A WORD ON THE FUTURE TO BRITISH SOCIALISTS

Issued by a Committee of THE FABIAN SOCIETY

TRACT SERIES NO 256
Published by the FABIAN SOCIETY
11 Dartmouth Street, London, SW1
FABIAN SOCIETY AND WAR

INDEPENDENT SOCIALIST RESEARCH
and
INTENSIVE SOCIALIST EDUCATION
are essential if democracy is to be preserved and the
war is to be followed by a constructive peace.

WE ARE DOING THIS
by
RESEARCH GROUPS
on
WAR AIMS and
HOME PROBLEMS

LECTURES
CONFERENCES
LUNCHES
TRACTS and PAMPHLETS

WE NEED YOUR SUPPORT

Write for full information to the General Secretary,
JOHN PARKER, MP, 11 Dartmouth Street, SW1 (WHitehall 3077)

The Fabian Society’s
SOCIALIST PROPAGANDA COMMITTEE
—is forming local societies and groups, and building
up national and local panels of speakers on the
principles of socialism and its application to war and
post-war problems.
—is producing and encouraging the distribution of
socialist pamphlets and books.
—is studying new methods of socialist education and
propaganda.

YOU CAN HELP!
Write to the Secretary—
11 DARTMOUTH ST., S.W.1
for full particulars and the address of your local Secretary.
A WORD ON THE FUTURE TO BRITISH SOCIALISTS

Issued by a Committee of the Fabian Society

"...... but, when the time comes, strike hard and swiftly, or your waiting will have been vain and fruitless."—Motto of the Fabian Society.

MAY, 1942

THE FABIAN SOCIETY
11 Dartmouth Street, S W 1
NOTE

This pamphlet was written for the purpose of drawing the attention of British Socialists to certain conditions, arising out of Great Britain's changed world situation, which are of fundamental importance in formulating future policy. Its occasion was the issue of an Interim Report by the Labour Party on the question of post-war policy, for presentation to the Party Conference in May 1942. It was drawn up, not as an alternative to that report, but in the hope of turning the discussion upon it in a constructive direction, and of influencing the opinion of the movement upon the form and tenor of the fuller report which the Party has promised to prepare. With this object, a copy is being sent to every Conference delegate, and it is hoped that local Fabian Societies, Socialist Propaganda Committees, Labour Parties and Trade Unions will do everything possible to push its sale and to ensure that it is used, together with the Labour Party's Interim Report, as a basis for discussion wherein future Socialist policy is being considered.

Like all publications of the Fabian Society, this pamphlet represents not the collective view of the Society but only the view of the committee which prepared it. The responsibility of the Fabian Society is limited to approving the publications which it issues as embodying facts and opinions worthy of consideration within the Labour Movement. It is the aim of the Society to encourage among socialists a high standard of free and independent research.
A WORD ON THE FUTURE TO BRITISH SOCIALISTS

We are at the end of an age. No matter how the war ends, there can be no return to the old ways of living, either for us in Great Britain or for our fellow-men and women over a great part of the earth. Over two whole continents, Europe and Asia, the old order has been broken past repair; and, before the struggle is finished, the whole world may be in the melting-pot. Australasia is already the scene of bitter warfare. The Americas are stirring from end to end. Africa, latest home of the old imperialisms which are being destroyed, awaits the outcome, in the knowledge that the fate of the African peoples depends on the character of the new world forces which emerge from the war and determine the peace. There has been no such holocaust of established institutions since the advent of the Dark Ages: nay, even then much less of the human race was shaken by the collapse of the ancient empires than is being shaken today. We live in times when nothing and no one is secure, when nothing is sacred from the hand of death, and when success can come only to those who boldly face uncertainty and seeming disaster, and instead of lamenting among the ruins are ready to use the broken debris of the old world for building up the new.

We in Great Britain have our full share of this uncertainty. Though we have escaped the fate of so many of the peoples of Europe in being ground down under Nazi occupation, and have been able to keep the frontiers of our island home free from the invader, we have endured such blows as must compel us, no less than the people of France or Czechoslovakia or Poland, or of Germany itself, completely to remodel our institutions in order to play our part in the new world after the war. Indeed, in some respects we have suffered a more thorough devastation than the more sorely suffering peoples of occupied Europe. It is just possible to imagine the people of Bulgaria or Norway or even France going back when Nazism has been overthrown to ways of life not greatly different from those of the past. That they will do so is unlikely; and that they should do so would be a misfortune and a grievous waste of opportunity for making a better society. But such a return is possible because these peoples could live largely of their own, ekeed out by only a modest proportion of international trade. They would live poorly, but they could just live. We, on the other hand, under such conditions, could not live at all. We depend, not only for the standards of living to which we have been accustomed, but for any standard that will keep us alive,
on a large and flourishing international commerce. It is mere
mirage to suppose that we could exist on our own foodstuffs and
our own domestically produced raw materials, or that we could
do without large imports of both, however greatly we might improve
our agricultural methods and exploit materials which can be
supplied from our own resources. Even more plainly, all hope
of improving our standards of welfare depends on a high level of
overseas trade; for many of the goods men will demand more of
as their incomes improve have to be imported, and can by no
means be produced at home. We can produce no oranges, no
bananas, no tobacco, no natural rubber or oil, no cotton, none
of a wide range of metals which lie at the basis of modern productive
technique. In addition we must, over and above what we can
produce at home, import large quantities of wool, timber, meat,
grain, paper, feeding stuffs, and a host of other materials which
go into the manufacture of necessary elements in our standard of
living.

In the past, we have paid for these and other imports with
our exports. But, even before the present war, we were no longer
doing this on a sufficient scale. We were paying for current imports
partly by selling off some of the overseas investments made by
British capitalists at a time when this country held a pre-eminent
position in the world’s export trade. Our exports, plus the earnings
of our shipping, of our overseas investments, and of our financial
institutions, no longer sufficed to meet our current bill for imports.
In an international sense, we were living on capital. If there had
been no war, and no new disastrous world depression like that of
the early 'thirties, we might doubtless have gone on living in this
way for a considerable time, without being forced to reduce our
standards of consumption. But we could not have gone on
indefinitely; and in any case the very possibility of our continuing
to live in that way has now disappeared. We have sold off or
mortgaged a large proportion of our foreign investments in order
to pay for war imports; and, over and above this, we have already
lost a large part of our Empire and neither can, nor should wish to,
get it back on terms which would imply a resumed exploitation
of the colonial peoples. Furthermore, we have been unable, under
war conditions, to maintain our pre-war position in world markets;
and it is clear that, if after the war the struggle for markets were
to begin again upon the old lines, we should start under grave
handicaps and stand no chance of regaining more than a part of
the already diminished export trade we still kept up to the outbreak
of war.

These are hard facts, which lie at the very root of the problems
which we as Socialists have to face in planning for a Socialist Britain. It is mere wish-fulfilment to lay schemes which ignore these facts, or fail to put them in the very middle of the picture. The plain truth is that, unless we play our part in the shaping of a new world order based on a world policy of international plenty and large-scale exchange, we shall find ourselves after the war, not taking measures to improve the British standard of living, but struggling desperately and vainly to protect it against a catastrophic fall.

We say this, not because we like saying it—for who does like uttering unpalatable truths?—but because not to say it is to be guilty of misleading the people. If the Labour Party is to have any chance of realising its aspirations for social security and for the creation of a better Britain, it must begin by facing courageously the enormous task of making for Great Britain a new place in a changed world. British Socialism can no longer afford to regard itself as the legitimate heir of British capitalist prosperity. The British capitalist system is down and out, and will leave behind it only a legacy of debts unless we can so reshape our economic arrangements as to find for the British people a productive and helpful place in a new and radically different world order.

AN END TO PEASANT POVERTY

In this new order, we shall have to pay with exports for the imports which we require. But we shall have to do much more than that. During the pre-war years we were able to carry on as we did largely because we were able to exchange our manufactures for imports of foodstuffs and raw materials on exceptionally favourable terms. We were buying much from the countries which produced these goods, and giving little in exchange. Think for a moment what that meant. It meant that the peasant who sold us grain or eggs or anything else that we needed got only a low price for what he sold, and could therefore buy but little. The other side of the medal was a vast mass of poverty among peasants all over the world, among colonial and Indian producers of the goods which contributed to our higher standards of living, and even among the relatively prosperous producers in the agricultural parts of America and in our Dominions—for they too had to sell us their goods cheap and buy manufactures dear.

After the war, this state of affairs cannot go on. There will be an irresistible demand from the economically backward peoples for a squarer deal. All over the world, and not merely in Great Britain, the agricultural producers will demand a standard of living more nearly on a level with that of the town-dwellers: nor will there be any hope of durable peace unless this demand is met.
In the long run, as rural productivity is improved, better conditions for the rural populations are fully consistent with cheaper food for everybody. But this rise in productivity can be brought about only by a great investment of capital in the backward countries—by improved roads and railways, by rural electrification, by the supply of tractors and other farm implements, by land drainage, irrigation, and the improvement of stock, farm buildings, and agricultural technique, and by the development of industries to work up local produce and to remove the surplus rural population which cannot be productively employed on the land. The more advanced countries must be ready to supply the capital needed for this development, without asking immediately for a full equivalent in exports from the poorer countries. These exports, and the capacity to buy the exports of the more advanced countries, will come when the investment has fructified in higher productivity in the backward areas. Then, the advanced industrial countries, including Great Britain, can look to reaping a rich reward in mutually beneficial exchange. But they must be prepared to wait, and to lend the help of their industrial capacity to the poorer peoples without looking in the short run for an equivalent return.

A determined attempt to emancipate the peoples of the backward countries from their long thraldom is the only possible foundation either for a lasting peace or for the continued prosperity of Great Britain. British skill and industrial capacity are of a type that must depend for success on the size of the available markets for goods of high quality, including capital goods as well as consumers' goods. It is evident that the production of many of the cheaper goods, especially textiles, will be increasingly taken over by countries which have cheaper labour, and that Great Britain's best hope of maintaining exports is in the types of goods which call for a high degree of manufacturing skill. This will remain as true as before if Socialism replaces Capitalism in Great Britain. The adoption of Socialism is in itself no guarantee of economic prosperity: what it does is to provide a foundation on which prosperity can be built.

It follows from what has been said that Great Britain's policy in the post-war world must be one of internationalism, or nothing can save the British people from a disastrous fall in their standards of life. It is fashionable nowadays to maintain that the problem of production has been solved, and that the sole remaining need is to find ways of distributing among the people the wealth they are well able to produce. This argument rests on a fallacy. It is true that productive power in the advanced countries has immensely
increased; but the greater part of the world's population lives not in these countries, but in areas which are still desperately poor. In Eastern Europe, in India, in China, and in Africa the problem of production has not been solved; nor can it be solved for a long time to come so as to provide for their inhabitants a satisfactory standard of life. The Soviet Union, despite all the achievements of the past twenty years, remains very poor; and the problem of raising standards is much harder in such countries as India and China, as well as in Eastern Europe, because of denser populations and correspondingly greater difficulties in the way of building up the productive structure by abstention from current consumption. The problem of production in these areas cannot be solved without help on a large scale from the more advanced countries; and this help must be made available because without it the productive resources of the advanced countries will rust away in disuse, and their standards of living will fall owing to their inability to find purchasers for the exports with which alone they can buy necessary imports of foodstuffs and materials.

THE FUTURE OF INTERNATIONAL TRADE

But how, it will be asked, can we afford to lend capital to poorer peoples, when we shall have much ado to export enough to pay for the current imports which we shall need? The answer is that, while we must try to arrange as far as we can to exchange our capital goods against current deliveries of foodstuffs and materials, we must be prepared, in the interests of long-run prosperity for ourselves and the world as a whole, to place restrictions on our own consumption until there has been time for productive power to increase in the backward countries. Unless we do this voluntarily in order to lend our capital goods and the services of our skilled engineers to the areas in need of economic development, we shall be faced with a compulsory fall in our standards of living because our productive resources will remain unemployed. Paradoxically, we shall be richer if we lend or give freely to the less advanced peoples than if we attempt to follow a selfish policy of economic nationalism.

It is sometimes argued that the advanced countries, in supplying capital for the industrial development of the less advanced, are acting as their own gravediggers. This view is entirely wrong. The richer and not the poorer countries are the best markets for the exports of the advanced industrial areas; and every successful development of productive capacity in a backward country helps to create markets by increasing the ability to buy a range of goods
very much wider than it is possible for the backward country to produce for itself.

This argument in favour of a determined attempt to re-establish international trade on the largest possible scale must on no account be mistaken for an argument in favour of a return to 'free trade' in its old form. It will be necessary for the future to organise international exchanges instead of leaving them to the profit-seeking determinations of private traders. For example, it will be necessary to encourage certain kinds of production by promising over a period of years to take fixed or increasing quantities of particular foodstuffs or materials in exchange for rails and rolling stock, electrical machinery, farm implements, household utensils, bicycles, sewing-machines, and other manufactured products of which the peoples in the less advanced areas are lamentably short. Much trade will need to take the form of direct barter of goods for goods, either between two countries or so as to balance the account by a system of multiple exchanges. (A sends a to B, B sends b to C, C sends c to A.) Such a system implies an organised international economic system, designed to ensure that as far as possible each area shall concentrate on producing what it is best fitted to produce. The great advantage of this system over 'free trade' (even if it were possible to have 'free trade' back, which it is not) is that it makes practicable long-term bargains which give the producers security. Security of markets at a fair rather than a high price, is what the producers in the backward areas need; and only an organised system of international trading can give it them.

It must, however, be kept always in mind that the entire benefit will be lost if each country tries to organise its trading on a basis of merely national advantage. There must be no return to the system of protective economic nationalism under which each country tried its hardest to force its exports on the rest of the world while keeping down its imports to a minimum. The only foundation for world prosperity is a system designed to secure maximum production in all countries, and the largest possible volume of international exchange between countries with different productive advantages.

What all this means is that we must, in order to improve or even to maintain our own standard of life, aim at a world settlement which will have as its first objective a concerted effort to raise standards of productivity in the backward countries. This can be done only by large investments of capital supplied by the more advanced countries; and fortunately the expanded war industries of these countries possess precisely the right skill
and equipment for undertaking this constructive task of peace. The peace settlement ought to be, above all else, an agreement on the part of the areas which produce industrial goods to undertake the development of the areas which produce foodstuffs and raw materials, and an agreement on the part of the latter countries to feed and supply the industrial populations while the process of development is going on. This is vastly more important than the territorial basis of the settlement; for unless the world succeeds in ordering aright the basis of its economic life, no territorial settlement can possibly stand. There will be another war of the ‘Have Not’ countries against the ‘Haves’, of the aggressors against those who are concerned to defend their relative advantages. Civilisation will be torn up by the roots: everywhere, and most of all in Great Britain, the standards of living will be devastatingly reduced.

Therefore, in considering the problems of reconstruction in our own country, we have to begin by setting them against this background of world affairs, or we shall be merely beating the air. The main question of home reconstruction is simply this—What arrangement of our economic system will best equip us as a people for playing our part in building up a new world order based on the aim of plenty and prosperity for all peoples? The question is: How can we create in Great Britain an economic structure which will enable us to play our part in the great work of abolishing poverty in India and China and Africa and Eastern Europe, and will at the same time safeguard our own living standards and help us to create conditions of social security at home?

END MONOPOLY CAPITALISM

The most obvious part of the answer to this question is that we must get rid of British Monopoly Capitalism. For the past generation, our capitalist system has been growing more and more monopolistic. This has meant that, instead of competing to reduce costs, our capitalists have to a rapidly increasing extent combined both among themselves and with the capitalists of other countries to keep up prices and limit the total volume of production. Instead of seeking ways of expanding demand, they have accepted the existing limitations of the market, and have done their best both to keep new entrants out of their industries and to destroy wherever possible what they have called ‘redundant’ productive capacity. They have demolished factories, shipyards, mills and other productive agents wherever they have had the power: they have limited, by quotas and fines for ‘excessive’ production, the output of the surviving firms; and they have gone cap in hand to the
State for subsidies and for compulsory measures to aid them in carrying out their restrictive policy. We have seen since 1939 how greatly this restrictive psychology of capitalism interferes with the capacity to go all out for maximum production, even in time of war. This same psychology will spell disaster if it is allowed to dominate our methods of facing the great tasks of economic reconstruction.

We have, therefore, to get rid at once of large-scale restrictive Capitalism, and of all that it involves. This, however, does not mean that it is necessary to "nationalise" all industries and bring them under the direct management of the State. The key strongholds of Monopoly Capitalism are relatively few; and so are the key points for the direction of industry and of production generally into the paths which it must follow in order to play its appropriate part in building the new order. What is required is that production shall be organised in accordance with a clearly conceived national economic plan, covering the organisation of international exchanges as well as output for use at home, and that the authorities in charge of this plan shall have the powers necessary to give them, under democratic direction, the means of ensuring compliance from the general run of producers.

**THE FOUR ESSENTIALS**

These key points are, first, control of the supply of capital and of credit for production; secondly, the control of land for both industrial and agricultural uses; thirdly, the control of import and export trade; and fourthly, the control of transport and of the supply of fuel and power. Given these four essential controls, the State will be in a position, through the appropriate economic organs, to direct British industry and agriculture towards plenty instead of scarcity, and to ensure that they take their appropriate place in a system designed to promote the welfare of all peoples.

First, the control of capital and credit. Thanks to E P T, the big capitalists will not emerge from this war with huge supplies of capital which they will be able to employ as they will. Industry will need large new investments of capital to equip it for its new tasks; but the only possible source of this capital will be the State, or such agencies as the State can readily take under its control. Foremost among these agencies are the Insurance Companies and the Building Societies, which dispose of great masses of capital available for investment. These should plainly be nationalised out of hand. The joint stock banks, which are the principal
suppliers of commercial credit, should be brought under public ownership at the same time—of course, with full guarantees for the private funds deposited with them.

Capital will be scarce after the war, and it will be very necessary to ensure that it is invested in such enterprises as are most in the public interest. There will have to be a vast investment in house-building, and in every kind of new construction, not only to make up for bomb-damage and arrears of construction piled up during the war, but also to re-plan our country on more spacious and up-to-date lines. Industry will have to be re-equipped and readjusted for the tasks of peace. Much capital will have to be sunk in the land, in order to improve agricultural efficiency. There will be an urgent need for more schools, community centres, and other civic buildings, and also for the improvement of public services—water, electricity, docks, roads, railways, and so on. We shall not be able to afford to allow any of our limited resources to run to waste. Consequently, all demands for capital will have to be subject to public licence, which will be given or withheld in accordance with the requirements of the general economic plan. In practice, the State will have to supply a large part of the capital that will be needed, as it has done for wartime construction; and this, with the control of credit, will enable the State to lay down conditions governing the location of industry, the types of goods to be produced, and, with the aid of a proper system of cost accounting, the conditions of sale.

Secondly, the control of land. This will be needed in post-war Britain not only in order to secure better planning of our cities and to prevent the rebuilding of bombed premises on the old, bad, congested sites, but also for the right planning of industry and for ensuring the right form of agricultural development. Everyone knows that the landlord system has resulted in presenting vast sums of annual increment to urban owners, and has left agriculture ill-equipped and handicapped for turning to the production of high-quality foods. The fruits of recapitalisation in agriculture must not be allowed to go into the pockets of the landowners; they must accrue to the people. Moreover, the State, as owner of the land, will be in a position to ensure that the rural producers get fair treatment, that the location of industry is controlled in the interest both of efficient production and of preserving the beauty of our country, and that the policy of home production is properly coordinated with the bargains for exchange of goods in the realm of international trade.

Thirdly, control of import and export trade. This goes with the two requirements already mentioned. What we ought to
import and export is closely related to what we ought to produce at home, in both agriculture and industry. Any workable economic plan implies that imports must be regulated to fill in the gaps in home production, and home production so adjusted as to fit in with the requirements of a world policy of international exchange. Moreover, the days of the private exporter are over. Even the capitalists recognise this, and are busy organising Export Groups for post-war as well as wartime collaboration in the marketing of British products. Bulk selling offers the prospect of big economies; and bulk buying of imports also is the necessary basis for organised international exchanges between the more and the less developed countries and between manufacturing and agricultural areas. The Russian planning system could never have stood unless it had rested firmly on a socialised control of foreign trade. This does not mean that all production for export has to be socialised. It is not, in Russia today—for the cooperatives of the small producers are able to sell abroad through the State trading agencies. What it does mean is that external trade must be controlled in the general interest, and arranged as far as possible under the terms of international agreements. It must not be left to the blind profit-seeking of the individual traders.

Fourthly, control of transport and of the supply of fuel and power. A cheap and efficient transport system is essential both to success in international trading and to a high standard of living at home. Hitherto, we have been artificially restricting the growth of road transport in order to bolster up the railways, instead of devising a common system for using each form of transport where it is cheapest and most convenient. In the case of shipping, public control is indispensable as a part of the planned control over foreign trade; for we pay for a substantial fraction of our imports by our shipping services, and many international trade bargains can best be so arranged as to include in the balancing of the account collection provision for the transport of the goods exchanged. Even apart from this, it is plain out of the question to pass shipping back into private hands during the period of reconstruction, when there will be an acute shortage of vessels and a necessity of allocating tonnage space fairly so as to provide first for the relief of starving peoples and then for the rebuilding of the productive system throughout the shattered world.

Fuel and power also require socialised operation. Private operation is responsible for enormous waste in the getting and marketing of coal—for barrier coal left in the pits, for defective pumping arrangements, for the uneconomic working of neighbouring pits under separate ownership, for waste of transport, and for
an insane redundancy of marketing agencies. Coal and its by-products could be worked much more efficiently under a unified system, with proper regional devolution; and such a system would make practicable a thorough exploration of the possibilities of synthetic oil and rubber production and of other subsidiary industries. As for electric power, private ownership means exploitation of the dense urban markets and neglect of rural electrification, which is indispensable for the right development of agriculture and of rural industries. The Central Electricity Board ought to be expanded to take over the entire business of electrical generation; and it ought to be given adequate powers to control local distribution so as to ensure a supply of cheap current to every town and village. Water supply, again, needs unification over wide areas, under effective national control; and gas and electricity ought to be not competing but complementary services, each playing its due part in a general plan of economic development.

**GENERAL NATIONALISATION UNNECESSARY**

If these four forms of control were placed firmly in the hands of the State, there would be no immediate or imperative need for extensive nationalisation of the majority of industries. The control of imports would give the State control over the main mass of the materials used in industry; and this control could be easily extended to cover home-produced materials as well. It is evident that for some time after the war there would have to be control over raw and semi-manufactured materials, even if Capitalism survived; for it will be indispensable to ensure that scarce supplies shall be used only for approved purposes. Scarcity of many essential materials will be unavoidable for a long time after the end of the war; and the rationing of these materials will be one of the principal instruments for the building up of the public economic plan.

This form of control may, no doubt, involve the nationalisation of certain key enterprises which produce essential semi-manufactures, such as raw steel or non-ferrous metals or bricks or cement. But it is quite possible that public control of these types of enterprise can in some cases best take the form of State acquisition of a controlling interest in the firms concerned, and State appointment of directors, without nationalisation in the ordinary sense. What would certainly be unwise, unless the situation changes greatly, is for the State to set out to nationalise immediately more industries than it need in order to get into its hands the key points for the direction of economic policy.
Nationalisation beyond this would be unwise, because it would mean courting a danger which is in truth the chief danger of a Socialist system, and the chief obstacle to the acceptance of Socialism in many people’s minds. This danger is bureaucracy, by which we mean three things—the creation of a top-heavy, centralised form of organisation, the placing of industrial administration in the hands of persons devoid of industrial experience and trained in the very different tradition of the civil service, and the destruction of the existing motives to economic efficiency faster than it is possible to put new motives in their place. There is nothing wickeder in living on the profits of a small business than in living on a salary of the same average amount drawn from a larger enterprise—any more that there is anything inherently wicked in working on piece-work rather than time-work conditions, or in writing articles for so much a thousand words instead of drawing a regular salary as a journalist. What is wrong is that a man who is able to work should either draw an income for which he does not work or should be able, by using the power of monopoly, to draw an income beyond the value of his work. The small, efficient business is not the enemy: the main enemy is monopoly in all its forms. Of course, the small, inefficient business does need to be dealt with, because it wastes revenues that could be used to better purpose. There ought to be means of turning out an inefficient employer or manager in the same way as an inefficient farmer can be turned out by a County War Agricultural Committee. But that, though important, is another matter. In general, the right way of dealing with small and middle-sized businesses is not by socialising them, but by ensuring, through control of the key positions in the economic system, that their owners work them efficiently in accordance with the requirements of the general economic plan. These requirements should of course include fair labour conditions and full recognition of Trade Unions and workshop rights of negotiation, as well as compliance with public needs in matters of production and marketing.

The stress laid on the key positions of control means that it is of vital importance that these ‘Controls’ shall be rightly organised, and in the right hands. It would be ridiculous for Socialists to stand for the mere continuance of the existing ‘Controls’, which are mostly but aliases for the great capitalist trusts and associations. It should be a fixed principle that no Controller should have any private interest, direct or indirect, in any industry, material, process or product which he controls. This does not, and should not, prevent the State from choosing as Controllers, or members of Control Boards, men of proved business experience;
for where else is it to find suitable persons? But every such person who takes service under the State should be compelled to strip himself entirely of all private interest in anything that might bias his judgment as an officer of the public.

Given this basis of disinterestedness, business executives will be in most cases the natural persons to choose as Controllers; for few Civil Servants or Labour leaders will possess the qualifications required. By all means let there be associated with these Controllers, on Control Boards or similar bodies, suitable Trade Unionists, Co-operators, Civil Servants, technicians, and anyone else who has the right personality and knowledge. But it would be folly not to make full use of those who have business experience, whether as employers or as managers, merely because they have been working hitherto, perforce, under an anti-social and inefficient economic system.

For the rest, we must be content for the time being to regulate the profit system, rather than abolish it. It is Utopianism to pretend that, if the entire profit system were suddenly swept away, it would be possible immediately to replace it with an effective new incentive over the whole field of production. Does anyone seriously suppose that if, in time of peace, the entire body of workers were put on guaranteed time-wages, paid regardless of output, production would not suffer, at any rate in the short run? If this is true of the workers, is it likely to be less true of employers, who have been hitherto much more governed by money incentives? It may be practicable, in the long run, to dispense altogether with these incentives and to rely on the spirit of public service. But the time for that is not yet. It requires at least a generation which has grown up under the new order, and has been educated in its spirit.

The vast majority of businesses, even in the monopolistic world of modern capitalism, are small. It would be folly to transpose all these little employers into civil servants, and quite out of the question to replace them. They must be left to carry on, under regulated conditions which will secure their conformity to the general economic needs and their observance of fair, democratic methods in their relations with those they employ. This is the more necessary, because the typical civil service mind is not adapted to business operation. The civil service is recruited largely from those who put a high value on leisure and security; and civil service practice encourages an avoidance of responsibility and a slowness in taking decisions. The civil service has the supreme merit of a high code of honesty; but it has seldom the qualities which are needed for business control under conditions bound to require ready adaptability to rapidly changing needs and techniques.
THE FORMS OF CONTROL

This points to the expediency of administering such industries and 'Controls' as the State takes into its hands by methods radically different from those of the civil service. The Public Corporation, of the type of the Central Electricity Board, and not the public department, such as the Ministry of Labour, is the model on which State economic enterprise ought to be based. It will, of course, be necessary to increase the amount of public control over such Corporations and to ensure their operation in accordance with the terms of the general economic plan. But this can readily be done, as soon as the key positions of the economic system have been brought under effective public control.

For this purpose, there will have to be an Economic General Staff, or planning organisation, taking its directions in matters of high policy from the Government in power, but left with a wide freedom in applying these directions in day-to-day administration. This General Staff will need the assistance of an expert Planning Commission, which will be responsible for drawing up the plan, on the basis of proposals made by the producing and importing units, and for modifying it continually in accordance with changing needs and so as to rectify errors of estimation. The Cooperative Movement, as the leading representative of the organised consumers, will have a large part to play here in the estimation of public needs; and the entire plan will need to be adjusted, on the principle of securing full employment of resources, in relation to planned international arrangements for the mutual exchange of goods and services.

This is, in outline, the economic structure which the Labour Party should aim at establishing, not at some distant future date, but immediately on the conclusion of the war, and indeed, as far as possible, while the war is still going on. With such a structure set up here, the British people will be in a position both to look after its own future amid the difficulties of the post-war world and to play an effective part in building up a new world order on secure economic foundations. Without this, we shall be helplessly adrift on a sea which will be running high against us, without rudder or compass to steer us into safer waters.

The proposals here made do not, of course, amount to Socialism, in any complete sense. But they are Socialist in spirit, and will be an earnest of our intentions to advance towards Socialism as fast as we can without too sharp and perilous a break with our national traditions. After all, what matters is the spirit in which we act, more than the precise forms our action takes; for these forms are matters of expediency rather than principle. Once the
key controls are firmly in the hands of the people, it will be in the people's power to settle the pace and character of our further advance. Until the citadels of monopoly have been occupied, the people can have no power to determine their own future.

A POLICY FOR THE NEW EUROPE

The use to which we shall need to put this new economic organisation has already been indicated in general terms. But it is now necessary to make more precise the implications of the new international order in which this country must play its part. Our frontiers, in a purely political sense, have remained so far intact. Not so the frontiers of the British Empire, or of the European countries which are our allies. In Europe, Hitler has not merely invaded and overrun and subjected one country after another: he has also been engaged on a colossal plan of economic unification under German leadership. The fact that Hitler is evil, and his plan based on the subjection of other peoples to the Herrenvolk, must not blind us to the truth that this unification, in itself, is largely good. The economic consequences of the political division of Europe into a host of little, independent States were almost wholly bad. This division led to insane barriers in the way of international trade and intercourse. It led to the production at high cost, behind these barriers, of goods which could have been made much more cheaply elsewhere. It forbade the development of a national transport system for Europe as a whole. It left some countries without markets, and forced trade and exchanges into all sorts of unnatural channels. In short, it was a main source of European poverty, and therefore of revolutionary discontent which took the distorted from of Fascism.

It would be the height of folly if the peoples of Europe, after overthrowing the Nazis, were to put back these barriers in the way of their common well-being. But it is barely imaginable that the barriers will not be put back if, after the war, Europe is again divided into a large number of completely independent sovereign States, each claiming the right to regulate all its affairs entirely in the interests of its own 'nation', without regard to the common interests of all the peoples. The remedy for this danger is internationalism—the unification of Europe, or as much of it as can be unified, under a common Covenant with enough central power to secure the adoption of a common plan. To take but two examples: it is surely plain that all Europe ought to have a common, basic system of transport by railways, waterways, and great trunk roads, as well as by air and sea; and it is no less plain
that European trade ought to be organised on a planned basis of investment of capital and exchange of goods designed to raise standards of living over the entire continent. It can indeed be argued that such a system ought to be applied on a worldwide scale; but that is too much to hope for just yet. It may be too much to hope that such a system can be applied all over Europe; but to that we should at any rate approach as nearly as we can.

We must therefore at all costs avoid first rebuilding all the little States of Europe on the old basis of complete nominal independence, and only thereafter appealing to them to forego some part of their sovereignty in the common interest. We must try to build up from the very outset international unity over the widest possible area, and to create the international organs of economic cooperation before we set about any rectification of political boundaries, save of the most provisional sort.

This policy does not imply any denial of democratic nationalist aspirations. It is right that each people should be self-governing in its internal affairs; and without this self-government it is impossible for real democracy to exist. But it is also indispensable, under the technical conditions of today, that national self-government shall exist within the framework of a wider, supra-national unity. Without national self-government, this unity will turn into the tyranny of those who make themselves masters of the central machine; but it is also true that without the unity, the national groups will be both impoverished by failure to cooperate in the development of their potential wealth, and menaced continually by the fear of renewed war.

If this is to be our policy, plainly the first essential step towards carrying it out is to secure the fullest possible measure of agreement between Great Britain and the Soviet Union, the two great European powers upon which the defeat of the Nazis will leave the main burden of European reconstruction. Agreement with the United States is also important; for it is to be hoped that America will play a great part in the rebuilding of our shattered continent. Indeed, without close American cooperation, the restoration of Europe after the war is bound to be a painful business; for the United States alone will have the resources that will be needed both for the relief of the immediate distress and for the speedy rebuilding of European productive power. But agreement with the United States, important as it is, is secondary in relation to Europe to agreement with the Soviet Union, because America is far away and may again back out of European affairs when the menace of Nazism
has been removed. The Soviet Union, on the other hand, is bound to play the premier part in Eastern Europe, on the morrow of victory as Great Britain is in the West. It will be a disaster for the whole world if Great Britain, the Soviet Union, and the United States do not work closely together for world recovery; and the best hope of getting American help lies in European unity. If Great Britain and the Soviet Union pull opposite ways, no tolerable or durable settlement is even possible: there is no way of solving the German problem; and within a brief time after the peace the continent is likely to be again well on the road to war. Whereas, if Great Britain and the Soviet Union follow a common policy of European unification, the problem of Germany can be solved within that wider unity, and the foundations can be laid for the prosperous development of every people in Europe.

But is a common policy possible? Assuredly it is not, as long as the policy of Great Britain is based on Capitalism and Imperialism. The Soviet Union, whatever its shortcomings from the standpoint of the West, is a Socialist country, in which the means of production are commonly owned and administered for the benefit of the whole people. There is not the smallest chance of the Soviet Union abandoning these institutions, or supporting Great Britain in an attempt to re-plan Europe on a basis of private Monopoly. True, the Soviet Union might try to limit its interference to Eastern Europe, leaving us, in the West, to rebuild Capitalism if we could. But even if the peoples of Western Europe were to allow this to happen, it would be a disastrous outcome, and would leave all Europe under the perpetual threat of war.

**TOWARDS SOCIALISM**

The only condition on which there can be real cooperation between the Soviet Union and Great Britain in the rebuilding of Europe is that Great Britain shall become, in spirit, Socialist. This does not mean that it is necessary for us to adopt any more of the methods and institutions of Communism than we please. What it does mean is that we must forthrightly liquidate our own monopolist and imperialist class, and set up firmly the key controls necessary to the working of a general Socialist plan, both nationally and in our relations with other peoples. What is needed is fully consistent with the eminently modest and practical economic proposals that have been set out on earlier pages.

But there are also political conditions of cooperation. It is necessary, in order to make Great Britain, in spirit, a Socialist country not only to take the fundamentals of economic power
into the hands of the State, but also to ensure that Great Britain shall become a social, as well as an economic, democracy. It is necessary to liquidate entirely the class system in education, under which the children of rich and poor are taught in different schools and by methods designed to inculcate widely different attitudes to life. A common school and university system, with full assurance that educational opportunities shall have no relation to parental incomes, is an absolute prerequisite of real democracy. So is a common, and thoroughly efficient, medical service; and of course an abolition of all titles and dignities which provide an irrational basis for snobbery and class-discrimination.

The very notion of Socialism implies a society in which the means of production are being applied to first things first. It involves that the first claim upon the social dividend shall be the provision for all of a basic standard of living, subject only to their willingness to serve the needs of society according to their powers. It involves that, within the limits set by our command over the powers of production, none shall go hungry, or ill-clad, or ill-housed, save by his own fault, and that, as far as is humanly possible, no child shall be prejudiced in his chance of a good life by being brought up in a mean or sordid environment, or under conditions of ill-nourishment of mind or body. It involves, accordingly, that the whole fund of natural ability which exists in the people shall be given the chance of proving its capacity, and that we shall no longer stifle a large part of this ability by denying to it the opportunity of knowledge and of training for leadership. It means that the whole society shall be organised for plenty, and that no usable resources of man-power or of capital shall be allowed to run to waste. Such a society, as much as any other, must have leaders—men and women chosen for their special ability to occupy the key positions of social administration and control. But it will choose these leaders, not from a narrow class pre-selected on account of ancestry or an environment of wealth, but from the whole people, on the basis of the widest possible diffusion of opportunity from the years of childhood right into adult life. These conditions exist already in large measure in the Soviet Union, and, together with the common ownership of the essential means of production, form the very foundation of its Socialist system. Only by establishing similar conditions in Great Britain can we create the requisite circumstances for close community of action and policy between this country and the Soviet Union, or lay assured foundations for the new system in Europe as a whole.
THE FUTURE OF EMPIRE

These may be felt as hard sayings for a country as steeped in the imperialist tradition and as sharply divided into social classes as our own. Yet there is more still to be said. Our empire, already shaken to its foundations by the events of war, must be entirely transformed if we are to play our part in the making of the new order. We need not renounce our connection with the British Dominions, unless they renounce theirs with us; for that connection is one of free association, which may well be to the world’s advantage as well as to theirs and ours. It does, however, mean that there can be no return to the old relations between Great Britain and its dependent colonial empire. If Britain is to play its part in the making of the new order, the empire must emerge with conceptions of a new dynamic policy of development and with radically new relations established between the peoples of these territories and their own Governments, Britain and the world. We must completely disintegrate our imperial system in respect to its political and economic domination of the dependent people. The Soviet Union has provided a lesson in the art of welding together into a single State peoples at very different stages of culture and development without any taint of racial or national inequality. An empire based on fully equal rights of citizenship for all its peoples may be justifiable, and indeed greatly preferable to the breaking up of large political units into a multiplicity of small States too weak to stand alone. But the absolute condition of such a commonwealth is that there shall be no racial discrimination among its peoples, and that in planning its economic and social development no less weight shall be given to the claims of men whose skins are black or brown or yellow than to those of its white citizens.

It follows that we have no right to hold India within the British Empire against the will of the Indian peoples, though we may have a right to be exercised in common with other peoples, to insist that the Indians shall play their part, as equal partners, in common arrangements for the good government and orderly development of the whole area of the Middle East, or of the whole of Asia. Here again, what is essential is that Great Britain and the Soviet Union should be acting together, and that the Chinese should be acting with them, in terms of a common plan for the freedom and social advancement of the Asiatic peoples. In Africa there is a harder problem to be faced, both because of the attitude of the Union of South Africa to the native question, and because the political ingredients for the making of a United Africa hardly as yet exist. The answer here must be found in some plan of common development under international auspices, with full guarantees
against exploitation and of educational, health and political measures
designed to lead as speedily as possible to self-government on a
continental scale.

This is not the place to go into these questions in any detail. What
is needed is an attitude towards the colonial and other
imperial problems which will make possible joint action over the
whole field of policy between Great Britain and the Soviet Union,
as far as possible with the collaboration of the United States, and
will exclude any return to imperialist exploitation of native labour,
or to the claims to prominence of a narrow class of white settlers
and officials. The guarantee of this change of heart can only be
the handling of colonial economic problems in terms of world needs,
as part of the general problem of international exchanges and
economic development of the backward peoples.

THE PROBLEM OF GERMANY

But, it will be objected, in all these schemings for the future
the root problem has been avoided. What is to be done with
Germany (and, in the East, what with Japan) on the morrow of
a Nazi defeat? Are the Germans (or the Japanese) to be left
free, under such government as they may choose, to set about
rearming for a war of revenge? Or are they to be kept remorse-
lessly under, if necessary by a permanent army of occupation?
Neither of these expedients will serve. Permanent military occupa-
tion is out of the question; for who will consent to do the occupying,
when the immediate danger has disappeared? But it is also out
of the question to leave either of these countries free to prepare
fresh devastations, or to maintain armed forces which will compel
all nations to go on frittering away their substance on unproductive
armaments.

The answer must lie in merging the statehood of both Germany
and Japan in wider statehoods, and in giving the peoples of these
countries better fish to fry than wars of revenge. In Germany,
the collapse of Nazism seems certain to be either caused, or accom-
panied, by a revolution of the German people. It will be of vital
importance to prevent this revolution from resulting in the creation
of a new sovereign Reich, whatever its political colour. But this
can be done only if the Germans can be offered, as a condition
of recognising their revolution, the opportunity of free and equal
participation in a new collective management of Europe’s pressing
economic and social affairs; and this again will be practicable
only if the countries which demand that the Germans shall renounce
national sovereignty are prepared to renounce it for themselves.
It is impossible as yet to foresee how the new international organs
which will begin as instruments for dealing with the immediately pressing problems of European relief and the rebuilding of productive capacity will develop into full organs of supra-national government. All that can be said at this stage is that the hope of their developing in this way must depend on the closest community of policy and action, in the critical first stages of reconstruction, between Great Britain and the Soviet Union.

THE CHOICE BEFORE US

Here, then are the essentials of a programme for British Socialism. It is not a doctrinaire programme; nor is it based on Utopian dreams of a Socialist paradise. It is a programme, elastic and yet firm in its general outline, of what can reasonably be attempted in the existing state of the world, and is likely, if the case for it is competently and continually stated, to command the assent of a large majority of the British people. For most of us are beginning to know, even if some of us are still loth to admit it, that the older order as been damaged past repair, and that the task of building a new order is being thrust upon us, whether we will or no. Most of us are beginning to understand that this new order must be built on one of two principles—Fascism or Socialism—and that there is no third practicable alternative. The old kind of Capitalism, become restrictive and monopolistic in its decay, and more and more set on crushing out the small man’s influence in order to maintain its own position in the limited market which it assumes, can by no means be put back on its pedestal. The only form of Capitalism that can maintain its existence under the changed conditions of production is a Capitalism which accepts Fascist control in order to save itself from disaster and escapes from depression and mass-unemployment only by allowing the State to divert a large part of its resources to preparation for war.

A self-destructive Capitalism of this type can establish itself for a time, as we have seen in Germany and in Japan. But it can do so only on condition that the world is getting ready for the next war. No other form of Capitalism can establish itself, because any other stands helpless in face of mass-unemployment and cyclical depression of trade. Unless, then, Europe is content, at the end of this war, to begin arming for the next, it must turn to some sort of Socialism; and this Socialism must rest firmly on international foundations because no merely national Socialism can cope, either in Great Britain or in any part of Europe west of the Soviet Union, with the basic economic problems that humanity
has to solve. The greatest of these problems, as we saw at the outset, is the raising of the peoples who are still sunk deep in primary poverty to a higher standard of life and to a position of social and political parity with the peoples who are economically more advanced; and we saw also that the solution of this problem is also the key to the future prosperity of Great Britain, because we must depend for our means of living on a high level of purchasing power in the rest of the world, and above all in the countries now most behindhand in economic development. Our interests in Great Britain coincide, more unambiguously than those of any other advanced country, with the common interests of mankind; and it is meet that we should play, as a people, a leading part in bringing world prosperity into existence. But we shall not do this until we have taken, in our own country, the decisive step—that is, until we have firmly removed from power the monopolist plutocracy which we still allow to govern our economic affairs, and have linked our fortunes indissolubly with those of the Soviet Union on a common, but not identical, basis of international Socialism. Then only shall we be in a position to make full use of our own abundant resources of manufacturing skill and, on a basis of fair exchanges with other peoples, to find full employment for our workers in raising the standards of living both at home and over all the world.
SELECT LIST OF PUBLICATIONS

LETTER SERIES
1. A Letter to an Industrial Manager  G. D. H. Cole  3d
2. A Letter to a Soldier  A Comrade in Arms  2d
3. A Letter to a Student  Margaret Cole  2d
4. A Letter to a Shop Steward  'Guild Socialist'  2d
5. A Letter to a Woman Munition Worker  A. Susan Lawrence  2d
6. A Letter to a Doctor  Brian Thompson, M.D.  2d

S.P.C. SERIES
1. Take Over the War Industries  Populus  3d
2. Let's Talk it Over  An Argument about Socialism, for the Unconverted  Raymond Postgate  4d
3. How the Russians Live  Wright Millar  6d

NEW FABIAN RESEARCH PAMPHLETS
12. A Socialist Budget  Colin Clark  6d
18. Rent Rebates (Revised and Enlarged Edition 1939)  Geoffrey Wilson  1/-
19. Foreign Trade  Harold Barger  6d
20. How Much Compensation?  Ernest Davies  1/-
31. State Education: An Immediate Programme  Edited by Barbara Drake LCC  1/-
38. The City Today  A Citizen  1/-
41. Milk  J. Bulmer and P. Vinter  1/-
42. Living Wages  The Case for a New Minimum Wage Act  G. D. H. Cole  6d
44. Labour in the West Indies  W. A. Lewis  1/-
53. Planned Investment  C. P. Mayhew  1/-
56. Scottish Local Government  W. H. Marwick  6d
57. The Reform of the Rating System  J. Sullivan  6d
60. Eastern Europe after Hitler  Doreen Warriner  1/-
61. The State and the Railways  Ernest Davies  6d
62. France Faces Fascism  D. M. W. P.  6d
63. Wartime Billeting  Margaret Cole  6d
64. Back to Work?  The Case of the Partially Disabled Worker  Hermann Levy  6d
77. The Assistance Board  Joan Simeon Clarke  6d
79. The Health Services  2. The Hospital Services  Somerville Hastings  6d
84. The Distribution of Fish  John Atkins  6d
91. Labour in the Colonies  Some Current Problems  Colonial Bureau  6d
92. Help Germany to Revolt!  H. Monte and H. von Rauschenplat  6d
93. Regional Government  'Regionalits'  6d
94. Community Feeding in Wartime  Barbara Drake, LCC  6d

FABIAN TRACTS
5. Facts for Socialists (Revised 1937)  6d
11. Personnels of British Foreign Office and Diplomatic Service  2d
32. Nightingale  1930
36. What Happened in 1931  A Record  Sidney Webb  1932
44. Freedom in Our Time  Olive and Ivan Cruclhey  1937
45. Indian Federation  Boil Chand  1938
48. Democracy for India  H. N. Brailsford
57. Food in Wartime  Charles Smith  2d
60. Nutrition in War  Sir John Orr  3d
64. Labour's Next Step  A Wartime Strategy  3d
65. War Effort and Industrial Injuries  H. Levy  3d
70. Vanxittat's Gift for Goebbels  H. Fraenkel  2d
75. Nutrition  3d
80. Nursery Education  Dr B. Stross
81. Also Biographical, Local Government and other Series  3d

BOOKS
Britain's Food Supplies in Peace and War by Charles Smith  (Routledge) 10/6
Evacuation Survey edited by R. J. Padley and Margaret Cole  (Routledge) 10/6
Studies in Capital and Investment by G. D. H. Cole and others  (Gollancz) 12/6
Socialization Studies: (1) Electrical Supply Industry by G. H.  (Gollancz) 3/6
(2) Iron and Steel by Ingot  (Gollancz) 5/-
The People's Army by Lewis Clive With an introduction by C. R. Attlee  (Gollancz) 7/6
The Machinery of Socialist Planning  G. D. H. Cole  (Hogarth Press) 2/6
Democratic Sweden edited by Margaret Cole and Charles Smith  (Routledge) 12/6
Hitler's Route to Bagdad  International Section  (Allen & Unwin) 10/6
The Unemployment Services by Polly Hill  (Routledge) 7/6
The British Civil Service by H. Finner  Cloth, 5/-; Paper, 3/6
Mind Your Own Business by R. B. Suthe...  1/6
Fabian Essays (1931 Edition)  2/6
Victory or Vested Interest? Fabian Lectures, 1941  (Routledge) 5/-