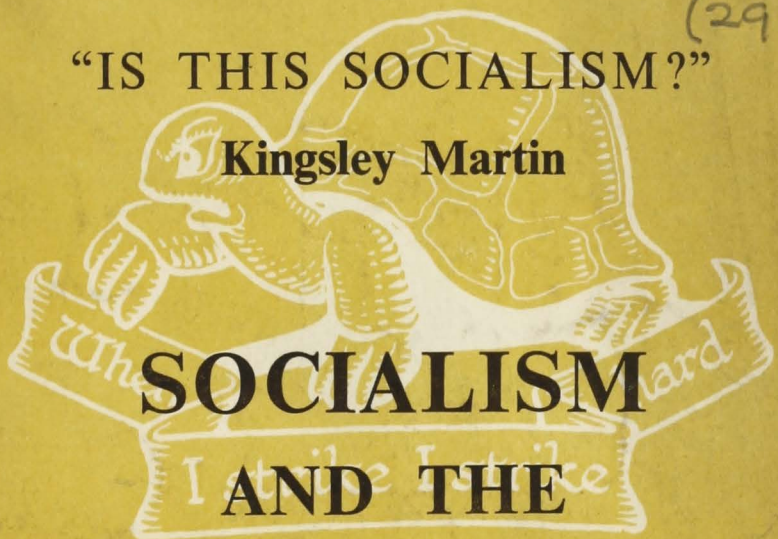


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"IS THIS SOCIALISM?"

Kingsley Martin

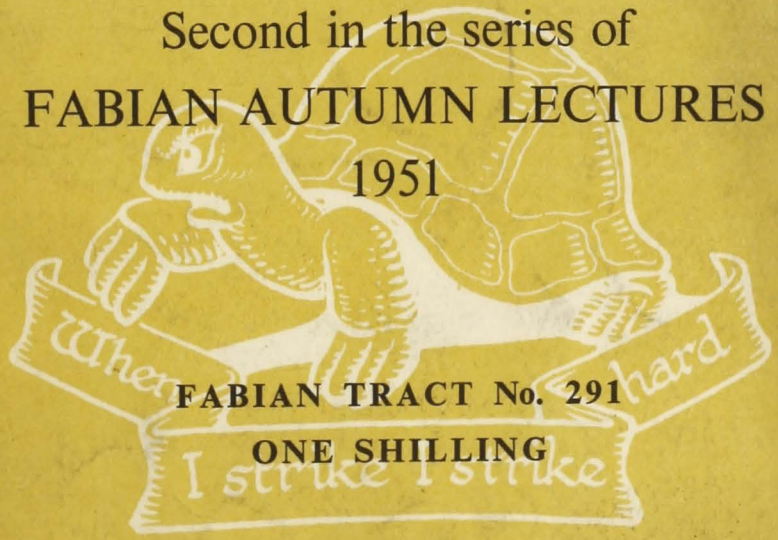


**SOCIALISM
AND THE**

WELFARE STATE

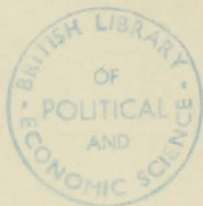
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ONE SHILLING



KINGSLEY MARTIN

has been Editor of *The New Statesman and Nation* since 1931, and is well known as an author and broadcaster. His many books include *The Press the Public Wants*, and he was a member of the regular radio team of Brains Trust. For three years he was on the editorial staff of the *Manchester Guardian* in the last days of C. P. Scott.

His academic achievements include an M.A. degree of Princeton University, New Jersey, as well as of Cambridge, and he was at one time Assistant Lecturer in the Dept. of Political Science at the London School of Economics.

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FABIAN AUTUMN LECTURES, 1951

SOCIALISM AND THE WELFARE STATE

KINGSLEY MARTIN

*This lecture was delivered at Livingstone Hall, S.W.1,
on 6th November, 1951.*

I BELIEVE it was the popular press that first called the Labour Party "Socialist" with the idea of discrediting it, just as the infidels taunted the followers of Jesus with being Christians. In both cases the ridicule stuck and became a compliment. But a good deal of confusion has resulted from the pretence that the Labour Party was Socialist. Even today the number of Labour voters who are Socialists or know what they mean by Socialism with any kind of precision is very small. If there is something like an intellectual crisis in the Labour Party now, and if the Party had no positive policy for the 1951 election, that was largely because the leaders of both the Parliamentary Party and the trade union movement did not know where they were going after they had once established the principles of the Welfare State—that everyone has the right to a job and a guaranteed social minimum of health, wealth and leisure. The present Conservative victory is therefore exactly what they wanted; and, in view of the thought-stoppage now afflicting the Party, it must be admitted that a period of Conservative government with a small majority is no disaster.

I say it is no disaster provided that during the period of opposition a group of lively and realistic thinkers make use of the opportunity to do three things. First, the Labour movement must be told just what has been gained between 1945 and 1951, what dangers exist of these gains being lost, and what must be done to retain them. Secondly, our group of thinkers must work out as effectively and authoritatively as the Fabians did in 1889 the principles and programme for the next leap forward; and thirdly, they must seek to win so large a body of acceptance for these principles and this programme that the confusion between the

Welfare State and Socialism will be cleared up and the movement as a whole be brought to the pitch of resolution required to carry the policy and programme through.

Socialism as a Peroration

Up to 1945 Socialism served to adorn the perorations of speeches that were themselves devoted to denouncing social injustices and demanding reform. The sum total of all these reforms amounted to what we now call the Welfare State. The fight was for shorter hours and better pay, for jobs for all and good housing, for educational opportunity, for an end to the monstrous inequality by which thousands died for lack of the proper medical aid which the well-to-do took for granted. In brief it was a fight so to mitigate the natural results of free competition that no one would be very poor, no one the helpless tool of the boss, no one cut off from the culture and beauty of the world, and all, if not equal, at least provided with some chance of a full and dignified life. The struggle was to end the conception of life described, I think, by Dickens as "Everyone for himself and God for us all, as the elephant said when it danced among the chickens."

Until recently this seemed a dream to be realised only in some far off future. There seemed no more reason to worry about what life would be like when they were attained, than there was for the scullery maid to think what she would do in heaven after she had once defined it as the place where there would be no more washing up. Today the Labour Party's crisis comes from the discovery that a form of society in which these particular evils of capitalism have been abolished appears feasible. It is far from accomplished, but it is no longer merely pie in the sky. The question therefore arises what comes next; on the assumption that, say, another five years of Labour Government might give us the Welfare State, does the Labour movement intend then to move towards Socialism—towards, that is to say, nationalisation of all the means of production, distribution and exchange, coupled with a large measure of workers' control and the confiscation of all private accumulations of property?

The question of Socialism thus becomes urgent. It is no longer an abstract subject suitable for an undergraduate essay: "Would you rather live in William Morris's 'News from Nowhere,' Bellamy's 'Looking Backwards' or Wells' 'Modern Utopia'?" These were written to give us vision in days when there seemed no quick remedy for economic misery; to provide us with a legendary future which would inspire us in the struggle against capitalism. The question whether we really desire a Utopia in which private property—in the sense that it gives the right to live on the labour of others—should be abolished and the State put fully in charge, must now be decided. People who used to assume that this was desirable now look at the Soviet Union and shudder; they read

Huxley and Orwell and recoil in terror lest Utopia might in some way resemble these nightmares.

Mr. Gordon-Walker's Better Society

Mr. Gordon-Walker is so alarmed at the danger of our proceeding further with the Welfare State that he bases a large book of elaborate philosophic argument on the thesis that our only escape from the terrors of private capital on one side and Communism on the other is totally to discard the teachings of Descartes. Most of us had ceased to be aware that we were Cartesians, and a careful study of Mr. Gordon-Walker's book convinces me that he would have conveyed his meaning equally well if he had omitted most of his lecture material on "Cartesianism" and simply said that he feared what is more usually called "materialism." In short, he is trying to remind us that there is a sphere of life which is not determined by the play of mechanical forces. I agree with him, but fail to see why this should lead him to hold that we have reached in 1951 precisely the point of perfection from which divergence in either direction will take us down the slope with Professor Hayek, or up into the suicidal empyrean with Icarus. I do not see, for instance, why the Managers must always be socially superior persons entitled to superior rights, or why he should say:

Once the State discharges on behalf of society the main social obligations that attach to wealth (i.e. introduces full social security), then industry, whether in public or private hands, can without scruple regard man at his place of work as economic man and nothing else . . . It can concentrate solely upon the end of economic efficiency.

Why is this not itself the regimentation that he hates, and why does he think it can be cured by propaganda and punishment? He writes:

The new State will also directly augment authority and social pressure by new powers of punishment and compulsion. So far from withering away, as in theory both the individualist and the total State should, the new State, if it is to bring into being and serve the better society, must create new offences and punish them . . . For a higher morality implies a wider concept of sin, immorality and crime.

The Sources of our Socialism

We must answer three questions. First, is it true that we already have a Welfare State? Secondly, what else must be done to complete or secure what we have obtained? Thirdly, is the Welfare State what we seek? Is there something further called Socialism which is the goal

to which the Welfare State proceeds, or shall we be satisfied if we really have a Welfare State? Will that be Socialism?

In order to understand where we are and what has been achieved let us take a brief glance back into the history of the Movement. The driving force, as I have said, has been the evils of capitalism which proved in practice not to be a system by which Adam Smith's Invisible Hand providentially turned private self-seeking into public good. It was natural for the old Adam and his followers to believe this, since free enterprise was to them the watchword of revolution, a release from an intolerable confusion of controls that served only private interests, held back production, kept the land at a low level of fertility and prevented the new machine technique from wonderfully multiplying the wealth of the world.

There were Conservatives like Lord Shaftesbury who led the revolt against incarcerating men, women and children for the whole of their waking hours in the dark satanic mills. There were Co-operators who followed Robert Owen in holding that paradise would be here if men were provided with the moral incentive for mutual aid instead of the selfish encouragement to make money for themselves. There were Christian Socialists who hated capitalism because it was contrary to Christian ethics, and there were those, like William Morris, who revolted against it because it was aesthetically ugly as well as immoral. There were many groups, of whom the I.L.P. is the chief survivor, whose programme was swift revolution to bring about international brotherhood. In the last quarter of the 19th century systematic Socialists sought more precise answers. Marxists attempted a scientific analysis of capitalism, predicting its downfall through its own internal contradictions and assuming a millennium when the class struggle after a period of working class dictatorship had ended, and it became possible, as Lenin was to add, to begin history anew. Finally, there were the Fabians who rejected the Marxist analysis and set to work deliberately to show how in British conditions Socialism in the defined sense of the nationalisation of the means of production, distribution and exchange could be gradually and peacefully brought about. It was no accident that the Fabians presided over the birth of the Labour Party in 1900, or that it was leading Fabians who provided such intellectual leadership as there was for the two minority Labour Governments in 1924 and 1929, and whose thinking was still the basis of the British Labour Party programme in 1945. Throughout all this period, the drive, the threat and the energising power of the movement, however, came from the desperate needs of British workers forming and re-forming in trade unions and, as a secondary activity, finding expression in Parliamentary representation.

Methodism and Marxism

There was another feature of the Labour movement, which must be remembered. Marxism was a late tributary which blended ill with

the main stream of Labour thought. Nonconformity, in protest against the social conservatism of the Anglican church, played an important part—a far more important part than the movement inside the Church which we call Christian Socialism. Stern and eloquent preachers from the 17th century onwards recalled at intervals that the Lord's Prayer contained the carefully forgotten text "Thy Kingdom come on earth as it is in Heaven." This religious aspect of the Labour movement has now greatly decreased in power, but the ethical bent it gave to British Labour sharply differentiates it from the Continental movement which is Marxist and almost by definition anti-religious. Mrs. Webb noted with her usual acuteness in the Nineties the secularisation of popular thought; the idealism that had been centred on the next world was becoming increasingly attached to the improvement of secular society. It was true that the proportion of Labour leaders who had learnt to be agitators from their experience in conventicles was much less than it had been in the days of Chartism, and the influence of religious thinking grew steadily less in the Twentieth Century. But no-one who is attempting to do any thinking for the Labour movement in this country can afford to forget that even in our own day a staunch trade union leader like Arthur Henderson was a lay preacher, that leaders of peculiar influence like George Lansbury and Sir Stafford Cripps have been firm Anglicans and that far the readiest response in Wales and in large areas of rural England and Scotland is still forthcoming for those Socialists whose appeal is to ethical principles couched in terms of Christian morality.

Reform Without Risk

Against this background let us see what happened between the two wars. By the accident of Britain's somewhat haphazard voting system Labour obtained two minority governments before a majority of the working class, let alone the country as a whole, were converted to even a limited Labour programme. So far were the Labour leaders from being Socialists in the sense of trying to take power from the ruling class that in the General Strike of 1926 they surrendered rather than risk either imprisonment for themselves or the growth of a revolutionary spirit among the workers. Looking back today we see the General Strike as the last syndicalist flare-up; after 1926 the workers with very few exceptions turned to the parliamentary weapon, and the exciting young Guild Socialist movement, which was Socialism's most popular phase amongst intellectuals in the early Twenties, dwindled and petered out. Again in 1931 the Labour leaders were divided when the choice came between joining with their political and class opponents and running the risk of upsetting the investing class by falling off the Gold Standard, whose existence few of them had heard of until its supposedly fundamental importance was explained to them by the Governor of the Bank

of England. They had wanted to improve the lot of the working classes if they could do so without any personal or national risk; they found that the limits within which this could be done without running foul of the capitalist class were very narrow indeed. Nor was it only Ramsay MacDonald, Snowden, Thomas and a few of their friends who deserted the rank and file. Many who talked about Socialism discovered that they had never meant more than the nationalisation of the coal-mines and such improvements in working class pay and conditions as could be achieved without earning a rebuke from *The Times*.

The Aristocratic Embrace

It would be interesting, if this were a lecture on the psychology of the Labour movement, to consider just what differences were responsible for this spectacular failure. I want in passing to mention two. The first is what Mrs. Webb described as the "aristocratic embrace." Nye Bevan has been much ridiculed for wearing a lounge suit at an important full-dress occasion at the Savoy, but we need not attribute this eccentricity to personal vanity. Perhaps he remembered the shock among the rank and file when photographs appeared in the newspapers of the Labour leaders dressed in the Court fashion of knee breeches and sword. Perhaps he remembered even more sharply Low's caricatures of another Welshman who became known as Mr. Dress-Shirt. In any case we all remember the ease with which men who had been trusted to stand up to the bosses and represent the interests of the rank and file were flattered and bamboozled by finding themselves in an atmosphere of luxury and aristocratic manners. The British ruling class had their own subtle way of destroying Labour—an invitation to dinner was far more effective than a threat of machine-guns. Note that there is no element of bribery in this British technique. It is all done by kindness. The famous quatrain of Humbert Wolfe's applies even better to our Labour leaders.

You cannot hope to bribe or twist
 Thank God, the British Socialist
 But seeing what the man will do
 Unbribed, there's no occasion to.

If you want to see a perfect specimen of innocence painlessly exploited, read the biography of Mr. David Kirkwood* entitled *My Life of Revolt*, published in 1935. Davie, you remember, was a shop steward who played "Old Harry" in the First War, was thrown out of Beardmore's and would have been an awkward revolutionary had not Churchill got him reinstated. After the war he came up to the House of Commons with the other Clydesiders declaring that he would show the "Big Nobs" that he was not going to be put down or bamboozled.

* Since I gave this lecture he has been elevated to the peerage.

He called Baldwin "Uriah Heep" and then was ashamed of himself when Baldwin asked him very gently afterwards if that was how he really seemed to him. He hurled abusive epithets in the hope, he says, of hurting Neville Chamberlain. But Chamberlain came up to him afterwards and said he was afraid he must have said something to hurt Kirkwood. He gave Lloyd George notice that he was going to make a bitter attack on him in the House. L.G. promptly wrote apologising for not being able to be in his place to hear Mr. Kirkwood make his speech! He was so flattened out by these and a hundred other courtesies that his book ends up in a blaze of British patriotism and an account, related with proper pride, of a conversation with the Prince of Wales at Lady Astor's!

Administering Capitalism

The second reason for working class disappointment with Labour leaders is the profound misconception that exists about the swiftness of advance which is possible to any Social Democratic government. A sincere working-class leader, zealous for social justice, who finds himself in office, is hampered not only by a parliamentary procedure designed to protect the rights of minorities, especially those of property, but far more by the nature of the administrative process. The newly appointed Minister finds on his desk a vast pile of letters to sign, a quantity of detail all of which involves policy, but which cannot be dealt with except on the advice of the Civil Servants who alone understand it. Even if he is a very strong man with a quite unusual knowledge of the subject with which his department deals, he cannot do more than discover which of his Civil Servants will readily co-operate in new measures, and then after some highly unpopular changes in his staff, succeed, if he is fortunate, in pushing through one or two great legislative measures while performing with efficiency routine tasks allotted to him by the existing system. There are occasional exceptions. A brilliant example was Mr. Attlee's decision to push through constitutional changes that gave India and Burma their independence in 1948. He had to by-pass the usual channels, to make "extraordinary" appointments, and personally to carry through these reforms with the help, as it were, of ad hoc top Civil Servants. In general, one may say that the abler and better a Minister is, the more engrossed he finds himself in the task of administering some part of the capitalist system which he was elected to destroy. But I must not here continue to dilate on the difficulties of reforming capitalism. It was after the crisis of 1931 that R. H. Tawney wrote "You can peel an onion, leaf by leaf, but you can't skin a live tiger, claw by claw."

The Coming Struggle For Power

Now there were, of course, Labour leaders who understood very clearly what happened in 1931. Men like Stafford Cripps could not be

seduced by the "aristocratic embrace" because they belonged to the aristocracy; Sir Stafford was especially hated by Conservatives because he never mistook small change of courtesy for real payment. At that time he wrote and spoke like a revolutionary, and Mr. Attlee was not far behind. Sir Stafford, who founded the Socialist League, got into serious trouble for a remark about the political influence of "Buckingham Palace circles." He spoke on innumerable Popular Front platforms with Laski, Victor Gollancz and Harry Pollitt. At the Universities most of the more intelligent youth became Marxists; indeed, the truth, or at any rate the large element of truth in Marxism had become inescapable. The lesson of '31 was that the forces of capitalism were world forces, that in France and Britain the attempt to carry out Socialist measures would be met not only with ordinary parliamentary opposition, by an unscrupulous use of the House of Lords, and conceivably, as Laski feared, by manipulation of the Royal Prerogative—but by the far more potent weapons of City manipulation of the currency, the flight of capital, and as the examples of Italy, Spain and Germany showed, in the last resort, by armed Fascist counter-revolution. This period of storm and stress was complicated throughout by the dark spectre of war, so that issues of Communism and Pacifism and Fascism were deeply and almost inextricably confused. All that I am stressing at the moment is that while the Trade Union leadership remained for the most part steadily reformist, Labour Party thinking had moved for the time mainly into Marxist channels. The two most influential Socialist writers of the period were John Strachey, who held at that time that Communism was not only inevitable but also desirable, and Harold Laski, who never suggested that Communism was good, but who spent himself—and finally killed himself—in a desperate effort to persuade the Labour Party that it must prepare to defend its life against counter revolution and not trust the British tradition of tolerance and constitutional behaviour to keep us out of the world struggle between Communism and Fascism.

"A Programme for Progress"

When the war ended, this Marxist theory had been largely forgotten. The Soviet Union had been our ally, and the hopes of social change arising out of the war were everywhere encouraged by the spectacle of Resistance movements taking charge throughout the war-weary countries of Europe and Asia. Hatred of Conservatism, now inseparably associated with war, unemployment and misery, gave us the Labour Party victory of 1945. There was a large body of agreement to carry out measures which were primarily reforms to remove grievances, elements in the Welfare State, if you like, but not what used to be thought of as Socialism. Where this Socialist ideal prevailed it was mainly among the older type of Fabian. It was a theoretician like Dalton who was most bellicose in the nationalisation of steel. Policy

was based partly, it is true, on the Fabian belief that a social revolution could be gradually carried out through the nationalisation of industry. But in the background, as Mr. John Strachey's lecture has made clear,* there stood the dominating figure of John Maynard Keynes whose voice was heard with ever greater authority urging that, through the technique of a managed currency and a deliberate redistribution of income, capitalism could be induced to end its own contradictions. Mr. Strachey rightly corrects my suggestion that it was not experience of office that changed his mind; he had already been converted by Keynes in 1940 when he published his too little remembered book *A Programme for Progress*.

His position in 1940 was that merely to nationalise the principal industries and carry out other parts of the 1945 programme would only have been what he calls and condemns "the piecemeal reform of capitalism." That, he says in his Preface, must fail. The difference between this neo-reformism, which he says is condemned to failure, and the programme which he believed could succeed is the difference between not having a plan and having a plan. He writes: "Without, that is to say, taking control of those central directing levers which regulate the speed and rhythm of our economic system,"—without this "certain disaster awaits." Keynes had shown that it is possible to use the instruments of financial control to "keep the wheels of production turning while the rest of the programme of social advance is being enacted." Failure to do this destroyed Blum's government in France; such success as Mr. Roosevelt's New Deal had in America was due to the use he made of such control. "It is clear that the main possibility of achieving any measure of control over the quantity of production, and so employment, lies in the financial sphere." If the finance is in the hands of "progressive forces," whose object is to raise the standard of life, then Strachey believed that the Labour Party after the war could succeed where other social democracies have failed.

Given financial control, in short, a Labour government could achieve a really substantial change in society by shifting the balance of income so that the surplus savings of capitalism were not left to accumulate in a few hands but spread more evenly throughout society, with a result that poverty was abolished, the booms and slumps of capitalism ironed out, and the constant urge of capitalism to find new overseas markets in backward areas where a higher rate of profit could be obtained would disappear. The result would not be a Socialist omelette, but the eggs would be so far scrambled that it would be impossible to go back to Capitalist ham and eggs.

The Keynesian Alternative to Socialism

I do not believe Mr. Strachey's change of mind in 1940 was merely

* Fabian Tract No. 290, "Labour's Task"

one of economic theory. I think it involved a change in social objective. Keynes quite consciously offered a rational and ingenious alternative to Socialism. I would go so far as to say that if Keynesism will work, the middle-class Social Democrat cannot really desire what used to be called the Workers' State. Most of us became ardent Socialists between the first two World Wars because our consciences were torn by the facts of unemployment and social misery. If it were really possible to abolish the booms and slumps of capitalism, to see that there were guaranteed a good minimum standard of life, then very few would want to upset so good a society because it did not come up to some ethical norm of equality and substitute co-operation for the profit motive. I think that the members of the last Government who believe that they have really produced a Welfare State can quite logically say, as some of them indeed do, that they see no merit in nationalisation except in so far as it increases efficiency, that they have no reason to end capitalism if its intolerable evils are removed and that they certainly do not believe in workers' control. They do not find themselves worried by the prospect that there may still in the Welfare State be wide discrepancies of comfort between the rich (who will not be able to be millionaires) and the poor (who will all have at least a *petit bourgeois* standard of living).

Any of you who are shocked at my saying this should frankly face this question. If the economic and social system of Norway, Denmark, or even Sweden, where the class basis of society is still much more evident than it is in other Scandinavian countries, can be attained in Britain, would any sane person really say that on some ground of doctrine he or she would still demand a social revolution? Would they say that they preferred the Socialist system of the Soviet Union to the Welfare State of Scandinavia? Would they say so even if some of the worst features of Socialism in Russia can be excluded from the picture on the ground of the special circumstances and inheritance of Soviet Communism? If everybody were guaranteed a minimum standard of life, if the main features of political democracy were safeguarded, and, in addition to the rights of free speech and all the other civil rights won by the bourgeoisie, there were added the new guaranteed rights of social security, adequate leisure, and adequate employment, would it not be idiotic to denounce such a system as Keynesian, reformist, Kautskyist, or any other phrase from the vocabulary of Marxist controversy, and to demand, in order to produce something called Socialism, that we should fight class war to the bitter end with all that that implies? In brief, Mr. Strachey's "Just Society" is not to be dismissed as some kind of betrayal; it would fulfil the real desires of almost all of those who for the last century and a half have called themselves Socialists.

What we have to consider is not whether the Welfare State is good (which in comparison with unrestricted capitalism it clearly is) but whether it is a *possible* alternative to Socialism, whether it can be sustained in a climate such as England, whether there is any escape

from the class war which is now being fought out all over the world. To make myself quite clear, let me say that the more I can hear of it, the system now at work in the Soviet Union is bad and not good. According to my definition it is perverted Socialism. For those who have lived in a Western bourgeois democracy it would be altogether intolerable. By way of contrast, I think of Norway. A small country, still classified as capitalist in Marxist terms, but containing in itself a near equality, a freedom, and a happiness of life which I think more close to the ideal than that of any other country that the world has known. But it is no use making such comparisons if the conditions of this happy Scandinavian backwater are not present for large industrial countries such as ours.

I have now narrowed down the issue to a point where it is possible to give an answer to my question. I have explained that the Socialism of idealistic perorations, Marxist prophecy and Utopian mythology must not be confused with the precise here and now existence of Welfare States. I must now address myself to the question whether we have a Welfare State in England today; or, to put the matter in another way, what in fact has the Labour Government, building upon the foundations laid by the Liberal Party before the first world war, supplemented by Labour and Trade Union propaganda, aided by the Webbs and Maynard Keynes in the matter of theory—what has Labour achieved in its first period of power between 1945 and 1951?

The Achievements Since 1945

Its first achievement has been to create a new list of Rights of Man. Between the 16th and the 19th centuries the bourgeoisie fought for the recognition of civil rights. A right may be defined as the legal recognition of a demand which had been long and continuously made because without it men and women feel frustrated and rebellious. Rights may therefore be described as "natural" only in the sense that unless they are recognised men and women cannot fulfil their natural potentialities. To do so they need the right of free speech, freedom from arbitrary arrest, freedom to share, directly or indirectly, in the government and administration of their country. These rights have all had to be worked for; they have all been achieved after long years of struggle; they are all the product of bourgeois society. Today, as a result of the working class struggle in the last century or more, we have won, through the Labour Government of 1945-51, the recognition of the right of every individual to work or maintenance, to security, to proper medical attention and an opportunity of such education as he or she is capable of using. These rights have been enshrined in legislation though, as always happens in the recognition of a new right, its definition and scope are by no means yet clear. The essential is that the belief that these are the rights of man is now so clearly held by the great masses of

people that for any political party directly to challenge them would be to risk a revolution. Indeed it could not be done openly except by Fascism. You still have honest Conservatives of the old school like Sir Herbert Williams blurring out during the Election that he didn't believe in "this humbug of fair shares" and he spoke there, of course, for many thousands of conservative-minded people who have always taken for granted that these new rights belong to them because they can pay for them while they only belong to other people by favour or by charity. That this traditional upper-class view is no longer politically tenable is proved by the fact that, while each of these legislative changes has been violently and bitterly opposed by the Conservative Party, when it came to the Election Mr. Churchill and his colleagues repudiated Lord Beaverbrook and promised to maintain the food subsidies and the social services, though, if this promise is to be regarded as sincere, it rules out the Conservative remedy for our economic problems and therefore condemns the present Tory Government to a choice between breaking its word either to the country or to its own followers. No constitutional Government in the future will dare directly withdraw these rights though they may attempt, if economic circumstances are difficult, to whittle them away. A Government that does not believe in planning and fair shares must be in a hole, but it will not dare to use the stick even when it finds that it cannot afford the carrot.

Critique Of The Just Society

Mr. Strachey's claims for the Labour Government's record seem to me nevertheless to be pitched too high. I am no economist and would not dream of entering into a statistical controversy about the redistribution of wealth that has taken place since the war. Friends with more expert knowledge than mine do, however, make the point that Labour is claiming rather too much in contrasting pre-war wage levels with those of today without taking into account the undoubted fact that working-class incomes rose sharply in relation to profits and upper-class incomes during the war. In brief, I am told that the more accurate way of stating the advance towards equality of standard of living since the war would be to say that, whereas under Tory Government the war-time levelling up would have been swiftly reversed, under Mr. Attlee's Government Labour has maintained a considerable proportion of its war-time gain. Even so, in my opinion, Mr. Strachey seems to me to be taking an unsatisfactory test of progress towards the Welfare State. For as far as I can see the gain that has been made is highly precarious; it can be wiped out in a few months of uncontrolled inflation. In that case the fixed-income groups at whose expense much of the working-class improvement has been made would suffer catastrophically, but the rich as well as some special groups of workers would profiteer at the expense of the community as a whole. This process seems to me to

have already begun, since the rearmament drive got under way, nor indeed would it seem easy to avoid now that world prices are rising as a result of America's vast armament expenditure. Moreover, Mr. Strachey seems to me to neglect the whole question of capital accumulation which in various forms has continued under Socialist planning since the war. What security is there for a Welfare State if the rich go on piling the capital wealth which carries with it not only vast inequality in the standard of living but also immense possibilities of increased upper-class power over our future destinies? It appears to me to be true that Labour's planning has aimed at no more than a very valuable redistribution of the national *income*—a process which has naturally annoyed the upper classes and convinced the workers of their right to employment, security and cheap essential food. It has not redistributed the real wealth of the community or prevented the capitalist class from using its wealth to destroy the reality and actual advantages of the new rights which it believes it now possesses.

For these reasons I feel that Mr. Strachey exaggerates the admittedly important advance the Labour Government made towards the Welfare State. The unbalance within our domestic economy which is the first great economic evil of capitalism has only been, it seems to me, superficially remedied mainly because capital has continued to accumulate in private hands. For the same reason I think that he is over optimistic in thinking that a great advance has been made in removing the second great evil of capitalism—the use of capitalism's surplus to exploit overseas markets and raw materials with the result that rival imperialist powers seek monopolist positions in backward areas and go to war with each other instead of building up these under-developed countries for the mutual benefit of themselves and the inhabitants. Now here again, I do not deny an improvement and I am not at all inclined to join in the popular ridicule of the Labour Government's efforts to apply a new non-profit making technique in Africa. Not unnaturally the change from private exploitation to public development led to some experiments that proved not only non-profit making, but seriously expensive. I agree further with Mr. Strachey that the whole situation has been altered by the fact that today we no longer have a competition between comparatively equal powers, but a terrific new factor of unbalance in the predominance of the United States. He is surely right in shifting the argument at this point from the question whether the British capitalist can be converted from the old imperialism to the new conception of Co-operative Commonwealth. He rightly emphasises that the future depends on what American capitalism does. If the United States can be seriously converted to the philosophy of Point Four then the inner contradictions of capitalism might be overcome and a world built in the West which could be stable in itself and able to confront Russia with the choice of *co-operation* on terms which a Socialist state could accept or with *continuing* the struggle against a Western world in which the

poorer classes would find no temptation to listen to Communist propaganda.

Critique of International Welfare State

I wish I could believe that this was happening. On my return from a visit to the United States in 1942, I wrote that the future would depend on how the United States would use its surplus in the post-war world. Henry Wallace had just made his speech about the century of the common man and the struggle was clearly envisaged between that and the American Century. Nor was Wallace alone in seeing that peace and prosperity after the war depended on the United States being willing to see that her own prosperity as well as that of the rest of the world depended on the continuation of the principle of Lend-Lease. If help was given to the primary producer, if he were turned into a consumer instead of a mere object of exploitation, then indeed, the most fatal of all the contradictions of Capitalism would be surmounted. Since the war when Lend-Lease was abruptly ended, its place was temporarily taken by UNRRA which made more and better use of the American surplus than has generally been admitted. After that the same idea was revived in grand form by General Marshall in his Harvard speech. I agree with Mr. Strachey that the turning point after the war was Russia's failure to stay in Paris and discuss the terms on which Marshall Aid would be acceptable to the countries receiving it. But I see the picture rather differently from him. It is true that General Marshall himself offered aid to all countries needing it including Russia and its satellites, but it is also true, as Congress made only too clear, that Mr. Marshall's wide vision was not shared by American big business which was not in fact willing that a single dollar should be voted for any Communist country or any country which contained any Communist in its Government. It was here I believe that Russia made a momentous, and I think disastrous, decision. Shortly after Mr. Molotov and his experts had marched out of Paris, after abruptly forbidding Poland and Czechoslovakia to co-operate in any Marshall Aid scheme, I happened to be in both these countries. I remember Jan Masaryk's account of Czech surprise when the Russians, after seeming to concur in their attendance in Paris, abruptly changed their mind. In Poland I saw Gomulka, at that time still the head of the Polish Communist Party. Our conversation began with my making a reference to the Marshall Plan and Gomulka bluntly saying that no "such plan existed." I ventured to suggest that there was nothing un-Marxist in the Communist world attempting a period of limited co-operation with the West. He said decisively that there *could only be one Marxist interpretation* of any situation. This remark sounds grimly ironic today when Gomulka is disgraced for differing from the Soviet Union about the proper Marxist line to be applied to Polish peasants. The truth is that although

Marshall Aid was in fact only offered with strings to it and would not have been given to any Communist country on any terms compatible with Communism, Russia made, I think, one of the great mistakes of history in not staying in Paris long enough to display this fact.

For if Molotov had gratefully accepted the principle of Marshall Aid, pointing out how its acceptance could remove the friction from East and West, involving, as it did, some compromise on the part of the East, but the abandonment by America of the whole principle of Imperialism, he would thereby have rallied to his side every anti-capitalist force in the world. If he had been capable of this degree of elasticity, America would have certainly withdrawn the offer of Marshall Aid; Congress in fact was only induced to vote it because it was presented as a weapon against Communism. Russia could then have put forward a Socialist scheme for Europe which all progressive Governments, including Mr. Attlee's, would have been constrained to accept.

This is something more than a mere excursus into history. It is a reminder of how deep the chasm has become between East and West since 1947 and of how much Mr. Strachey is asking of the United States when he suggests that a shift in outlook in America can save the peace. It is true and well worth emphasising that there are people—and some of them until recently were in important positions—who have really understood and believed in the principle of using America's surplus to raise the standard of living all over the world. A remarkable pamphlet called *Shall we join the human race?* by my friend Stringfellow Barr has, I believe, had a six-figure circulation. And there are other swallows to suggest that sooner or later an American summer may be arriving. But no-one who follows the American scene today can really hold with any confidence the theory that this anti-imperialist conception is likely in the near future to win its way. Congress willingly and enthusiastically votes for every armaments demand; the money spent on backward areas is only a sop to idealism or, even more, I think, now a reluctant acceptance of the need to spend some money on economic betterment in order that the countries that are to be "defended" by America shall be less hostile to being occupied by Americans.

It comes then to this: Mr. Strachey believes that Britain has at least laid the foundations of a Welfare State and that, given a patch of clear international sky, she will be able to rid herself of both the internal and external evils of capitalism. He admits however that British economy, especially overseas, is now tied to that of the United States and that peace therefore depends on persuading the American capitalist to apply to the whole world the same far-sighted policy that the British capitalist is with great difficulty being persuaded to apply to Britain. The world is to be a Welfare State, because American big business will have seen the light. If America thinks only in terms of

arms and profits, Mr. Strachey admits that we are doomed to take part, a minor unhappy and probably disastrous part, in the world class struggle.

The Error of "Délugisme"

The conclusion that I should draw from this argument is that it is the first duty of any British Government to refuse, except where America is ready to play the part of the Welfare State, to go along with Washington. It is finally because, in spite of some kicks and protests, the Labour Government has found itself so helplessly tagging along behind American policy, that I reluctantly come to the conclusion that our Welfare State exists very precariously and that, short of some quite unforeseen and unpredictable turn of events, we shall be drawn helplessly into the world struggle between the United States and the Soviet Union. To which I add that unforeseen and unpredictable events sometimes do take place; that the United States is a very volatile country; that, as an American newspaper suddenly discovered the other day, there are other things in the world as well as the struggle between the United States and the Soviet Union; that these things may include not only such disturbing factors as the revival in fanatical form of Arab Nationalism, or the re-focusing of American interest on Latin America, where we may see in the next few years events as dramatic as the rise of Hitler in Europe; that, in brief, he would be a fool who does not see that the world revolution goes through many phases, will not necessarily be fought out in the one last atomic war, but may happen spasmodically, jerkily, and unpredictably in different parts of the world, and may even leave some bits of it undestroyed. In these days it is terribly easy to fall into the error which the French call "délugisme." There is not one "last fight" to win, as the *Internationale* would have it, nor, as the American glossy magazines suggest, shall we reach a brave new Capitalist world by dropping atom bombs on the Kremlin. There is not a war to end war, but a vast confusion in which in any case free-enterprise capitalism will disappear, and in which if we are cool and cunning we may play a useful part, whether we survive or not.

The Cut Off Our Sunday Joint

After this brief homily, I want to return to a remark of Mr. Strachey which exposes in my view a serious failure to face our situation. Are the "terms of trade" ever likely to turn again to the favourable conditions of the 19th Century, or even to the relatively favourable conditions before the last war? I need not dilate to this audience on the obvious fact that the United States dominates world markets, and that the revival of Germany and Japan may have catastrophic effects on

our export trade, nor need I rub in the fact that our entire privileged position is changed by the growing nationalism of what were once colonial territories, and it is beyond my scope to consider to what extent and how quickly an overseas development policy such as the Labour Party has begun, and such as we hope in optimistic moments to persuade the United States Congress to accept, could change this apparent disaster into a blessing. All I need point out is that the meat shortage in this country is not the fault of Mr. Strachey, nor of bulk purchase, but of many factors of which one is the decision of Latin-American peoples themselves to eat quite a lot of the meat they used to export. That is merely one example of the world process of levelling up. Fair shares, we call it, domestically; we have other names for it when it means that dagoes and wogs and niggers of many colours have decided to have a first cut off our Sunday joint. In brief, this world revolution is ending the position of Britain as a privileged country just as it is ending the position of the ruling class as privileged inside Britain itself.

I know Mr. Strachey would agree with this, and has already thought much farther ahead than I about its economic remedies and repercussions, but I find in him, as in most of our Labour leaders, a very natural tendency to take for granted the continuance of what the 19th Century called progress. They do not really in their hearts believe that, short of atomic war, England can fail to go on being a richer and more powerful country, or that the ruling class from which they spring may really lose, even if in quite new conditions, its right and its power to rule. To me it was always clear that Mrs. Sidney Webb, for instance, was a Socialist because she was contemptuous of the inefficiency of the ruling people amongst whom she was brought up. The Fabians were to be more disciplined, more competent, less greedy and self-seeking than the Liberals whom they have ousted. But they remain the same people, the same families, and inherited the same traditions. Well, I do not complain of that, provided that in 1951 they face the fact that they can only maintain this position individually if they cease to be part of a ruling *class*, and become merely *persons* who owe their influence and authority to having more capacity than others to face the new position of Britain. Britain can no longer "muddle through" because muddling through merely meant having more ships and money than other people, and therefore being able to survive Himalayan blunders which would have cost most other countries their national independence. If we "lost the early battles and won the last" that only meant that the Channel prevented us from being invaded, so that we were still able to organise alliances and buy other people to fight our battles when our generals had allowed our own armies to be scuttled. Today the Channel remains, as we learnt in 1940, a very valuable tank trap, and it sometimes seemed to me during the last war that we hated fighting so much that we were losing as many battles as possible as quickly as possible so that we might reach the last which we were bound to win. But we really can't expect

to repeat the luck of 1940. In future we shall have to use our brains like any other vulnerable people. This of course is very hard on our politicians, who have never had to do anything of the sort before.

Conclusions: External

If there is one thing more than another which makes me grateful to the Labour Government it is in the immense task of ending our old relations with the Indian sub-Continent. Mr. Attlee showed himself capable of just this kind of creative understanding. The tragedy was that Mr. Bevin, who began by talking excellent sense about what we should now call a policy of Point 4 (a TVA to the Euphrates, etc.) completely failed to understand that a new approach was also required in dealing with the nationalism of the Middle East. It looks today as if Mr. Churchill intends to have a go at restoring the old kind of imperialism, where the Labour Government fumbled in between two policies. But I must not pursue this fascinating topic.

Obviously then, our hopes of doing anything effective in preventing sheer catastrophe depend on preventing the Cold War entering upon a hotter phase; after all, if we are atomised the relevance of long distance speculation becomes at least doubtful. I entirely agree with Mr. Strachey that the hopes of preventing world catastrophe turn very much on whether the United States can be persuaded to turn its attention far more to the task of international development, and to raising the standard of the primary producer, and far less to profits and to strategy. That means that the very first task of the Labour Party today is to use the present opportunity of temporary leisure to think out in hard and precise terms projects which the United States, given some easing of tension with the Soviet Union, might be persuaded to accept. Obviously this involves a much greater independence of policy than the last Labour Government showed, and a much greater willingness to press our point of view in Washington even to the point of having first-class rows there. I may add, as an entirely subsidiary but nevertheless relevant point, that such a policy if explained to the electorate might have very considerable popular appeal.

Conclusions: Internal

Secondly, I believe that the greatest single error of the Labour Party in office is that it has not regularly and constantly used every means of mass communication at its disposal to explain to the Electorate, and more especially to its own regular and devoted followers, exactly what it was doing, why it was not doing more, and what its next steps were to be. If fourteen million people voted Labour in 1951 that does not mean that fourteen million people believed in the Labour Party, under-

stood the Welfare State, far less the Socialism which they professed. It only means that half the country preferred the Labour Party, which was at least trying to benefit the workers, rather than to run the risk of putting the Conservatives back into office. The truth is that in domestic matters Labour in power from 1945 to 1950 did remarkably well, but failed really to explain its successes, and the reasons why they were not greater, to the British people or to the rest of the world. Occasional speeches by the leaders, with an intensive, even though well-organised campaign before an election, are quite inadequate for a revolutionary party. It is the job of thoughtful Socialists to think out policy, and to proclaim it as far as possible in unison to the hungry sheep throughout the country.

One word more. As we look at the world today the tendency is clearly towards a vast increase of state control. In one form or another the *Managerial State* seems inescapable. One of the main reasons for the recoil from the Socialist conception is that people fear that, in practice and in time, the world might be governed, as we are told it is in the Soviet Union, or even as it is depicted in the nightmares of Aldous Huxley or George Orwell. The trend is as clear in free America, which one can only too easily imagine developing into a society such as H. G. Wells pictured in *The Sleeper Awakes*, or Jack London in *The Iron Heel*. The simple fact is that the development of a central control by force, by propaganda, and by the technique of mass production is so strong as to seem in our day irresistible. The Socialists are right in striving to ensure that this new "Statism" should be Socialist and not Fascist. That is, that the central control should be in the hands of people who represent the masses and desire their well-being, and not those who are the servants of a private and privileged ruling class. Clearly that is vital.

Freewill, Freedom and Socialism

Marx rightly prophesied the end of private Capitalism, and rightly demanded a proletarian victory in the class war. What we have learnt is that this historical determinism inevitably takes us to the destruction of old-fashioned Capitalism, and its supercession by a monopolist state, but it does not tell us whether the results will be good or bad. That is within human will. For the goodness or badness of the society depends only in part on its structure. We might end the evils of private property and substitute for them a new set of evils which would make us hate our Socialism. The peculiar—and I think unique quality of British Socialism—is that it contains in it a greater faith in the power of the individual and group to fashion its own destinies within the Socialist structure. There is nothing written in history, for instance, to show that if the State takes over the means of distribution, production and exchange then the administration must be completely centralised. On the con-

trary: we need small units of administration with local "participation" to the utmost within a general, central framework. The alternative, as a Frenchman said, is "apoplexy at the centre and anaemia at the extremities." The Welfare State, which involves far more attention to the private lives of citizens than the Englishman has been accustomed to relish, can nevertheless be compatible with the rights of free speech, personal and civil freedom. It is because British Labour has maintained this conception—and to some extent put it into practice—that one meets all over the world today anxious people who will tell you that they fear both Soviet Communism and the American way of life. Their hopes, they say, hang on the survival and development of the British Welfare State. They fear that it too may become too centralised, that the acquisition of the new social and economic rights may be allowed to endanger the personal and civil ones. The answer to these questions is not to be found in Marx, who dealt only with the structure of society, and who knew what modern Communists are apt to deny—that *the superstructure is not mechanically determined*. Within the limits of the structure, the superstructure depends on our wills. I remember years ago asking Tawney how he conceived Socialism. He replied "A society in which everyone can say 'Go to hell' to everyone else, but no one wants to."

NOTE.—THIS PAMPHLET, LIKE ALL PUBLICATIONS OF THE FABIAN SOCIETY, REPRESENTS NOT THE COLLECTIVE VIEW OF THE SOCIETY BUT ONLY THE VIEW OF THE INDIVIDUAL WHO PREPARED IT. THE RESPONSIBILITY OF THE SOCIETY IS LIMITED TO APPROVING THE PUBLICATIONS WHICH IT ISSUES AS WORTHY OF CONSIDERATION WITHIN THE LABOUR MOVEMENT.

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