the industrial conflict with which we are threatened must be left for another section.

IV.—THE TWO MAIN PUZZLES: WOMEN IN INDUSTRY AND "SCIENTIFIC MANAGEMENT."

We have seen that, whilst the grant of a constitution to the factory and the mine may be the only way to prevent the industrial conflict to which the autocracy of the employer will inevitably bring us, no constitutional machinery, however perfect, will in itself supply a solution of the problems of industrial organisation. We are warned by a whole century of experience that not even the most effective democratisation of control will prevent a disastrous lowering of the standard of life without the adoption of regulations, and especially of systems of remuneration, that will automatically counteract this constantly working tendency of competitive employment. Not even the fullest representation of the workers on joint committees will avail to prevent the recrudescence of such anti-social devices as Limitation of Output, Demarcation Disputes, and the exclusion of those "who have no right to the trade" on the part of workmen who, owing to the failure of their representatives to solve the problem, feel their accustomed livelihood slipping from them. The two main difficulties which the Government has to face in any reconstruction that will not only prevent industrial strife, but also, in the words of Mr. Asquith's new pledge, "secure a fairer distribution amongst all classes of the products of our industries," are the entrance into occupations hitherto monopolised by skilled craftsmen of women and other new workers, and the great extension of the piecework which is an element in what is known as "Scientific Management."

Now, it is not irrelevant to observe that the difficulty of solving both these problems will be enormously increased or diminished according as the Government fails or succeeds in preventing unemployment. If the influences now at work to dissuade the Government from undertaking the "very serious responsibility" of daring to touch "the labour market" should prevail; if the Cabinet should decide against such a deliberate organisation of the housing, school-building, road-making, and the mass of other public orders that must anyhow be given sooner or later as will keep the aggregate demand for wage-labour approximately level, and thus substantially *prevent unemployment*, then any satisfactory solution of the two main puzzles may well be impossible. The Prevention of Unemployment is, in a very exact sense, the key to the position. Against being thrown into a sea of unemployment all the trades will fight like tigers.

Six-and-a-Half Million Women Workers.

Let us take first the case of the women and other newcomers in the skilled trades. There are now probably six and a-half million women "gainfully occupied" in the United Kingdom, as compared with five and a-half millions five years ago. There are apparently nearly 300,000 more than just before the war in the principal industries; over 200,000 more in commercial establishments; over 9,000 on the railways, and 7,000 in other transport work; over 63,000 more directly in the national and municipal departments—altogether perhaps 650,000 who have come in during the war, but 100,000 of these have merely shifted from domestic service, etc. Thus the war has merely increased the total number of "gainfully occupied" women by as many in two years as they increased during the preceding four or five years of peace. But, besides this not very important quickening of the pace, there has been a new opening of gates. Women have been put to many kinds of work hitherto supposed to be within the capacity of men only; and they have done it, on the whole, successfully. In the same way many thousands of unskilled labourers have been put to new jobs, many of them hitherto reserved for skilled men; and they have rapidly become expert at these tasks. The women will not all wish to remain in industry when peace comes; but a large proportion—perhaps a majority—of them certainly will. None of the labourers promoted to skilled jobs will want to relinquish them. Yet the Government has definitely promised that they shall do so.

Keeping up the Standard Rate.

Whether or not we can get over this difficulty peaceably depends, it is necessary to repeat, on whether or not there are in the first year of peace thousands of men walking the streets unemployed. If the Government lets this happen (as it need not) the unemployed men will naturally not be satisfied with anything less than the fulfilment of the nation's solemn pledge, and the ousting of the women and

the newly introduced labourers from their avowedly temporary employment, the scrapping of the new machines, and the reversion in all respects to pre-war conditions, as the Government has guaranteed. This many employers will resist or evade, even to the extent of setting up new factories, and calamitous will be the resultant bitterness. On the other hand, if there is still work to be done, and no competent skilled men are unemployed, it would be difficult to argue, after the war as during the war, that the services of the women and of new classes of men should not be utilised. What the workmen would then mainly object to would be the chance—indeed, the certainty—of the women and the unskilled men being used as a means of undermining and reducing the Standard Rate. If the Government take steps (as it quite well can if it chooses) to make such a misuse of female or unskilled labour impossible, as well as to prevent unemployment, the Trade Unions might properly agree to release the Government from fulfilling its pledge. But not unless.

Women's Wages.

It comes, therefore (with unemployment prevented), to a question of the terms on which the new workers should be employed. Now, apart from exceptional cases, we cannot, unfortunately, usefully insist that women should be paid the same as men. To enact this would mean the exclusion of women from the majority of industrial employments, because the typical woman is worth less to the employer than the typical man. It is true that the employer finds her more "docile" and more "conscientious." But she is not usually available for night-work; she does not do so much overtime, and she often works shorter hours, which suit her better. She is, on an average, absent from ill-health more than a man. She is unable, on account of physical or other incapacity, to do certain services that are occasionally required. She is usually unwilling to remain long years at her work, or to undertake additional responsibility; and she is less eligible for promotion. Where both sexes are employed, additional expense is involved for superintendence, lavatory accommodation, "welfare work," etc. Thus, at equal time wages, men would nearly always oust women. Even at equal piecework rates, if the men and women really execute the same tasks, men would be usually preferred. Now we cannot ask the six million women to propose terms which would mean to many of them—perhaps to most of them—the loss of their situations. The women simply will not ask for wages equal to those of the men. What is required is—to use the words of that wonderful shilling's worth, the "Labour Year-Book" *—"the fixing of a rate for men and women which shall be in equitable proportion to any less degree of physical endurance, skill, or responsibility exacted from the women, or to any additional strain thrown on the men, and which shall neither exclude women on the one side, nor blackleg men on the other." It

* Published by the Labour Party. Post free from the Fabian Bookshop, 25, Tothill Street, Westminster, for 1s. 5d. paper, or 2s. 11d. cloth.

is this delicate adjustment that the Government will have to make, perhaps by one of the devices suggested below (*prescribing minima only*, and securing by law the rigid enforcement of the minimum rates thus fixed). Only at this price can very serious trouble be averted. The same principle applies to the newly introduced unskilled men. It could equally be applied in solution of the difficulties presented by Demarcation Disputes, and by the admission of outsiders to a trade. If once the skilled craftsmen are secured against unemployment (as the Government can, if it chooses, secure them), their quarrel as to the employment of women, labourers, and men of other trades concerns only the Maintenance of the Standard Rate. This the Government can, if it chooses, also secure.

No less grave and no less complicated is the difficulty presented by the employers' insistence on what they call "scientific management." This American invention (as to which Hoxie's "Scientific Management and Labour" should be consulted †) aims at greatly increasing output. As to much of it that concerns the greater use of machinery, the provision of the very best appliances, the better organisation of the factory so as to avoid waste of time or discontinuity of work—all this amounting to a severe indictment of the knowledge and capacity of our own factory managers—we need say nothing here. Nor need we criticise the application of brains to find out how each job can be most efficiently done, least of all the discovery of the proper intervals of rest and change of motion so as to minimise fatigue. What is dangerous is the introduction (and this is an integral part of the scheme) of payment by the piece, without any guarantee for the maintenance of the standard rate. One of the changes under the Munitions Acts, which the Government has pledged itself to reverse, is a vast extension of piecework, in one or other form, to jobs formerly paid for by time rates.

Piecework.

What is the workmen's objection to piecework—an objection in which they are now upheld by all instructed economists? It is that, however liberal may be the piecework rates fixed at the outset, managers and foremen cannot refrain, and never do refrain, as is proved by a whole century of experience in all countries, from sooner or later "cutting" the rates, when the workmen have increased their output (and the intensity of their effort). This is, of course, a fraud on the workers, who have been tempted to substitute piecework intensity for timework intensity; and then eventually find themselves giving piecework effort for no more than their old timework earnings. Against this every workman revolts. The standard rate of pay per unit of effort is thus subtly lowered. The result is, if not a series of embittered strikes,

† Published by Appleton and Co., New York. To be got at the Fabian Bookshop, 25, Tothill Street, Westminster. See also "Great Britain After the War," by Sidney Webb and Arnold Freeman, price 1s. net (on sale at the same address).

sullen resistance to "speeding up," more or less concerted limitation of output, refusal to make the best of machines, "ca' canny" in all its forms—in short, the parlous state into which this ill-considered and, in fact, fraudulent action of the employers had brought some of our factories prior to the war.

Now, workmen do not really object to piecework as such—they usually prefer it, and more than half the Trade Unions, including some of the most powerful and most successful, actually insist on it. But what every instructed Trade Unionist fights against is a system under which the piecework rates (a) are autocratically fixed by the employer; or (b) are not settled by Collective Bargaining; and (c) do not embody some effective safeguard against a subsequent "cutting of rates," either for the same or similar jobs, or for all the work of the trade, contrary to the implied agreement to maintain the Standard Rate *per unit of effort*.

What has to be discovered and adapted to the special circumstances of each industry is some permanent and automatically acting brake on the successive lowering of the piecework rates—not in order to ensure that the individual workman shall take home undiminished earnings (comparatively a minor matter), but in order to maintain undiminished for all the workmen in years to come the Standard Rate per unit of effort. *The problem has been solved in some industries*; in fact, a whole wealth of experiment, hitherto usually ignored by employers and Trade Unionists in other industries, as by the economists, lies open to the inquirer.

Piecework Lists or Independent Rate-fixers.

The devices found successful in safeguarding the Standard Rate, whilst allowing piecework or "premium bonus" systems, seems, fundamentally, to fall into three classes. There is the collectively-bargained-for "List of Prices," unalterable by the employer, however much the workmen may earn. These piecework lists, of which hundreds are published by the Board of Trade,* are often (as in the cotton trade) of great complexity, and (as in the boot trade) successfully applied to jobs varying in minute details. Where the variations are incessant, almost every job differing from the last, the device of a salaried and disinterested Rate-Fixer, or couple of Rate-Fixers—in practice, usually the officials of the Trade Union and Employers' Association—has been found successful (as among the brassworkers and some of the coal-miners), "pricing" each new job on the agreed basis of a percentage above a standard time-rate. Where women are employed, there ought to be a pair of such Rate-Fixers, one of each sex. Failing such independent rate-fixing, an automatic brake on the employer's constant reductions was found, a quarter of a century ago, by some of the branches of the Amalgamated Society of Engineers (have they now forgotten it?) in the Guaranteed Time and a Quarter, a standing agreement with the

* The latest volume so published is Cd. 5366 of 1910, price 2/2.

employer that, "whatever the piecework rates, every workman in the shop should always be guaranteed a minimum earnings *each week* of 'Time and a Quarter.'" The importance of this rule lay, not in preventing all cutting of rates, for this it did not achieve, but in the fact that the employer found that it did not pay to "cut" the piecework rates or premium bonus times below such a minimum level, because in such case *he failed to evoke the piecework intensity that he desired*. The workman dropped back to timework speed whenever he found he was not making "Time and a Quarter" at least.

There may well be other devices equally effective. But, in one or other way it is vital to Industrial Reconstruction to make it impossible for the employer to use either the labour of women and unskilled men, or the substitution of piecework for timework, as a means of reducing the Standard Rate of remuneration, not merely per hour, but also per unit of effort. We must not only replace the autocracy of the employer by a constitution for the factory and for the trade, but also place in the hands of the representative Workshop Committee or Trade Board some device effective in preventing, whether by the employment of women or the use of piecework, any degradation of this Standard Rate.

V.—THE NON-ADULT.

The nation does not realise to what an extent its boys and girls are helping to win the war. Among the three million workers in controlled establishments and firms fed by war orders there are literally hundreds of thousands of "non-adults," from 13 upwards. The hundred or so National Factories already at work have on their wage-rolls boys and girls between 13 and 18 to the number of tens of thousands. At Woolwich Arsenal alone there is believed to be a larger working force of boys—I will not state the number of thousands—than in any other industrial establishment in the world. Less creditable to us as a nation is the fact that boys and girls of 13, 12, and even 11 years of age are being allowed to absent themselves from school, to the number, in the aggregate, of many tens of thousands, in order to earn a few shillings a week in industry or agriculture. We have, in the stress of war, called in even the children to help the State. How are we going to make it up to them?

The non-adults will bear their full share in the suffering that peace is destined to bring by industrial dislocation. The boys and girls now serving as inadequate substitutes for men will be discharged when men can be got; the swollen pay-rolls of the 4,000 munition factories will rapidly shrink, and the boys and girls will lose their present highly paid jobs; there will be a sudden besieging of the juvenile departments of the Labour Exchanges, which (unless the Treasury sanctions a gigantic expansion of staff and premises) will be unable to deal with the rush of applicants for places; and

whilst employers will be glad enough to pick up smart youths for new occupations at "improvers'" wages (if the Trade Union does not revolt against it), there will be at least as great a risk of unemployment—indeed, the same certainty of slumps in particular trades and in particular localities—for the non-adult as for the adult.

Unemployment Among Youths.

The sudden unemployment among youths in East and South-East London will be extensive and lasting. And the failure of the boy between 16 and 21 to get immediately into a new situation when he loses his job is nothing less than a national calamity. Unemployment is bad enough, cruel enough, demoralising enough in the grown man, but any prolonged unemployment for the average manual working youth in our great industrial centres is soul-destroying. Forty per cent. of all the crime in the kingdom, so the Chairman of the Prison Commission informs us, is perpetrated by youths between 16 and 21. It is literally the fact that 80 per cent. of all the inmates of our prisons are found, on investigation, to have gone to prison for the first time before they were 21. *In the vast majority of cases their first offence was committed whilst they were unemployed.* The inference is that, important as it is that the Government should take the necessary steps to prevent unemployment among the adults, it is still more important—nay, absolutely vital for national health—that the Government should take the necessary steps to prevent unemployment among the youths who will be discharged by the thousand when peace comes (how many thousands from the Government's own factories?).

But we cannot deal only with the particular non-adults who happen to have been engaged in "war work"—these cannot be saved from unemployment and destruction except by the means that will save equally the other workers of their own age. What the Government has to reconstruct, in order to solve this particular Problem of Demobilisation, is, in fact, our social machinery for dealing with the non-adult—what we call, for short, our educational system.

A System in Ruins.

It sounded an exaggeration when Sir James Yoxall declared in the House of Commons that "the elementary school system of this country is in ruins." But there is a sense in which this startling statement is quite true. It is not merely that the children are slipping out of school-attendance, that hundreds of school buildings have been taken for Army needs, and that the supply of teachers has been knocked on the head. What is even worse is the demoralisation of the Local Education Authorities, the "slipping up" of the machinery for securing attendance, and the sudden loss of faith in the validity of the structure which Whitehall has been painfully

building up. The nation is half-conscious of the ruin. Public opinion, as yet very little concerned about preventing unemployment, is already whole-hearted about improving our educational system. Nothing meets with more acquiescence (outside the households of Lord Midleton and Lord Cromer) than the boldest demands for educational reconstruction. The nation is prepared for an authoritative lead, and will eagerly adopt any reasonably plausible Government plan, if it is only large enough! And we have come to the point when, as Mr. Henderson emphasised in moving the vote for the Board of Education, we know that "it is a question of money, more money, and still more money." We are spending only eighteen millions of national and eleven millions of local funds on education of every kind—less than threepence per week per head! After the war the vote for the Board of Education will need to be trebled.

The Home Child.

What social provision do we need for the Non-Adult? Let us begin at the beginning. At present our Local Education Authorities are hampered because the material on which they have to work is largely spoilt when it is handed over to them. The physical wreckage among the children under school-age, due simply to social neglect, is appalling. The Local Government Board and the Board of Education are now making a good start with their schemes of maternity provision and infancy care, their "Baby Clinics" and Schools for Mothers. Up to twelve months old in most towns the Health Visitors more or less successfully look after the infants; and infantile mortality has already gone down by 30 per cent.! The unguarded tract is now between the ages of one and five. Only in one or two pioneer boroughs does the Local Health Authority at all systematically look after the children in these perilous years, in which the lives of tens of thousands of our future citizens are wrecked. The London Education Authority has distinguished itself by using the device of excluding the "under fives" to turn 50,000 of them out of the infant schools into the gutters. We need (i.) to make the maternity and infancy provision, now elaborately prescribed in the L.G.B. circulars, obligatory on all Local Health Authorities; (ii.) *to extend its scope right up to school age*; (iii.) to pay at least 80 per cent. of the whole cost by grant in aid in order to overcome municipal apathy.

The School Child.

So calamitous are the results of our social neglect of the Home Child that when it becomes a School Child 15 per cent. of all the millions we spend on its schooling are wasted. The Chief Medical Officer of the Board of Education tells us that a million of the children at school are in so bad a state as to be unable to

get any reasonable amount of benefit. So tragic a waste demands an immediate development of the School Feeding and School Medical Treatment services.

A determined Minister of Education with anything like a free hand from the Cabinet would put such pressure on the Local Education Authorities, by honours and rewards to those who did well, no less than by holding up to public opprobrium and by reducing the grant to those who lagged behind, that he might (a) make elementary schooling genuinely obligatory and universal, even in Ireland; (b) insist on having enough really qualified teachers at decent salaries; (c) compel such a reorganisation of schools and classrooms as had already been adopted in principle at London and Bradford to bring down the maximum class to not more than forty, and the average per teacher to fewer than thirty; (d) make the leaving age everywhere effectively 14; (e) secure by-laws limiting much more severely than at present the employment of children out of school-hours; (f) get everywhere an adequate provision of Maintenance Scholarships to enable not merely the budding geniuses but all bright children to continue their education; and (g) induce every local authority to complete its numerical quota of secondary schools and training colleges.

Our Anæmic New Universities.

What would do most to invigorate and vivify the feeble score of Universities, which is all that this nation at present affords (and most of the newer among these are anæmic from a shortage of students having both brains and enough to eat), would be the establishment at each of them of at least 100 national scholarships of the value of £150 a year, given in open competition to the ablest young people of each adjacent area proposing to follow one or other brain-working occupation. Such a system of national scholarships would cost only £300,000 a year—less than ninety minutes of the war!

This sounds like an extensive programme. But it is literally true that the whole of it needs no alteration of the law. It requires only a wisely imaginative use of the grant in aid; the tactful distribution of knighthoods to mayors, chairmen of education committees and local education officers who push their local authorities on in advance of the ruck; the incessant harrying of the laggards, with an organised campaign of persuasion of the obstructive local potentates; and the effective local publication of really stinging reports on the authorities that are most backward, with a demonstration of the injury done to the ratepayers in the shape of substantial reductions of the grant in aid. If the Minister of Education was as keen about getting his job done as the Minister of Munitions is, can anyone picture what a change there would be? What Parliament needs to do, besides at least doubling the present Education Votes, is to raise the school-leaving age, at any rate to 15.

Half-time for Adolescents.

Such education proposals are, however, the stalest of common-places. What will strike the ordinary citizen as revolutionary is the demand now made on all sides—by the practical teachers, by the Government health experts, by the economists, by Lord Haldane every time he speaks—for the rescue of the precious years of adolescence from enslavement in wage-earning. These years, from 14 to 21, must now be claimed for production in the highest sense—not, as at present, absorbed in the making of material things, but dedicated primarily to the building up and training of the man and woman. We cannot create healthy and productive citizens so long as we let our boys and girls be wholly swallowed up by industrial or agricultural wage-earning at 13, or 14, or even 15. Nor will our evening class system ever suffice, in which tired teachers try to teach youths exhausted by a factory day. There is universal agreement that, if we are to have an efficient or even a healthy community, we must rescue some of the youth's time from competitive industry. *We see now that there must be, in some form, half-time for adolescents.* Even employers are coming round to agree, provided that the measure is made universally applicable throughout the kingdom, so as to prevent any competitor from taking advantage of the backwardness of his own local authority. We must re-enact, in principle, the present half-time clauses of the Factory Acts—merely substituting new ages for those now in the Act—and prohibit employers from employing youths under 18 (or even under 21) for more than thirty hours per week; with possible alternative systems, allowing the devotion to training of whole months at a time, for agriculture, seamanship, etc.

The Halving of Boy Labour.

From the standpoint of Labour, this would mean, virtually, halving the number of boys in industry; and the consequent stoppage of the misuse of boy-labour for other than apprenticeship purposes. A period at which it is all-important to prevent unemployment, and especially unemployment among youths, is just the time for such a revolution. Its gradual introduction would in itself enable the Government absolutely to prevent all unemployment among young people. From the standpoint of education, the change would involve the preparation of the best possible curriculum for some millions of boys and girls at the most formative period; attending, according to the industry in which they were engaged, either alternate half-days or days, or alternate weeks, months, or seasons, for a duly organised mixture of physical and technical and intellectual training. This might be completed by whatever training in drill and the use of arms is deemed requisite. *Meanwhile there need be no interruption of industrial employment, wage-earning, or home*

life. The farmer's boy, the van boy, the errand boy, the newspaper boy, the "glue boy" of the carpenter's shop, the shipyard rivet boy—if these are really the best uses to which employers can put boys—might still unfortunately continue; but the nation would at least be doing its best, by their Half-time Training, to prevent them from graduating as hooligans and unemployed corner-boys into the gaol. We want, it need hardly be said, for all our bright boys and girls an abundance of Secondary Schools and Maintenance Scholarships. But more important than these is Half-time Continuation Schooling—physical, technical, and intellectual—up to at least 18 for those whom we now permit the employers to take wholly into their service at 14. And now is the time, just when the Government, as we may believe, is concerned to prevent the occurrence of unemployment, especially unemployment among youths, for the preparation of such a scheme of Half-time for Adolescents, to be put in force as soon as Peace is declared.

VI.—THE CONTROL OF CAPITAL.

Two unspoken anxieties haunt many of us. Shall we, amid all this destruction of wealth, have enough capital to maintain the nation's industrial pre-eminence? How can we, in face of our war losses and a staggering National Debt, afford to pay for the social readjustments required?

Now it may seem a paradox, but the economic student will at once realise its truth, that this war, like all wars, is carried on, substantially, out of national income, not out of national capital; and that there is every reason to believe that this country will come out of it with its industrial capital almost undiminished. The land is all there, with its buildings and improvements, happily exempt from any more devastation than a few bomb explosions. The machinery and plant of all kinds have actually been increased. There is no prospect of any shortage of raw materials or of food. Our herds of horned cattle are greater than ever before. We shall, it is true, have lost some of our merchant shipping. We shall have neglected many works of maintenance and repair, thus deteriorating our roads, railways, buildings, etc.; and some appreciable work will be needed to adapt our whole industrial machine once more to a peace production. But, taking all this into account, it is doubtful whether the lessening of material capital has yet been greater than the current increase. And if it be objected that "credit" will be lacking, or currency, or banking facilities, let it be noted, once for all, that all this is merely a question of organisation, which can be indefinitely increased up to any extent found genuinely useful by ordinary Government action.

What is happening is that those who can spare any part of their incomes, after paying the heavy taxes and the high prices, are lend-

ing these savings to the Government.* At the end of the war the Government will probably owe to various individuals 4,000 million pounds, involving a mortgage on our earnings, for the benefit of those who lent the money, of 200 millions a year. But the aggregate capital within the kingdom is not affected by these paper transactions.

The Proprietary Class.

But although the nation's capital will still be there, substantially undiminished, we have to take account of the fact that we have allowed nearly all of it—practically all but the thousand million pounds' worth or so that is administered by the national Government and the municipal authorities, together with the fifty or sixty million pounds' worth of the co-operative movement—to be counted in law as the personal riches of private individuals, nine-tenths of it belonging to a class of about a million families, or one-tenth of the community.† We are accordingly dependent on the proprietary class, which we have thus artificially created, for permission to use the land, the buildings, the railways, the shipping, the machinery, and the stocks by means of which the nation lives. Thus, although there is no reason to anticipate any deficiency in capital, the capital will not necessarily be available for the purposes for which the nation may deem it most urgently required. The owners may prefer to invest it, in its mobile form, in South America; or, for that matter, in Germany or Austria, which will be offering high rates of interest. Last century we were told to trust to the workings of the enlightened self-interest of the capitalist; to believe that where the highest rate of interest was offered for a loan (allowing for insurance against loss), there the capital was most urgently required in the public interest; that, consequently, extravagant Sultans and corrupt South American Republics, foreign armament firms, or enemy shipowners ought to be allowed to compete freely for capital with home needs; and that, as between home needs, the capitalist's preference for whisky distilleries and automobile factories over arable farming and cottage building proved that the nation did not really require the latter so much as the former.

We know now—even the economists—that this system of *laissez-faire* cannot be relied on to secure the devotion of the national capital to the national needs in anything like the proper order or the proper proportion. The capital may be there, but it will not necessarily flow where it is most urgently required—according to

* At the same time, those of us who own securities of Neutral States are exchanging these for British Government securities. These mortgages will henceforth be on the production of the United Kingdom, instead of on that of the Neutral States. This transfer of mortgages equally leaves unchanged the amount of capital in the United Kingdom.

† See Fabian Tracts, No. 8, "Capital and Land"; and No. 5, "Facts for Socialists," for the most authoritative statistics on this point.

any public estimate of requirement—*unless the Government takes care that it shall do so*. That is why we have had, during the war, a great deal of control of capital, and we see now that we ought to have had much more. *Can we afford to relinquish that control when peace comes?*

The Export of New Capital.

Take, for instance, overseas investments. At present the Treasury temporarily prohibits all public raising of capital for investment abroad, unless in exceptional cases. If, after the war, there is any doubt or difficulty about getting enough capital for (i.) the full restoration of all our home productive force; (ii.) the execution of the extensive programme of public works, national and municipal, which the Government is actually now beginning to consider, and which (let us not forget it) alone can enable the Government to prevent the occurrence of unemployment; and (iii.) all the "preparedness" that the nation deems necessary, in the way of storage of food and materials, against the chance of a future submarine blockade—then the question arises: Why allow the export of capital? Of course, there are advantages in leaving property-owners free; the capital exported goes away largely in the shape of machinery and other goods, and thus momentarily benefits particular home industries; the development of other countries through our capital is indirectly of some use to us at home; the interest on the foreign investments of our capitalists comes in commodities, and thus benefits our shipowners and import merchants; and it seems, at any rate, more profitable to the proprietary class. All this, as we have realised during the past two years, counts for very little against the public interest in having enough capital at home. There is a great deal to be said, at any rate as a temporary measure during the Great Reconstruction that the Government has to undertake, for an extension to *all new investments of British capital overseas*, public or private, of Mr. McKenna's additional income-tax on the foreign securities which the Treasury wishes to buy or to borrow. It is found quite easy to enforce such a tax by special assessment on the dividends or interest coming from the penalised source. Moreover, we ought all to be required to produce a complete list of all our investments. If any capitalist abstracts his capital from the work of national reconstruction, preferring to lend it to foreigners at higher rates of interest, let us not only stigmatise such action as unpatriotic, but also penalise it by an additional income-tax of 2s. in the £. At any rate, until such step is taken no Minister can pretend that shortage of capital stands in the way of any desirable measure of reconstruction.

Railways and Canals.

Particular forms of capital obviously need special measures of control. The railways, for instance, cannot be left as they are nor

yet be allowed to revert to private control. To buy out all the private interests at full Stock Exchange prices would cost little over 800 millions in Government Bonds; and would permit of the organisation of an entirely disinterested Public Service of Railway and Canal Transport, managed by the ablest technical experts, henceforth concerned only to serve the public and give proper treatment (including a share in control) to the employees; expending all the economies of amalgamation and improvement on better conditions of transport and of service; and yielding a fixed amount to the Treasury sufficient only to cover interest and sinking fund on the railway debt.*

Housing.

To put a stop to insanitary housing and (a far-reaching evil) indecent occupation, the nation probably needs, as has been suggested, the prompt building of a million new cottages and town tenements. This will not be done by the capitalists, who gave up this form of investment ten years ago for rubber planting and petrol production. It will be done only if the Government stirs up the local authorities, and *renews the offer already made*, not only of favourable loans, but also of free grants sufficient to enable the municipalities to build without charge on the rates. Possibly a couple of hundred millions will be required in this way, in loans or grants, as part of the Programme of Reconstruction.

Agricultural Land.

Consider, too, our agricultural land, which, as the Board of Agriculture has just told us (Cd—8305, price 4d.), produces per 100 acres of cultivated area less than half as much corn as the German land, one-fifth as much potatoes, less than two-thirds of the milk, *even slightly less meat*, and next to no sugar, of which Germany produces a great deal. It feeds, in short, only two-thirds as many people. Why? Fundamentally because the Germans have invested many millions in fertilisers and in arable cultivation. Our farmers have found it more profitable to themselves, though not to the nation, to invest little capital and to "let the grass grow." The result is our perilous dependence on the uninterrupted arrival at our ports of our food ships. Nor will any import duty on corn or guarantee of price secure the end. We shall not get our landlords and farmers to plough up their worst four million acres of grass without definite control—either by peremptory legal obligation on the private owners and farmers to cultivate; or by public ownership and leasing, under strict covenants to maintain the cultivation that the nation requires, or, finally, by State farms.

* See the fully worked out scheme in "How to Pay for the War," to be obtained from the Fabian Bookshop, 25, Tothill Street, Westminster, at 6s. net; or the reprint of the chapter, "A Public Service of Railway and Canal Transport," price 1s. net.

The Coal Supply.

Can we afford any longer to leave our coal mines in private hands? These 3,300 pits, belonging to 1,500 companies, are worth at the present inflated Stock Exchange prices perhaps 200 million pounds, or only six weeks' war; but they employ one-tenth of the community, and upon their uninterrupted working our very life depends. It would be well for every householder—certainly every Trade Union Branch—to learn how we could nationalise our coal production and municipalise our coal distribution; paying out every capitalist interest at full price and securing uniformly improved conditions for all the million colliers; and supply every family in the kingdom with all its coal for domestic use at a fixed and uniform National Price for Household Coal, no more liable to variation than the penny postage stamp, of one shilling per hundred-weight delivered to cellar.*

National Factories.

Before the war the Government had made itself dependent on the private capitalist ("the Armament Ring," etc.) for very nearly all the supplies that it needed—the output of Woolwich Arsenal and other public factories having been reduced to the smallest possible dimensions deliberately in order to permit more contracts to go to the capitalist firms. Now the Government possesses altogether between one and two hundred factories of its own, producing many kinds of war stores. Most of these are newly built and equipped, regardless of cost, in the most efficient manner. When peace comes the Government will want to get rid of these, and it intends at present to hand them over to private capitalists! This must not be permitted. Why should fresh opportunities for profit-making be given to private capitalists at the expense of public funds? We ought to insist on all these National Factories being retained by the Government, and kept running to their full capacity, in order to supply the national needs. When their lathes and other machines are not wanted for shells, they should be used (as are the engineering shops of the Hungarian State Railways) for making agricultural implements or motor-cars.

Can We Afford to Pay?

We come now to the second anxious inquiry: Can we afford to pay for the social readjustments required? Fortunately the war has answered this question. We see now that when Ministers postponed Old Age Pensions for nearly twenty years because the nation could

* See the completely elaborated scheme in "How to Pay for the War," to be obtained from the Fabian Bookshop, 25, Tothill Street, Westminster, at 6s. net; or the reprint of the chapter, "The Nationalisation of the Coal Supply," price 1s. net.

not afford twelve millions a year, when Lords Goschen and St. Aldwyn shrieked with horror at the rise of the Grants in Aid, when Chancellors of the Exchequer—from Gladstone downwards—deliberately starved the Education Estimates to avoid having to increase the National Revenue—either they “did not know their job” or they were shielding the rich from bearing their share of taxation. Even the “Morning Post” sees that it will never again do for any Chancellor of the Exchequer to pretend that “the nation cannot afford it.” “We are at least sure,” declares that organ of the wealthy, “that the working classes who are fighting side by side with those who once had leisure and wealth will never again believe that there is not sufficient money in the country to provide sufficient wages and good houses.” The Chancellor’s revenue for the current year is over 500 millions sterling. The Government, which is the sleeping partner in every business firm, and the mortgagee of every private proprietor, ought never to budget for a less sum. *To reduce taxation whilst leaving urgent social needs unprovided for means that we prefer to endow the taxpayers rather than meet the social needs.* Not that we can keep the War Budget unchanged. We must, at any rate, abolish the sugar tax and reduce the tea duty. We shall, unfortunately, be urged to repeat the temporary Excess Profits Tax; though, as it only hits excess profits—profits in excess of those of the most profitable years known to British industry—there seems no reason why some similar tax should not be imposed. We must promptly remedy the shocking unfairness of the Income-tax, and especially its immoral and anti-genic special penalisation of lawful matrimony and an adequate family.

But, after making all proper allowances, the systematic regraduation of the Income-tax and super-tax on the scale suggested by so moderate a statesman as Lord Courtney of Penwith—beginning, say, with a penny in the pound on the small incomes, and rising to 16s. in the pound on those of £100,000 a year—would yield, in the fairest way, all that the Chancellor of the Exchequer will need to maintain a 500 million Budget.* It is, as we see very well, mere pretence to say that the nation “can’t afford it.” It has shown that it can afford it *when it chooses*. Any hesitation over measures of social reconstruction, any denial of social justice on the ground that the nation cannot afford it, means henceforth only this, that the Government, *speaking for the payers of super-tax*, does not wish to afford it.

* See “A Revolution in the Income Tax,” price 1s. net; or “How to Pay for the War,” 6s. net.; to be had of the Fabian Bookshop, 25, Tothill Street, Westminster.

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