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SOME ESSENTIALS
OF
SOCIALIST PROPAGANDA.

A TRACT FOR THE TIMES.

BY

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Some Essentials of Socialist Propaganda.

By G. D. H. COLE.

The familiar case for Capitalism is that, whatever may be its moral shortcomings, its failure to achieve economic justice or to appeal to the best motives in men, it somehow works, and works better than any alternative system could be expected to do. We are invited to look upon the complexity of modern civilisation, the mixed motives and mingled strength and weakness of human nature, the need for elasticity and enterprise in adapting the economic organisation of Society to constantly changing opportunities and needs, and to conclude that, on the whole, capitalism possesses just the qualities that are required for making the best of a very difficult job. We are asked too to contemplate the past achievements of the world under the capitalist system, and especially the achievements of the past hundred years—the astonishing increase in the world's wealth and productive power, the rise in the standard of living since the Industrial Revolution, and the progress that has been made, despite all the inequalities that still remain, towards a more equitable distribution of wealth. Capitalism, we are told, has done all this, and will do yet more if it is allowed to carry on its good work. And yet there are foolish people who would discard it, and imperil the continuance of the solid benefits it has conferred on the world, in favour of an untried and even undefined experiment in something that is vaguely called Socialism—something about which hardly two Socialists can be found to agree.

There is no need to deny that this is a formidable defence, in which is embodied much indisputable truth. It is the more formidable because it plays upon human fears, which are apt, save at moments of exceptional stirring in men's minds, to be more powerful than human hopes. Will you endanger, it asks, what you have now? You may have little; but it is something and your own, and a good deal more, in most cases, than your father and your grandfather had before you. The Socialists would take this from you, say those who pursue the cruder lines of attack. Socialism would put this in jeopardy, says the subtler advocate who knows that his purpose will be served better by arousing fear than resentment.

For, in an advanced country like Great Britain, we have at least reached under Capitalism a point at which most people feel they have something to lose. There are indeed still left many who have not—slum dwellers and outcasts who live always close to the borders of destitution; and of late years their

numbers have been reinforced by many thousands of others, once relatively well off, who have been driven down by prolonged unemployment below the poverty line. But, despite the submerged tenth and the chronically unemployed, it is true that in present-day Great Britain the majority of people have something to lose.

The Mind of the Electors.

This condition markedly affects their power and will to receive Socialist ideas. If you go to a workman who owns his house and some small savings, and is in a fairly regular job, and tell him that the capitalist system is fast breaking down and that there will ensue a chaos of misery and disorder out of which Socialism will ultimately arise, his reaction will be, not to join with you in constructing the new Socialist order, but to rally to the defence of Capitalism in the hope of keeping what he has intact. He values his scanty and hardly won half-security too much to be willing to throw it away in pursuit of an end that can be reached only by way of disaster. He will tell you, if he speaks his mind, that he cannot afford to run risks. He has his wife and children to think of, the small satisfactions of his established way of life to protect, and perhaps the hope that his children may get, if he is careful and keeps the "wild men" on both sides in check, a better start and chance in life than he ever enjoyed. For, in a civilisation like ours, it is natural and inevitable that every parent who has had to fight hard for his own security, and has in some measure achieved it, should earnestly want his children to move a step up in the social scale. This is not snobbery; it is plain commonsense. For what man and woman have the right not to seek the best for the children they have brought into the world? And, as long as class-divisions do exist, it is bound to be preferable to be higher up rather than lower down in the social scale.

All this, of course, is a sign of the gulf that separates the mental condition of present-day Great Britain from that of pre-revolutionary Russia. For in Russia the ordinary workman assuredly had not this basis of something which he felt he could lose. Chaos and disorder had few terrors for him, because he was not conscious of anything securely his own under Capitalism that they could take away. This is not to say that his condition could not have been worse, or was not actually worse, in a material sense, for some time after the Russian Revolution. The point is, not that he was at the lowest depth of misery, but that he had no consciousness of having and holding something all his own that Socialism or Revolution might take away. Property and security were not his, even to anything like the extent to which they have come to be the possessions of a considerable section of the British working class.

It follows that the propaganda of impending collapse, so beloved of certain schools of Socialists, stands no chance of success with a large part of the working-class electorate of Great Britain, and least of all with the best paid and most securely employed sections of that electorate. These people, who have bought their houses or have a small sum deposited in the Co-operative Society or the Post Office Savings Bank or invested in Savings Certificates or some other safe and moderate interest-yielding concern, feel nothing but alarm at the suggestion that the capitalist system is about to expire. They may have Radical sympathies; they may want to see a more even distribution of wealth. They may be keen Trade Unionists, or Co-operators. They may even profess a kind of Socialist faith. But emphatically they do not want to forfeit what they have already until they are quite certain that they will get a satisfactory equivalent instead, and get that equivalent without any nightmarish interval of social chaos and "increasing misery." Many of them would like to see Socialism arise by an orderly development out of things as they are. But the transition must, if they are to work for it, be envisaged as smooth and painless. They are the natural disciples of the "inevitability of gradualness."

Not Proletarians.

On the contrary, those who preach with gusto the doctrine of the impending collapse of Capitalism and the rise of Socialism, after an interval, on the ruins of Capitalism are, for the most part, the *déclassés* of the Socialist movement. They are either its intellectuals, endowed with a keen faith in Socialism that overrides individual considerations; or they are the *déclassés* of manual labour—men who have never had—or still more who have experienced only to lose—the half-security which comes as the reward of skilled service to their more fortunate fellow-workers. The miner or shipyard worker who used to make his four or five or six pounds a week and is now barely living on the "dole"—if he gets even that—may go Communist. The middle-class Socialist who has a passion for equality and has re-acted strongly against the money-grubbing and snobbery around him may seek Socialism at any cost. But the ordinary Trade Unionist or Co-operator, as well as the small tradesman or clerk or teacher, is far less inclined for risky experiments. He may grumble; but, in Great Britain at any rate, he feels that he has some stake in the country, though it be but small. He has not, and no propaganda will make him have, a "proletarian" mind. For, while he may have a world to win, it is simply not true that he has nothing to lose but his chains.

It follows that, the more Socialists go out to preach the impending collapse of Capitalism, and make that the central

point of their appeal, the more certain they are, instead of rallying the workers solidly behind them, to drive a large section of working-class men and women into hostility or opposition to the Socialist cause. This hostility may be still mingled with sympathy for the Socialist ideal; but sympathy will not run to the length of voting or working for anything that is likely to push the capitalist system further down hill. For they feel that their immediate interests—the safety of their savings, their prospects of continuous employment, the amount of their wages—are bound up with the successful functioning of the capitalist system. Sympathy may make them cheer an equalitarian sentiment or endorse a Socialist principle; but their votes and their action will be mainly determined by their fears. They would, indeed, be far more largely so determined but for the counterweight of loyalty to a Trade Unionism which both defends their wages and conditions and bids them vote "Labour" when an election comes round.

Socialism and the Trade Unions.

Socialists have relied in the past, far more than most of them have been consciously aware, on this sentiment of collective loyalty among the organised sections of the working class. They have regarded the Trade Union vote as theirs almost by right, and have been somewhat surprised and aggrieved that the Co-operative Movement could not swing its forces in behind them with anything like the same unanimity. But of late they have had, or should have had, a rude awakening. For the plainest of all the facts which the General Election of 1931 has revealed is that this instinctive loyalty is no longer enough to ensure the continued progress of political Socialism. The strongest Trade Union constituencies have registered, in many cases, the most startling Labour defeats; and even the traditional solidarity of the miners has been broken down. Almost nowhere outside South Wales, where proletarian *déclassés* abound, are there any Labour pocket boroughs left.

This situation obviously calls for a complete overhauling both of policy and of propagandist methods, not only by the Labour Party, but by all sections of the Socialist movement. But it is possible to derive from an agreed diagnosis of what has happened quite different conclusions about what ought to be done. One possible moral of the Labour *debacle* is that which the late leaders of the Labour Party, now the protagonists of the "National" Government, are obviously eager to draw. The present situation confirms, in their view, fully and conclusively the attitude which they have adopted throughout. The Labour Party, they hold, went down to defeat because it refused to take and endorse the steps—the unpleasant and temporarily regressive steps—necessary to ensure the successful working of

capitalism in face of the present crisis. It forgot that most people, even most working-class people, wanted Capitalism to go on working more than they wanted Socialism, and would sooner take a step back than risk what they had in an endeavour to make a precarious advance. The moral for the future, on this showing, is that the Labour Party, if it is to carry the electorate with it, must definitely reconstruct itself on a still more moderate basis, and must at all costs keep Capitalism working until the way has been fully prepared for Socialism by a gradual extension of Social Services, accompanied, when opportunity permits, and capitalist opposition is not too formidable, by a slow infusion of Socialistic mechanisms and policies into the existing economic order. Socialism is thus to arise out of Capitalism by a gradual, unabrupt and painless transition; and nothing must be done in its making to hinder, in the meantime, the smooth and successful working of the system which it is to supplant.

The Impossibility of MacDonaldism.

This policy has only one weakness—impossibility. It is, apart from this, admirably suited to appeal to the electorate, which would like nothing better than to vote for increasing instalments of social justice and organisation without taking any risks. But in effect, as two Labour Governments under a leader actuated mainly by this conception of policy have plainly shown, the result is almost complete paralysis.* Nothing gets done, because nothing can be done—to build Socialism, that is—without undermining capitalist confidence, or so eating into capitalist profits as to check investment and enterprise. Labour Governments, unable to advance towards constructive Socialist measures, have sought to justify their existence, and to cover up their failure, by squeezing the capitalist orange. But, for the time at least, squeezable oranges are out of season; and advance along the road of redistribution of incomes by means of higher taxation seems to be effectively barred. This leaves the “moderates” with almost no policy at all, and certainly with none that will enable them to face the electorate with a record of tangible achievement. It undermines the faith and will of that small section among their supporters who are convinced Socialists, and are looking for a constructive Socialist policy; and this matters greatly, because this minority supplies the bulk of Labour’s propagandists and voluntary workers. Without the active help and faith of these convinced supporters, Labour has

* Allowance must, of course, be made for the fact that neither of these Governments had a parliamentary majority behind it. But even so I think the point stands; for neither of them ever challenged the Opposition to turn it out on a really Socialist issue.

no force on its side able to stand against the financial resources of its capitalist opponents, their command over press and wireless, their inevitable appeal to every fearful and conservative instinct in the minds of men. The conception of a "moderate" Labour Party, working at once to make Capitalism successful and to dose it with very small instalments of Socialism, simply will not work. If this is all that needs doing, there is no need for a Labour Party at all. It was a Conservative Government that created the Central Electricity Board, granted widows' pensions, set up the B.B.C. Why have a separate party merely to do things of this sort? Will not more be achieved by the American method, formerly our own, of lobbying and agitation outside Parliament, than by sending to the House of Commons a party which will only make advances towards Socialism harder than they need be by undermining capitalist confidence?*

Why a Labour Party at All?

For, indeed, if this be all, we can rely on it happening even if every Socialist in the country folds his arms and does nothing. The logic of events will force even Conservatives to adopt many measures of partial socialisation; and probably they would adopt them all the faster if there were no Labour Party pressing for them so as to arouse capitalist fears. It can be at the least plausibly argued that the existence of the Labour Party positively slows down the pace of advance in collectivisation because the fears which it arouses make its opponents more reactionary than they would otherwise be. Gradualism, *in this sense*, however much it appeals to the first thoughts of the electorate, fails because in the event it is unable to deliver the goods. It may put a Labour Government into office; but it will also ensure its subsequent discredit and defeat.

What then? If a catastrophic and a "moderate" policy are alike ruled out, what course is left open for Socialists to pursue? The task before them is one of real difficulty; but it is not, I think, impossible. In the fewest words it is to convince the electors that Socialism can be built up speedily without an intervening period of chaos and dissolution, and that the ordinary

* I am not of course denying the value of the social reforms which it is possible to secure without any direct attack upon the strongholds of Capitalism. Both the Labour Governments of 1924 and 1929 did a number of valuable things; and, if Labour came back to office on similar terms it would do valuable things again. But I am insisting that these things, valuable as each of them is within the limited sphere, cannot add up to make a policy that will command the support of the electorate, or advance in towards Socialism. Indeed, nowadays the field for valuable social reforms is dangerously narrowed, because, without a frontal attack on the source of capitalist wealth, it is only possible even to attempt reforms which are not so costly as to add to the difficulties of capitalism. Most major reforms, and not merely a constructive advance towards Socialism, are barred to any policy that does not aim at getting the source of wealth-production and the key-points of capitalism securely under the control of a Socialist Government.

man has more, immediately as well as ultimately, to hope for from Socialism than from an attempt to bolster up the capitalist system.

The task is difficult, in the first place, because it involves showing up the bankruptcy and the precarious tenure of Capitalism without so arousing the fears of the electorate as to drive them to reaction in defence of their immediate interests. With every year that passes, ordinary people are feeling less and less sure of the foundations of the capitalist order. Rightly so; for Capitalism has got into a tangle that many of us believe to be quite past straightening out. The productive resources at its disposal expand continually; but it finds itself unable to use these resources to anything like their full extent, and compelled to preach retrenchment and economy in face of a situation which calls obviously for increased consumption and a rising standard of life. The absurdity of the present phase of Capitalism is too patent to be missed; and yet, in almost every country, a majority will prefer its continuance to the danger of a period of anarchy, whatever promises may be held out of a saner and better order that can be built up later on, as Russia is slowly laying, after her long-drawn agony, the foundations of a new life.

The Fear of Chaos.

We Socialists have to point constantly to this absurdity; but we shall not persuade the majority to our view unless we can avoid arousing in their minds the fear of what is to come between the old order and the new. Even Russia has done what she has done not voluntarily, but in face of the definite collapse of her previous way of life. Socialism became for the Russians the sole alternative to chaos. The alternative of a continuing Capitalism did not exist. A similar situation may of course arise some day in Great Britain; but emphatically it does not exist now, and propaganda based on its hypothetical arrival cuts no ice. Men will not revolt, so as to destroy the life to which they are accustomed, unless that life is either sheerly intolerable, or its continuance plainly out of the question. Nor will they, in the mass, rally to the support of a fundamental change in the basis of Society unless they can be convinced that the change can be effected without an interval of making matters definitely worse.

There can be, then, at the present stage no successful propaganda of Socialism in Great Britain unless the Socialists can put forward a policy which promises a real advance towards Socialism without an interval of economic and social chaos. Is such a policy possible at all? If it is, well and good. If it is not, Socialism in Great Britain will have to await the collapse of Capitalism before it can hope to make its propaganda effective. And whether that collapse comes soon or late, we shall have to face with its coming a period of acute suffering and

economic distress. For Great Britain's economic life is such that least of all countries can we afford even a temporary breakdown. We can neither feed ourselves nor carry on at all, even for the briefest time, without supplies from the outside world. A real breakdown of British Capitalism, before we were ready with an alternative to put immediately in its place, would mean for us not merely suffering, but sheer starvation. It is out of the question to expect the mass of British workers to adopt any policy which either contemplates, or seriously risks, such a calamity, as long as there is any alternative.

The Essentials of Socialist Policy.

We must, then, because of sheer economic necessity, plan to make the transition to Socialism in Great Britain by orderly methods, or not at all. But orderliness and "moderation"—in the sense in which "moderation" was the keynote of the Labour Governments of 1924 and 1929—need not be identified. For it has become plain that, if we are to make any real advance towards Socialism, this must be done not by a slow series of successive measures tackling one isolated problem after another, but simultaneously over a wide field. Merely to transfer an industry or two from private to public ownership will achieve little; for the policy of socialised industries cannot diverge far from capitalist practice as long as the key positions of the economic system as a whole remain under capitalist direction. Moreover, the problem which has to be faced to-day is not confined to one or two industries, and cannot be solved merely by altering their management and methods of organisation. It spreads over the entire industrial field. It is essentially the problem of finding out how to use our full productive power so as to banish unemployment and bring the standard of living up to a point more in harmony with the improvement in the powers of production.

How Capitalism Works.

Under present conditions, it is broadly true that the volume of employment and production depend on the will of the owners of capital to invest their resources in the development of industry. The expectation of profit, which governs their willingness to invest, thus becomes the mainspring of the whole industrial machine. Falling profits mean under-investment, rising totals of unemployment, and a fall in the entire national income. This seriously limits the power of the State, whatever Government may be in office, to redistribute incomes through taxation; for it is hard, especially in times of adversity, to find ways of taxing the rich that will not react on profits, and so discourage investment. The sort of "Socialist" legislation that aims only at

developing the social services and so adding to the effective incomes of the poor, without altering the structure of the productive system itself, therefore speedily reaches its limit. For more money cannot be found through taxation without discouragement to profit-making enterprise; and, if private enterprise is discouraged, unemployment increases; and the State has to assume new burdens. Affairs get into a vicious circle, from which the capitalist structure of industry allows no escape. Governments are unable to fulfil their promises of further improvement in the social services; and their disillusioned followers drift away from them, to follow after specious projects of Tariff Reform or Empire Free Trade, or merely proclaim their boredom with the idle pretensions of politicians of every sort.

The mere transference of an industry or two from private to public ownership plainly offers no escape from this *impasse*, and therefore forms no satisfactory basis for a constructive socialist policy. Nothing less will avail than a change far-reaching enough to remove the development of production from the caprice of the private investor, and make it an affair of public policy, administered under public control. It is, indeed, a root defect of capitalism that it makes the development of industry conditional upon the will of the private investor, whose interest does not at all necessarily coincide with that of the community. The making of investment—that is, of the provision of capital for economic development—a public service is the first essential and far-reaching step towards the construction of a Socialist Society.

The Heart of the Problem.

Every year the community has, let us say, so much productive capacity, consisting of natural resources, factories and plant, and above all the skill, energy and ingenuity of all classes of workers by hand or brain. Of the goods which can be produced with these resources, the greater part ought to be consumed—used, that is, in order to secure for all sections of the community a satisfactory standard of living. But a part ought to be “saved”—applied, that is, to the replacement and extension of the means of production for the future. There is a right proportion, which the community ought itself to decide, in the division of the national productive energy between these two essential functions.

But at present the division is wholly planless and confused. Apart from the resources accumulated by companies and a part of the income accruing to corporate bodies of one sort or another, the entire national income, or in other words the power to buy the entire national output, is distributed in wages, interest, profits and rent to the members of the community, in

the hope that they will, in the sum of all their individual decisions, spend it on consumption and apply it to future production in about the right proportions and ways. No reason can be advanced why this happy result should follow; and it does not follow in fact. Moreover, even what a man saves out of his income he does not necessarily apply to economic development. He can do what he likes with it, from leaving it in the bank or using it for Stock Exchange speculation to investing or lending it abroad as well as at home in any enterprise he happens to fancy.

Even if he invests at home, he is apt to do this in an exceedingly wasteful manner. In any boom in new capital issues, an enormous amount of much-needed money is simply wasted in enterprises that stand no real chance of success. Even before the present crisis in Great Britain, the new industrial issues of 1929 had lost on the average about half their capital value. This is sheerly criminal waste of valuable resources which the community sorely needs.

Moreover, if for any reasons profits fall, the effect is to check investment in industry, and to cause those who have money to use it in other ways, by lending or investing it abroad, or leaving it in the bank, where they hope the principal at least is safe, or perhaps by spending on a holiday abroad or in imported luxuries what they would otherwise have invested. When they do this, employment is at once contracted, state expenditure swollen, and the total national income decreased. Higher taxation follows, adding to the disinclination for investment; and, when the next dividend day comes round, the sum available for both spending and saving is less.

The Control of Investment.

Surely this indicates a very great absurdity in the working of the present economic system, and the key point for a Socialist onslaught upon it. Capitalism seems, from this standpoint, to work well enough as long as times are prosperous; but its dependence on the profit motive causes it to make adversity far worse as soon as times become bad. Surely the moral is that investment can no longer be left to be the result of the individual decisions of the owners of capital, but must become a collective function of the community.

In most cases, the present situation is no better for the owner of capital—certainly for the small investor—than for the community. For he has no effective means of telling the difference between good investments and bad, and the value of his capital is at the mercy, not only of his own errors of judgment, based on ignorance, but of all manner of stock market influences of which he, as an outsider, cannot be aware. Much investment is no better than a gamble; and even the small in-

vestor who has put his faith in Investment Trusts or the like has found to his cost that these bodies are no more immune than others from hazards of the market. It would be to the advantage of the small investor, as well as of the community, if the national savings were mobilised and directed into the right uses by a body armed with public authority to develop the economic life of the nation in accordance with a national and unified plan.

National Planning.

"National Planning" is a phrase much in use of late; and its use has not been confined to Socialists. But in fact no body can have power to plan the economic development of the community unless it controls directly the investment of capital in industries and services, and also the bank credit which must go with the capital; for every considerable modern business needs both capital to sink in plant and equipment and credit to finance current productive operations. Any real National Plan accordingly requires the social organisation of both investment and credit, or, in more concrete terms, the creation of a national agency to collect and invest the national savings and the public ownership and control of joint stock banking.

These two developments form the correct basis for a general advance towards Socialism. For, if once public agencies can be brought into being for the direction of the supply of capital and credit, the State will have in its hands the essential instruments for a policy of rapid and progressive socialisation over a wide field. Nor is there anything in such a policy to alarm the ordinary man, or threaten him with an interval of chaos between the collapse of Capitalism and the construction of the Socialist order. Instead of exposing his savings to the risks of the stock market, he will be given the opportunity to lend them to a public body, with the public credit behind it, for re-investment in the services whose development is most in the public interest. He will get greater security at the same time as the community reaps a greater advantage. And he will know that banking policy will be directed to ensuring the success of the very enterprises in which the savings have been invested, and that industrial and financial policy are at last being directed, under public authority, to a common end—the end of national welfare and development.

This pamphlet is clearly not the place for working out the details of this policy. It must be worked out, with the greatest care and in a thoroughly practical way, with the aid of the best technical knowledge and advice that can be secured.* But I am

* The New Fabian Research Bureau (23 Abingdon St., London, S.W.1.) of which I am Hon. Secretary, is trying to work it out at present, and hopes before long to issue a report on the matter.

concerned here not with its details—vitaly important as they are— but with the broad way of approach to the reconstruction of Socialist policy and propaganda. It will not serve our ends merely to denounce the workings of the Stock Exchange and the banking system, any more than it will help us merely to preach about the impending death of Capitalism. But it will help us to show plainly and in simple terms that we are setting, in workmanlike fashion, about the creation of the necessary constructive organs of a Socialist economy, and that these organs can be put into place and set to their tasks, not only without dislocation of the economic life of Society, but with positive and immediate advantage, and with a real increase in the security of the ordinary man's savings, and in his prospects of getting regular work at decent pay.

How to Cure Unemployment.

For evidently, if the State directs the processes of investment, it will be able both to avoid much of the waste of capital that occurs to-day through its direction into the wrong channels and positively to secure a fuller use of the national productive resources and a more balanced development of the various industries and services in accordance with an instructed and comprehensive view of national needs. It will pay the State to set people to work where it will not pay the private employer, because the State will, as he does not, balance the costs of maintaining them in idleness against the product which their employment will provide. The private employer, when he sacks a man, fobs off the cost of his maintainance upon the public. The State has to bear the costs of unemployment as well as the costs of setting people to work. The divorce between the *private* provision of employment and the *public* provision for the unemployed is a root cause of our toleration of unemployment, and is at the back of most of the difficulties of the system of unemployment insurance as it exists to-day.

A policy worked out in terms of a National Investment Board and a National Banking system, both operated in close unison by experts acting under public authority, can be at once definitely and constructively Socialist and not frightening to the ordinary man. This is not to say that it will be immune from attack; for any policy which strikes so directly at the capitalistic control of the economic system is bound to be furiously attacked from many quarters. It will be said, for example, that the ordinary citizen will put no trust either in a State-owned investment agency or in State-owned banks, because he will suspect them of being run in the interests of a particular economic policy rather than for his private profit. But this attack can be easily beaten off; for the small investor is well aware that,

under present conditions, he does not get a square deal, and dissatisfaction with present banking policy is widespread and clamant not only among Socialists, but also among almost all the smaller fry of industry and commerce. Neither bankers nor stock-jobbers are the well-beloved of the ordinary citizen, who regards them both with intense and growing suspicion. He will put up with them, none the less, if chaos and collapse are presented to him as the only alternative. But he will be readily converted to a plan which offers greater security to him personally as well as a rationalised control of the economic life of the community in general.

It is, of course, true that the social control of investment and credit is by no means the only ingredient of an immediate Socialist policy. No less important are the progressive development of social services and the more effective use of taxation as a means to the more equitable distribution of wealth. But it is necessary above all to recognise that the growth of the social services and the re-distribution of wealth are not ends that can be pursued in isolation, and that their successful advancement depends on a constructive advance in Socialist organisation. We cannot raise more money in taxation, we cannot expand the social services or reduce the gross inequalities of wealth, as long as each fresh tax burden must serve to discourage enterprise and create additional unemployment. Only when the community itself, through appropriate expert agencies, controls and organises the national production will the effective control of the distribution of incomes come into its hands.

Socialism and Social Reform.

The policy of greater equalisation of wealth cannot be pursued except on the basis of social control over the sources from which wealth is derived. Merely eleemosynary Socialism, which attempts to redistribute incomes without controlling the agencies through which incomes are made, stultifies itself and is doomed to failure. You cannot, in these days, have Social Reform without a big simultaneous advance in the direction of Socialism.

The immediate task before us, then, is the working out of a constructive socialist policy which will aim, not at scaring the small capitalist, but at making him realise that the social control of economic and financial policy will give him a far better chance of getting a square deal. And there is another section of the public, which overlaps largely with the class of small savers and investors, that can be readily persuaded to listen to a constructive Socialist appeal. This is the class of managers, technicians, experts of any and every sort who, chiefly on a salaried basis, actually run industry on behalf of the capitalist directors and financiers who control its policy. If you tell men

of this class that the economic system is on the point of breaking down, *and stop at that*, you are threatening them with the loss, not only of their jobs, but of their chief interest in life. For, however the ordinary workman may feel towards his job, the ordinary technician or administrator likes his, and takes a pride in doing it well. He hates the thought of breakdown, because it means to him failure in the job to which he has set his hand. Threaten him with collapse and stop there, and he will vote and side against Socialism, and for Capitalism, every time. But this is not because he loves Capitalism. He has usually little use for inexpert directors who regard his industry from a purely financial point of view, and even less for shareholders who do not even pretend to know anything about the industries in which their money is invested. If only he is not frightened off by fear of chaos and dissolution, he can readily be made to see that the organisation of his industry as a public service will bring him expanding opportunities, and free him from the dead hand of financial control. For, whereas the shareholder cares only for dividends, the public interest lies in maximum efficiency of production, in order to raise the standard of life. Service to the public offers the technician and administrator far better chances of freedom to do their jobs well than Capitalism, money-ridden and wedded to the gospel of scarcity, can possibly afford. But it is vital to realise that the technician and the manager will never be brought over to the side of Socialism as long as they are given to understand, by Socialists themselves, that the prelude to Socialism must be a period of disorder and destruction that will deprive them of the chance of getting on with their jobs. Re-assure them on this one point; and they will come over in thousands to the Socialist cause.

I realise that some people will confuse the policy outlined in this pamphlet with a restatement of the "moderate" position; for the aim of the "moderates" has been to avoid scaring off potential supporters by any threat of impending chaos and disorder. But in fact the two policies are vitally different, for the "moderates", in their fear of scaring the public, in effect abandoned Socialism and took to Social Reform instead. They did not dare to attack any of the central strongholds of Capitalism; and in practice their policy came down to no more than an extension of social services and a use of taxation to promote the re-distribution of incomes. When, in the pursuit of this policy, they came up against a blank wall, they could see no way round the obstruction; and some of them, like the present renegades of the "National" Government, practically threw over Socialism altogether, and admitted their mental bankruptcy by allying themselves with the representatives of the capitalist class. Their chosen policy had reached its limits; and, having spent on eleemosynary Socialism all the taxes they could raise,

they had nothing further to propose. Recognising their own futility, they went over bodily to the side of re-action.

The policy which I am proposing differs fundamentally from this self-destructive type of reformism. It does set out to make a frontal attack on the strongholds of Capitalism, but with the object not of destroying them, but rather of occupying them securely for the Socialist cause. It aims at getting Socialism fast, but at getting it without a break, or an intervening period of misery and disaster. It is, doubtless, a policy that may fail; for its capitalist opponents, realising the danger that they will be peaceably superseded, may themselves take to sabotage and destruction rather than see the control slip from their hands. But, if we conduct our Socialist propaganda on a policy of construction, rather than of dissolution and decay, we can have good hope of isolating the capitalistically minded, so as to make their resistance feeble and ineffective, and of getting on our side the best part of the technicians and practical administrators, who are the people who really matter for the efficient conduct of industry. We can hope too that the men with a few hundred pounds saved, the skilled workman in regular work, the clerk and the teacher who have bought their houses and value security above most things for their children's sake, will no longer be scared stiff by threats of imminent destruction, but will be brought to realise that Socialism is for them the means to greater security as well as to expanding opportunities of service. There is nothing ignoble in these people's passion for security; for is not security the very thing we Socialists are demanding for every man and woman in the community? There is nothing surprising in their reluctance to take risks; for such security as is theirs has been too hardly and precariously won for them to put it in jeopardy without good cause. If we are to build Socialism at all, we have to take these people as they are, and build it in a way that does not call upon them for impossible risks and sacrifices. There is no place, in modern Britain, for a policy which acts on the assumption that the British working-class consists mainly of the desperate and the destitute, who are ready for perilous adventures, because they have nothing to lose.

They have, in fact, much to lose—all that separates them from the half-starved, piteously overworked, unhealthily housed, downtrodden factory population of a century ago. There is a section of the British working-class to-day that is hardly better off than the starvelings to whom Chartism made its appeal. But it is to-day, even in this time of deep depression and re-actionary government, no more than a fraction of the working class as a whole. It is assuredly no foundation on which constructive Socialism can be built. We must build, if we are to build at all,

on the men and women who are definitely better fed, better housed, better clothed, better educated, and far more conscious that they have something to lose as well as something to gain, than their fathers and grandfathers were.

A Sensible Extremism.

But we must build on these people not by sacrificing Socialism on the altar of their fearful respectability, but rather by stating Socialism to them in constructive rather than in destructive terms. This does not mean that we must be moderate: it means only that we must be sensible. Not one of us wants chaos: not one sane man among us would be really pleased if to-morrow the capitalist system dissolved in ruins. For we know very well that we are not ready to replace it. But we know too—those of us who have watched the developments of the past decade—that mere reformism and moderation issue in utter sterility, and that, if the advance towards Socialism must be orderly, it must be rapid as well, and based on a speedy and simultaneous occupation of the key positions of the economic system, and not merely on piecemeal measures of sporadic socialisation. For our aim is to make not merely a series of reforms, but a far-reaching social revolution; and our problem is to make that revolution with the peaceable and security-loving human material that alone can make it—or stand in its way. I have been able, in this pamphlet, to do no more than adumbrate, in the most general form, the essentials of Socialist policy and propaganda directed to the sorts of people with whose help British Socialism has to be realised if it is to be realised at all. The filling out of that policy, and the devising of the right propagandist appeals based upon it, are the urgent tasks of the Socialist movement during the next few years. And I for one, far from feeling discouragement at the set back which Socialism has encountered at the election of 1931, am immensely buoyed up by the confidence that we shall learn our lesson and make a new and better start, discarding on the one hand the catastrophism that only scares millions of potential supporters to seek refuge in the capitalist camp, and on the other that eleemosynary reformism which merely brings us up against a blank wall, and breaks the hearts of the very people on whom we rely to work for us in spreading the faith and knowledge of Socialist policy and ideas. There is a constructive Socialism that is proof against both these charges; and it is our business to work it out and apply it with what speed we may. For time is of the essence of the contract; and unless we can win men speedily to a faith in constructive Socialism, Capitalism will break down, and nothing be ready to take its place. There will be chaos and disaster, out of which who knows what will emerge, after need-

less agonies and despair? If we would avoid that disaster, we must be, not moderate, but sensibly and constructively extreme, selecting carefully our points for the establishment of planned social organisation of the life of the community, and enlisting on our side everyone who feels the urge to do a useful job well. We must be the party and the movement of the producers and renderers of service—of the constructively minded in every sphere of human activity. And above all we must aim to build up confidence, not in our powers of destruction—for we shall achieve nothing that way—but in our technical competence to tackle the job. That is what some of us, in the New Fabian Research Bureau and in other agencies of Socialist thought and propaganda that have sprung into life under the inspiration of our political defeat, are now attempting to do. And we want the collaboration of every Socialist who agrees to the indispensability of this practical and constructive appeal. The lesson of the recent election is not merely that we must think out our policy afresh, but that we must think it out in terms of the actual men and women to whom we make our appeal. Only fear holds back millions of these people from being Socialists; and only a clearly designed and forcible programme of constructive Socialism will remove this fear. That is our task; and we have in our movement ample brains and vigour to accomplish it, if we can but work together with a clearly defined objective. The defeat of political Labour is the opportunity for constructive Socialism. For the British electorate is not Conservative but only afraid; and only a well-planned, broadly based, practically minded policy of Socialist construction will remove its fears.

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