

POLITICS

I. A SHORT VIEW OF RUSSIA (1925)

(i) *What is the Communist Faith?*

LENINISM is a combination of two things which Europeans have kept for some centuries in different compartments of the soul—religion and business. We are shocked because the religion is new, and contemptuous because the business, being subordinated to the religion instead of the other way round, is highly inefficient.

Like other new religions, Leninism derives its power not from the multitude but from a small minority of enthusiastic converts whose zeal and intolerance make each one the equal in strength of a hundred indifferentists. Like other new religions, it is led by those who can combine the new spirit, perhaps sincerely, with seeing a good deal more than their followers, politicians with at least an average dose of political cynicism, who can smile as well as frown, volatile experimentalists, released by religion from truth and mercy but not blinded to facts and expediency, and open therefore to the charge (superficial and useless though it is where

politicians, lay or ecclesiastical, are concerned) of hypocrisy. Like other new religions, it seems to take the colour and gaiety and freedom out of everyday life and to offer a drab substitute in the square wooden faces of its devotees. Like other new religions, it persecutes without justice or pity those who actively resist it. Like other new religions, it is unscrupulous. Like other new religions, it is filled with missionary ardour and oecumenical ambitions. But to say that Leninism is the faith of a persecuting and propagating minority of fanatics led by hypocrites is, after all, to say no more nor less than that it *is* a religion and not merely a party, and Lenin a Mahomet, not a Bismarck. If we want to frighten ourselves in our capitalist easy-chairs, we can picture the Communists of Russia as though the early Christians led by Attila were using the equipment of the Holy Inquisition and the Jesuit missions to enforce the literal economics of the New Testament; but when we want to comfort ourselves in the same chairs, can we hopefully repeat that these economics are fortunately so contrary to human nature that they cannot finance either missionaries or armies and will surely end in defeat?

There are three questions to answer. Is the new religion partly true, or sympathetic to the souls of modern men? Is it on the material side so inefficient as to render it incapable to survive? Will it, in the course of time, with sufficient dilution and added impurity, catch the multitude?

As for the first question, those who are completely satisfied by Christian capitalism or by egotistic capitalism untempered by subterfuge will not hesitate how to answer it; for they either have a religion or need none. But many, in this age without religion, are bound to feel a strong emotional curiosity towards any religion which is really new, and not merely a recrudescence of old ones, and has proved its motive force; and all the more when the new thing comes out of Russia, the beautiful and foolish youngest son of the European family, with hair on his head, nearer both to the earth and to heaven than his bald brothers in the West—who, having been born two centuries later, has been able to pick up the middle-aged disillusionment of the rest of the family before he has lost the genius of youth or become addicted to comfort and to habits. I sympathise with those who seek for something good in Soviet Russia.

But when we come to the actual thing what is one to say? For me, brought up in a free air undarkened by the horrors of religion, with nothing to be afraid of, Red Russia holds too much which is detestable. Comfort and habits let us be ready to forgo, but I am not ready for a creed which does not care how much it destroys the liberty and security of daily life, which uses deliberately the weapons of persecution, destruction, and international strife. How can I admire a policy which finds a characteristic expression in spending millions to suborn spies in every family and group at home,

and to stir up trouble abroad? Perhaps this is no worse and has more purpose than the greedy, warlike, and imperialist propensities of other Governments; but it must be far better than these to shift me out of my rut. How can I accept a doctrine which sets up as its bible, above and beyond criticism, an obsolete economic textbook which I know to be not only scientifically erroneous but without interest or application for the modern world? How can I adopt a creed which, preferring the mud to the fish, exalts the boorish proletariat above the bourgeois and the intelligentsia who, with whatever faults, are the quality in life and surely carry the seeds of all human advancement? Even if we need a religion, how can we find it in the turbid rubbish of the Red bookshops? It is hard for an educated, decent, intelligent son of Western Europe to find his ideals here, unless he has first suffered some strange and horrid process of conversion which has changed all his values.

Yet we shall miss the essence of the new religion if we stop at this point. The Communist may justly reply that all these things belong not to his ultimate Faith but to the tactics of Revolution. For he believes in two things: the introduction of a New Order upon earth, and the *method* of the Revolution as the *only* means thereto.¹ The New Order must not be judged

¹ I use the term "Communism" to mean the New Order, and not, as is the practice in British Labour politics, to mean the Revolution as a means thereto.

either by the horrors of the Revolution or by the privations of the transitional period. The Revolution is to be a supreme example of the means justified by the end. The soldier of the Revolution must crucify his own human nature, becoming unscrupulous and ruthless, and suffering himself a life without security or joy—but as the means to his purpose and not its end.

What, then, is the essence of the new religion as a New Order upon earth? Looking from outside, I do not clearly know. Sometimes its mouthpieces speak as though it was purely materialistic and technical in just the same sense that modern capitalism is—as though, that is to say, Communism merely claimed to be in the long run a superior technical instrument for obtaining the same materialistic economic benefits as capitalism offers, that in time it will cause the fields to yield more and the forces of Nature to be more straitly harnessed. In this case there is no religion after all, nothing but a bluff to facilitate a change to what may or may not be a better economic technique. But I suspect that, in fact, such talk is largely a reaction against the charges of economic inefficiency which we on our side launch, and that at the heart of Russian Communism there is something else of more concern to mankind.

In one respect Communism but follows other famous religions. It exalts the common man and makes him everything. Here there is nothing new. But there is another factor in it which also is not new but which may, never-

theless, in a changed form and a new setting, contribute something to the true religion of the future, if there be any true religion. *Leninism is absolutely, defiantly non-supernatural, and its emotional and ethical essence centres about the individual's and the community's attitude towards the Love of Money.*

I do not mean that Russian Communism alters, or even seeks to alter, human nature, that it makes Jews less avaricious or Russians less extravagant than they were before. I do not merely mean that it sets up a new ideal. I mean that it tries to construct a framework of society in which pecuniary motives as influencing action shall have a changed relative importance, in which social approbations shall be differently distributed, and where behaviour, which previously was normal and respectable, ceases to be either the one or the other.

In England to-day a talented and virtuous youth, about to enter the world, will balance the advantages of entering the Civil Service and of seeking a fortune in business; and public opinion will esteem him not less if he prefers the second. Money-making, as such, on as large a scale as possible, is not less respectable socially, perhaps more so, than a life devoted to the service of the State or of Religion, Education, Learning, or Art. But in the Russia of the future it is intended that the career of money-making, as such, will simply not occur to a respectable young man as a possible opening, any more than the career of a gentleman

burglar or acquiring skill in forgery and embezzlement. Even the most admirable aspects of the love of money in our existing society, such as thrift and saving, and the attainment of financial security and independence for one's self and one's family, whilst not deemed morally wrong, will be rendered so difficult and impracticable as to be not worth while. Every one should work for the community—the new creed runs—and, if he does his duty, the community will uphold him.

This system does not mean a complete leveling down of incomes—at least at the present stage. A clever and successful person in Soviet Russia has a bigger income and a better time than other people. The commissar with £5 a week (*plus* sundry free services, a motor-car, a flat, a box at the ballet, etc., etc.) lives well enough, but not *in the least* like a rich man in London. The successful professor or civil servant with £6 or £7 a week (*minus* sundry impositions) has, perhaps, a real income three times those of the proletarian workers and six times those of the poorer peasants. Some peasants are three or four times richer than others. A man who is out of work receives part pay, not full pay. But no one can afford on these incomes, with high Russian prices and stiff progressive taxes, to save anything worth saving; it is hard enough to live day by day. The progressive taxation and the mode of assessing rents and other charges are such that it is actually disadvantageous to have an acknow-

ledged income exceeding £8 to £10 a week. Nor is there any possibility of large gains except by taking the same sort of risks as attach to bribery and embezzlement elsewhere—not that bribery and embezzlement have disappeared in Russia or are even rare, but any one whose extravagance or whose instincts drive him to such courses runs serious risk of detection and penalties which include death.

Nor, at the present stage, does the system involve the actual prohibition of buying and selling at a profit. The policy is not to forbid these professions, but to render them precarious and disgraceful. The private trader is a sort of permitted outlaw, without privileges or protection, like the Jew in the Middle Ages—an outlet for those who have overwhelming instincts in this direction, but not a natural or agreeable job for the normal man.

The effect of these social changes has been, I think, to make a real change in the predominant attitude towards money, and will probably make a far greater change when a new generation has grown up which has known nothing else. People in Russia, if only because of their poverty, are very greedy for money—at least as greedy as elsewhere. But money-making and money-accumulating cannot enter into the life-calculations of a rational man who accepts the Soviet rule in the way in which they enter into ours. A society of which this is even partially true is a tremendous innovation.

Now all this may prove Utopian, or destruc-

tive of true welfare, though, perhaps, not so Utopian, pursued in an intense religious spirit, as it would be if it were pursued in a matter-of-fact way. But is it appropriate to assume, as most of us have assumed hitherto, that it is insincere or wicked?

After a long debate with Zinovieff, two Communist iron-sides who attended him stepped forward to speak to me a last word with the full faith of fanaticism in their eyes. "We make you a prophecy," they said. "Ten years hence the level of life in Russia will be higher than it was before the war, and in the rest of Europe it will be lower than it was before the war." Having regard to the natural wealth of Russia and to the inefficiency of the old régime, having regard also to the problems of Western Europe and our apparent inability to handle them, can we feel confident that the comrades will not prove right?

(ii) *Communism's Power to Survive*

Can Communism in the course of time, with sufficient dilution and added impurity, catch the multitude?

I cannot answer what only time will show. But I feel confident of one conclusion—that if Communism achieves a certain success, it will achieve it, not as an improved economic technique, but as a religion. The tendency of our conventional criticisms is to make two opposed

mistakes. We hate Communism so much, regarded as a religion, that we exaggerate its economic inefficiency; and we are so much impressed by its economic inefficiency that we underestimate it as a religion.

On the economic side I cannot perceive that Russian Communism has made any contribution to our economic problems of intellectual interest or scientific value. I do not think that it contains, or is likely to contain, any piece of useful economic technique which we could not apply, if we chose, with equal or greater success in a society which retained all the marks, I will not say of nineteenth-century individualistic capitalism, but of British bourgeois ideals. Theoretically at least, I do not believe that there is any economic improvement for which Revolution is a necessary instrument. On the other hand, we have everything to lose by the methods of violent change. In Western industrial conditions the tactics of Red Revolution would throw the whole population into a pit of poverty and death.

But as a religion what are its forces? Perhaps they are considerable. The exaltation of the common man is a dogma which has caught the multitude before now. *Any* religion and the bond which unites co-religionists have power against the egotistic atomism of the irreligious.

For modern capitalism is absolutely irreligious, without internal union, without much public spirit, often, though not always, a mere

congeries of possessors and pursuers. Such a system has to be immensely, not merely moderately, successful to survive. In the nineteenth century it was in a certain sense idealistic; at any rate it was a united and self-confident system. It was not only immensely successful, but held out hopes of a continuing crescendo of prospective successes. To-day it is only moderately successful. If irreligious Capitalism is ultimately to defeat religious Communism, it is not enough that it should be economically more efficient—it must be many times as efficient.

We used to believe that modern capitalism was capable, not merely of maintaining the existing standards of life, but of leading us gradually into an economic paradise where we should be comparatively free from economic cares. Now we doubt whether the business man is leading us to a destination far better than our present place. Regarded as a means he is tolerable; regarded as an end he is not so satisfactory. One begins to wonder whether the material advantages of keeping business and religion in different compartments are sufficient to balance the moral disadvantages. The Protestant and Puritan could separate them comfortably because the first activity pertained to earth and the second to heaven, which was elsewhere. The believer in progress could separate them comfortably because he regarded the first as the means to the establishment of heaven upon earth hereafter. But there is a third state of mind, in which we do not fully believe either in

a heaven which is elsewhere or in progress as a sure means towards a heaven upon earth hereafter; and if heaven is not elsewhere and not hereafter, it must be here and now or not at all. If there is no moral objective in economic progress, then it follows that we must not sacrifice, even for a day, moral to material advantage—in other words, that we may no longer keep business and religion in separate compartments of the soul. In so far as a man's thoughts are capable of straying along these paths, he will be ready to search with curiosity for something at the heart of Communism quite different from the picture of its outward parts which our Press paints.

At any rate to me it seems clearer every day that the moral problem of our age is concerned with the love of money, with the habitual appeal to the money motive in nine-tenths of the activities of life, with the universal striving after individual economic security as the prime object of endeavour, with the social approbation of money as the measure of constructive success, and with the social appeal to the hoarding instinct as the foundation of the necessary provision for the family and for the future. The decaying religions around us, which have less and less interest for most people unless it be as an agreeable form of magical ceremonial or of social observance, have lost their moral significance just because—unlike some of their earlier versions—they do not touch in the least degree on these essential matters. A revolu-

tion in our ways of thinking and feeling about money may become the growing purpose of contemporary embodiments of the ideal. Perhaps, therefore, Russian Communism does represent the first confused stirrings of a great religion.

The visitor to Russia from the outside, who tries without prejudice to catch the atmosphere, must alternate, I think, between two moods—oppression and elation. Sir Martin Conway, in his true and sincere volume on *Art Treasures in Soviet Russia*, writes thus of his departure out of the country:

. . . After a very long halt the train moved on about half a mile to the Finnish frontier, where passports, visas, and luggage were again examined much less meticulously. The station was new built, a pleasant place, simple, clean, and convenient, and served with much courtesy. It has a charming refreshment room, where simple but nicely cooked food was supplied in an atmosphere of hospitality.

It seems a churlish thing for me to say, after all the kindness shown to me in Russia, but if I am to tell the whole truth I must here put on record that in this frontier station of Finland I experienced a sense as of the removal of a great weight which had been oppressing me. I cannot explain just how this weight had been felt. I did not experience the imposition of it on entering Russia, but as the days passed it seemed slowly to accumulate. The sense of freedom gradually disappeared. "Though everyone was kind one felt the presence of an oppression, not on oneself, but all-pervading. Never have I felt so completely a stranger in a strange land; with successive days what at first was a dim feeling took more definite shape and condensed into an ever-increasingly conscious oppression.

I imagine one might have passed through the same experience in the Russia of the Tsars. Americans often praise what they call the "air of liberty" which they claim as characteristic of their country. They possess it in common with all the English-speaking dominions. The moral atmosphere of Russia is a very different compound of emotional chemistry.

The part of Finland through which our train now bore us was not different in physical character from the lands across the frontier, but we found ourselves passing "nice little properties" and the signs of comfort and even prosperity. . . .

The mood of oppression could not be better conveyed. In part, no doubt, it is the fruit of Red Revolution—there is much in Russia to make one pray that one's own country may achieve its goal not in that way. In part, perhaps, it is the fruit of some beastliness in the Russian nature—or in the Russian and Jewish natures when, as now, they are allied together. But in part it is one face of the superb earnestness of Red Russia, of the high seriousness, which in its other aspect appears as the Spirit of Elation. There never was any one so serious as the Russian of the Revolution, serious even in his gaiety and abandon of spirit—so serious that sometimes he can forget to-morrow and sometimes he can forget to-day. Often this seriousness is crude and stupid and boring in the extreme. The average Communist is *discoloured* just as the Methodists of every age have been. The tenseness of the atmosphere is more than one is used to support, and a longing comes for the frivolous ease of London.

Yet the elation, when that is felt, is very great. Here—one feels at moments—in spite of poverty, stupidity, and oppression, is the Laboratory of Life. Here the chemicals are being mixed in new combinations, and stink and explode. Something—there is just a chance—might come out. And even a chance gives to what is happening in Russia more importance than what is happening (let us say) in the United States of America.

I think that it is partly reasonable to be afraid of Russia, like the gentlemen who write to *The Times*. But if Russia is going to be a force in the outside world, it will not be the result of Mr. Zinovieff's money. Russia will never matter seriously to the rest of us, unless it be as a moral force. So, now the deeds are done and there is no going back, I should like to give Russia her chance; to help and not to hinder. For how much rather, even after allowing for everything, if I were a Russian, would I contribute my quota of activity to Soviet Russia than to Tsarist Russia! I could not subscribe to the new official faith any more than to the old. I should detest the actions of the new tyrants not less than those of the old. But I should feel that my eyes were turned towards, and no longer away from, the possibilities of things; that out of the cruelty and stupidity of Old Russia nothing could ever emerge, but that beneath the cruelty and stupidity of New Russia some speck of the ideal may lie hid.

2. THE END OF LAISSEZ-FAIRE (1926)

Let us clear from the ground the metaphysical or general principles upon which, from time to time, *laissez-faire* has been founded. It is *not* true that individuals possess a prescriptive "natural liberty" in their economic activities. There is *no* "compact" conferring perpetual rights on those who Have or on those who Acquire. The world is *not* so governed from above that private and social interest always coincide. It is *not* so managed here below that in practice they coincide. It is *not* a correct deduction from the Principles of Economics that enlightened self-interest always operates in the public interest. Nor is it true that self-interest generally *is* enlightened; more often individuals acting separately to promote their own ends are too ignorant or too weak to attain even these. Experience does *not* show that individuals, when they make up a social unit, are always less clear-sighted than when they act separately.

We cannot, therefore, settle on abstract grounds, but must handle on its merits in detail, what Burke termed "one of the finest problems in legislation, namely, to determine what the

State ought to take upon itself to direct by the public wisdom, and what it ought to leave, with as little interference as possible, to individual exertion." We have to discriminate between what Bentham, in his forgotten but useful nomenclature, used to term *Agenda* and *Non-Agenda*, and to do this without Bentham's prior presumption that interference is, at the same time, "generally needless" and "generally pernicious."¹ Perhaps the chief task of Economists at this hour is to distinguish afresh the *Agenda* of Government from the *Non-Agenda*; and the companion task of Politics is to devise forms of Government within a Democracy which shall be capable of accomplishing the *Agenda*. I will illustrate what I have in mind by two examples.

(1) I believe that in many cases the ideal size for the unit of control and organisation lies somewhere between the individual and the modern State. I suggest, therefore, that progress lies in the growth and the recognition of semi-autonomous bodies within the State—bodies whose criterion of action within their own field is solely the public good as they understand it, and from whose deliberations motives of private advantage are excluded, though some place it may still be necessary to leave, until the ambit of men's altruism grows wider, to the separate advantage of particular groups, classes, or faculties—bodies which in

¹ Bentham's *Manual of Political Economy*, published posthumously, in Bowring's edition (1843).

the ordinary course of affairs are mainly autonomous within their prescribed limitations, but are subject in the last resort to the sovereignty of the democracy expressed through Parliament.

I propose a return, it may be said, towards mediaeval conceptions of separate autonomies. But, in England at any rate, corporations are a mode of government which has never ceased to be important and is sympathetic to our institutions. It is easy to give examples, from what already exists, of separate autonomies which have attained or are approaching the mode I designate—the Universities, the Bank of England, the Port of London Authority, even perhaps the Railway Companies.

But more interesting than these is the trend of Joint Stock Institutions, when they have reached a certain age and size, to approximate to the status of public corporations rather than that of individualistic private enterprise. One of the most interesting and unnoticed developments of recent decades has been the tendency of big enterprise to socialise itself. A point arrives in the growth of a big institution—particularly a big railway or big public utility enterprise, but also a big bank or a big insurance company—at which the owners of the capital, *i.e.* the shareholders, are almost entirely dissociated from the management, with the result that the direct personal interest of the latter in the making of great profit becomes quite secondary. When this stage is reached, the general stability and reputation of the institution are

more considered by the management than the maximum of profit for the shareholders. The shareholders must be satisfied by conventionally adequate dividends; but once this is secured, the direct interest of the management often consists in avoiding criticism from the public and from the customers of the concern. This is particularly the case if their great size or semi-monopolistic position renders them conspicuous in the public eye and vulnerable to public attack. The extreme instance, perhaps, of this tendency in the case of an institution, theoretically the unrestricted property of private persons, is the Bank of England. It is almost true to say that there is no class of persons in the Kingdom of whom the Governor of the Bank of England thinks less when he decides on his policy than of his shareholders. Their rights, in excess of their conventional dividend, have already sunk to the neighbourhood of zero. But the same thing is partly true of many other big institutions. They are, as time goes on, socialising themselves.

Not that this is unmixed gain. The same causes promote conservatism and a waning of enterprise. In fact, we already have in these cases many of the faults as well as the advantages of State Socialism. Nevertheless we see here, I think, a natural line of evolution. The battle of Socialism against unlimited private profit is being won in detail hour by hour. In these particular fields—it remains acute elsewhere—this is no longer the pressing problem.

There is, for instance, no so-called important political question so really unimportant, so irrelevant to the reorganisation of the economic life of Great Britain, as the Nationalisation of the Railways.

It is true that many big undertakings, particularly Public Utility enterprises and other business requiring a large fixed capital, still need to be semi-socialised. But we must keep our minds flexible regarding the forms of this semi-socialism. We must take full advantage of the natural tendencies of the day, and we must probably prefer semi-autonomous corporations to organs of the Central Government for which Ministers of State are directly responsible.

I criticise doctrinaire State Socialism, not because it seeks to engage men's altruistic impulses in the service of Society, or because it departs from *laissez-faire*, or because it takes away from man's natural liberty to make a million, or because it has courage for bold experiments. All these things I applaud. I criticise it because it misses the significance of what is actually happening; because it is, in fact, little better than a dusty survival of a plan to meet the problems of fifty years ago, based on a misunderstanding of what some one said a hundred years ago. Nineteenth-century State Socialism sprang from Bentham, free competition, etc., and is in some respects a clearer, in some respects a more muddled, version of just the same philosophy as underlies nineteenth-century individualism. Both equally laid all

their stress on freedom, the one negatively to avoid limitations on existing freedom, the other positively to destroy natural or acquired monopolies. They are different reactions to the same intellectual atmosphere.

(2) I come next to a criterion of *Agenda* which is particularly relevant to what it is urgent and desirable to do in the near future. We must aim at separating those services which are *technically social* from those which are *technically individual*. The most important *Agenda* of the State relate not to those activities which private individuals are already fulfilling, but to those functions which fall outside the sphere of the individual, to those decisions which are made by *no one* if the State does not make them. The important thing for Government is not to do things which individuals are doing already, and to do them a little better or a little worse; but to do those things which at present are not done at all.

It is not within the scope of my purpose on this occasion to develop practical policies. I limit myself, therefore, to naming some instances of what I mean from amongst those problems about which I happen to have thought most.

Many of the greatest economic evils of our time are the fruits of risk, uncertainty, and ignorance. It is because particular individuals, fortunate in situation or in abilities, are able to take advantage of uncertainty and ignorance, and also because for the same reason big busi-

ness is often a lottery, that great inequalities of wealth come about; and these same factors are also the cause of the Unemployment of Labour, or the disappointment of reasonable business expectations, and of the impairment of efficiency and production. Yet the cure lies outside the operations of individuals; it may even be to the interest of individuals to aggravate the disease. I believe that the cure for these things is partly to be sought in the deliberate control of the currency and of credit by a central institution, and partly in the collection and dissemination on a great scale of data relating to the business situation, including the full publicity, by law if necessary, of all business facts which it is useful to know. These measures would involve Society in exercising directive intelligence through some appropriate organ of action over many of the inner intricacies of private business, yet it would leave private initiative and enterprise unhindered. Even if these measures prove insufficient, nevertheless they will furnish us with better knowledge than we have now for taking the next step.

My second example relates to Savings and Investment. I believe that some co-ordinated act of intelligent judgement is required as to the scale on which it is desirable that the community as a whole should save, the scale on which these savings should go abroad in the form of foreign investments, and whether the present organisation of the investment market distributes savings along the most nationally productive channels.

I do not think that these matters should be left entirely to the chances of private judgement and private profits, as they are at present.

My third example concerns Population. The time has already come when each country needs a considered national policy about what size of Population, whether larger or smaller than at present or the same, is most expedient. And having settled this policy, we must take steps to carry it into operation. The time may arrive a little later when the community as a whole must pay attention to the innate quality as well as to the mere numbers of its future members.

These reflections have been directed towards possible improvements in the technique of modern Capitalism by the agency of collective action. There is nothing in them which is seriously incompatible with what seems to me to be the essential characteristic of Capitalism, namely the dependence upon an intense appeal to the money-making and money-loving instincts of individuals as the main motive force of the economic machine. Nor must I, so near to my end, stray towards other fields. Nevertheless, I may do well to remind you, in conclusion, that the fiercest contests and the most deeply felt divisions of opinion are likely to be waged in the coming years not round technical questions, where the arguments on either side are mainly economic, but round those which, for want of better words, may be called psychological or, perhaps, moral.

In Europe, or at least in some parts of Europe—but not, I think, in the United States of America—there is a latent reaction, somewhat widespread, against basing Society to the extent that we do upon fostering, encouraging, and protecting the money-motives of individuals. A preference for arranging our affairs in such a way as to appeal to the money-motive as little as possible, rather than as much as possible, need not be entirely *a priori*, but may be based on the comparison of experiences. Different persons, according to their choice of profession, find the money-motive playing a large or a small part in their daily lives, and historians can tell us about other phases of social organisation in which this motive has played a much smaller part than it does now. Most religions and most philosophies deprecate, to say the least of it, a way of life mainly influenced by considerations of personal money profit. On the other hand, most men to-day reject ascetic notions and do not doubt the real advantages of wealth. Moreover it seems obvious to them that one cannot do without the money-motive, and that, apart from certain admitted abuses, it does its job well. In the result the average man averts his attention from the problem, and has no clear idea what he really thinks and feels about the whole confounded matter.

Confusion of thought and feeling leads to confusion of speech. Many people, who are really objecting to Capitalism as a way of life, argue as though they were objecting to it on the

ground of its inefficiency in attaining its own objects. Contrariwise, devotees of Capitalism are often unduly conservative, and reject reforms in its technique, which might really strengthen and preserve it, for fear that they may prove to be first steps away from Capitalism itself. Nevertheless a time may be coming when we shall get clearer than at present as to when we are talking about Capitalism as an efficient or inefficient technique, and when we are talking about it as desirable or objectionable in itself. For my part, I think that Capitalism, wisely managed, can probably be made more efficient for attaining economic ends than any alternative system yet in sight, but that in itself it is in many ways extremely objectionable. Our problem is to work out a social organisation which shall be as efficient as possible without offending our notions of a satisfactory way of life.

The next step forward must come, not from political agitation or premature experiments, but from thought. We need by an effort of the mind to elucidate our own feelings. At present our sympathy and our judgement are liable to be on different sides, which is a painful and paralysing state of mind. In the field of action reformers will not be successful until they can steadily pursue a clear and definite object with their intellects and their feelings in tune. There is no party in the world at present which appears to me to be pursuing right aims by right methods. Material Poverty provides the incentive to change precisely in situations where

there is very little margin for experiments. Material Prosperity removes the incentive just when it might be safe to take a chance. Europe lacks the means, America the will, to make a move. We need a new set of convictions which spring naturally from a candid examination of our own inner feelings in relation to the outside facts.

3. AM I A LIBERAL? (1925)¹

I

If one is born a political animal, it is most uncomfortable not to belong to a party; cold and lonely and futile it is. If your party is strong, and its programme and its philosophy sympathetic, satisfying the gregarious, practical, and intellectual instincts all at the same time, how very agreeable that must be!—worth a large subscription and all one's spare time;—that is, if you are a political animal.

So the political animal who cannot bring himself to utter the contemptible words, "I am no party man," would almost rather belong to any party than to none. If he cannot find a home by the principle of attraction, he must find one by the principle of repulsion and go to those whom he dislikes least, rather than stay out in the cold.

Now take my own case—where am I landed on this negative test? How could I bring myself to be a Conservative? They offer me neither food nor drink—neither intellectual nor spiritual consolation. I should not be amused

¹ An address to the Liberal Summer School at Cambridge.

or excited or edified. That which is common to the atmosphere, the mentality, the view of life of—well, I will not mention names—promotes neither my self-interest nor the public good. It leads nowhere; it satisfies no ideal; it conforms to no intellectual standard; it is not even safe, or calculated to preserve from spoilers that degree of civilisation which we have already attained.

Ought I, then, to join the Labour Party? Superficially that is more attractive. But looked at closer, there are great difficulties. To begin with, it is a class party, and the class is not my class. If I am going to pursue sectional interests at all, I shall pursue my own. When it comes to the class struggle as such, my local and personal patriotisms, like those of every one else, except certain unpleasant zealous ones, are attached to my own surroundings. I can be influenced by what seems to me to be Justice and good sense; but the *Class* war will find me on the side of the educated *bourgeoisie*.

But, above all, I do not believe that the intellectual elements in the Labour Party will ever exercise adequate control; too much will always be decided by those who do not know *at all* what they are talking about; and if—which is not unlikely—the control of the party is seized by an autocratic inner ring, this control will be exercised in the interests of the extreme Left Wing—the section of the Labour Party which I shall designate the Party of Catastrophe.

On the negative test, I incline to believe that

the Liberal Party is still the best instrument of future progress—if only it had strong leadership and the right programme.

But when we come to consider the problem of party positively—by reference to what attracts rather than to what repels—the aspect is dismal in every party alike, whether we put our hopes in measures or in men. And the reason is the same in each case. The historic party questions of the nineteenth century are as dead as last week's mutton; and whilst the questions of the future are looming up, they have not yet become party questions, and they cut across the old party lines.

Civil and Religious Liberty, the Franchise, the Irish Question, Dominion Self-Government, the Power of the House of Lords, steeply graduated Taxation of Incomes and of Fortunes, the lavish use of the Public Revenues for "Social Reform," that is to say, Social Insurance for Sickness, Unemployment and Old Age, Education, Housing and Public Health—all these causes for which the Liberal Party fought are successfully achieved or are obsolete or are the common ground of all parties alike. What remains? Some will say—the Land Question. Not I—for I believe that this question, in its traditional form, has now become, by reason of a silent change in the facts, of very slight political importance. I see only two planks of the historic Liberal platform still seaworthy—the Drink Question and Free Trade. And of these two Free Trade survives, as a great and

living political issue, by an accident. There were always two arguments for Free Trade—the *laissez-faire* argument which appealed and still appeals to the Liberal individualists, and the economic argument based on the benefits which flow from each country's employing its resources where it has a comparative advantage. I no longer believe in the political philosophy which the Doctrine of Free Trade adorned. I believe in Free Trade because, in the long run and in general, it is the only policy which is technically sound and intellectually tight.

But take it at the best, can the Liberal Party sustain itself on the Land Question, the Drink Question, and Free Trade alone, even if it were to reach a united and clear-cut programme on the two former? The *positive* argument for being a Liberal is, at present, very weak. How do the other parties survive the positive test?

The Conservative Party will always have its place as a Die-Hard Home. But constructively, it is in just as bad case as the Liberal Party. It is often no more than an accident of temperament or of past associations, and not a real difference of policy or of ideals, which now separates the progressive young Conservative from the average Liberal. The old battle-cries are muffled or silent. The Church, the Aristocracy, the Landed Interests, the Rights of Property, the Glories of Empire, the Pride of the Services, even Beer and Whisky, will never again be the guiding forces of British politics.

The Conservative Party ought to be concern-

ing itself with evolving a version of Individualistic Capitalism adapted to the progressive change of circumstances. The difficulty is that the Capitalist leaders in the City and in Parliament are incapable of distinguishing novel measures for safeguarding Capitalism from what they call Bolshevism. If old-fashioned Capitalism was intellectually capable of defending itself, it would not be dislodged for many generations. But, fortunately for Socialists, there is little chance of this.

I believe that the seeds of the intellectual decay of Individualistic Capitalism are to be found in an institution which is not in the least characteristic of itself, but which it took over from the social system of Feudalism which preceded it,—namely, the hereditary principle. The hereditary principle in the transmission of wealth and the control of business is the reason why the leadership of the Capitalist Cause is weak and stupid. It is too much dominated by third-generation men. Nothing will cause a social institution to decay with more certainty than its attachment to the hereditary principle. It is an illustration of this that by far the oldest of our institutions, the Church, is the one which has always kept itself free from the hereditary taint.

Just as the Conservative Party will always have its Die-Hard wing, so the Labour Party will always be flanked by the Party of Catastrophe—Jacobins, Communists, Bolsheviks, whatever you choose to call them. This is the

party which hates or despises existing institutions and believes that great good will result merely from overthrowing them—or at least that to overthrow them is the necessary preliminary to any great good. This party can only flourish in an atmosphere of social oppression or as a reaction against the Rule of Die-Hard. In Great Britain it is, in its extreme form, numerically very weak. Nevertheless its philosophy in a diluted form permeates, in my opinion, the whole Labour Party. However moderate its leaders may be at heart, the Labour Party will always depend for electoral success on making some slight appeal to the widespread passions and jealousies which find their full development in the Party of Catastrophe. I believe that this secret sympathy with the Policy of Catastrophe is the worm which gnaws at the seaworthiness of any constructive vessel which the Labour Party may launch. The passions of malignity, jealousy, hatred of those who have wealth and power (even in their own body) ill consort with ideals to build up a true Social Republic. Yet it is necessary for a successful Labour leader to be, or at least to appear, a little savage. It is not enough that he should love his fellow-men; he must hate them too.

—What then do I want Liberalism to be? On the one side, Conservatism is a well-defined entity—with a Right of Die-Hards, to give it strength and passion, and a Left of what one may call “the best type” of educated, humane,

Conservative Free-Traders, to lend it moral and intellectual respectability. On the other side, Labour is also well-defined—with a Left of Catastrophists, to give it strength and passion, and a Right of what one may call “the best type” of educated, humane, Socialistic Reformers, to lend it moral and intellectual respectability. Is there room for anything between? Should not each of us here decide whether we consider ourselves to be “the best type” of Conservative Free-Traders or “the best type” of Socialistic Reformers, and have done with it?

Perhaps that is how we shall end. But I still think that there is room for a party which shall be disinterested as between classes, and which shall be free in building the future both from the influences of Die-Hardism and from those of Catastrophism, which will spoil the constructions of each of the others. Let me sketch out in the briefest terms what I conceive to be the Philosophy and Practice of such a party.

To begin with, it must emancipate itself from the dead-wood of the past. In my opinion there is now no place, except in the Left Wing of the Conservative Party, for those whose hearts are set on old-fashioned individualism and *laissez-faire* in all their rigour—greatly though these contributed to the success of the nineteenth century. I say this, not because I think that these doctrines were wrong in the conditions which gave birth to them (I hope

that I should have belonged to this party if I had been born a hundred years earlier), but because they have ceased to be applicable to modern conditions. Our programme must deal not with the historic issues of Liberalism, but with those matters—whether or not they have already become party questions—which are of living interest and urgent importance to-day. We must take risks of unpopularity and derision. *Then* our meetings will draw crowds and our body be infused with strength.

II

I divide the questions of to-day into five headings:—

1. Peace Questions.
2. Questions of Government.
3. Sex Questions.
4. Drug Questions.
5. Economic Questions.

On Peace Questions let us be Pacifist to the utmost. As regards the Empire, I do not think that there is any important problem except in India. Elsewhere, so far as problems of government are concerned, the process of friendly disintegration is now almost complete—to the great benefit of all. But as regards Pacifism and Armaments we are only just at the beginning. I should like to take risks in the interests of Peace, just as in the past we have taken risks in the interests of War. But I do not want these

risks to assume the form of an undertaking to make war in various hypothetical circumstances. I am against Pacts. To pledge the whole of our armed forces to defend disarmed Germany against an attack by France in the plenitude of the latter's military power is foolish; and to assume that we shall take part in every future war in Western Europe is unnecessary. But I am in favour of giving a very good example, even at the risk of being weak, in the direction of Arbitration and of Disarmament.

I turn next to questions of Government—a dull but important matter. I believe that in the future the Government will have to take on many duties which it has avoided in the past. For these purposes Ministers and Parliament will be unserviceable. Our task must be to decentralise and devolve wherever we can, and in particular to establish semi-independent corporations and organs of administration to which duties of government, new and old, will be entrusted;—without, however, impairing the democratic principle or the ultimate sovereignty of Parliament. These questions will be as important and difficult in the future as the Franchise and the relations of the two Houses have been in the past.

The questions which I group together as Sex Questions have not been party questions in the past. But that was because they were never, or seldom, the subject of public discussion. All this is changed now. There are no subjects about which the big general public is more in-

terested; few which are the subject of wider discussion. They are of the utmost social importance; they cannot help but provoke real and sincere differences of opinion. Some of them are deeply involved in the solution of certain economic questions. I cannot doubt that Sex Questions are about to enter the political arena. The very crude beginnings represented by the Suffrage Movement were only symptoms of deeper and more important issues below the surface.

Birth Control and the use of Contraceptives, Marriage Laws, the treatment of sexual offences and abnormalities, the economic position of women, the economic position of the family,—in all these matters the existing state of the Law and of orthodoxy is still mediaeval—altogether out of touch with civilised opinion and civilised practice and with what individuals, educated and uneducated alike, say to one another in private. Let no one deceive himself with the idea that the change of opinion on these matters is one which only affects a small educated class on the crust of the human boiling. Let no one suppose that it is the working women who are going to be shocked by ideas of Birth Control or of Divorce Reform. For them these things suggest new liberty, emancipation from the most intolerable of tyrannies. A party which would discuss these things openly and wisely at its meetings would discover a new and living interest in the electorate—because politics would be dealing once more with matters about which

every one wants to know and which deeply affect every one's own life.

These questions also interlock with economic issues which cannot be evaded. Birth Control touches on one side the liberties of women, and on the other side the duty of the State to concern itself with the size of the population just as much as with the size of the army or the amount of the Budget. The position of wage-earning women and the project of the Family Wage affect not only the status of women, the first in the performance of paid work, and the second in the performance of unpaid work, but also raise the whole question whether wages should be fixed by the forces of supply and demand in accordance with the orthodox theories of *laissez-faire*, or whether we should begin to limit the freedom of those forces by reference to what is "fair" and "reasonable" having regard to all the circumstances.

Drug Questions in this country are practically limited to the Drink Question; though I should like to include gambling under this head. I expect that the Prohibition of alcoholic Spirits and of Bookmakers would do good. But this would not settle the matter. How far is bored and suffering humanity to be allowed, from time to time, an escape, an excitement, a stimulus, a possibility of change?—that is the important problem. Is it possible to allow reasonable licence, permitted Saturnalia, sanctified Carnival, in conditions which need ruin neither the health nor the pockets of the roy-

sterers, and will shelter from irresistible temptation the unhappy class who, in America, are called addicts?

I must not stay for an answer, but must hasten to the largest of all political questions, which are also those on which I am most qualified to speak—the economic questions.

An eminent American economist, Professor Commons, who has been one of the first to recognise the nature of the economic transition amidst the early stages of which we are now living, distinguishes three epochs, three economic orders, upon the third of which we are entering.

The first is the Era of Scarcity, “whether due to inefficiency or to violence, war, custom, or superstition.” In such a period “there is the minimum of individual liberty and the maximum of communistic, feudalistic or governmental control through physical coercion.” This was, with brief intervals in exceptional cases, the normal economic state of the world up to (say) the fifteenth or sixteenth century.

Next comes the Era of Abundance. “In a period of extreme abundance there is the maximum of individual liberty, the minimum of coercive control through government, and individual bargaining takes the place of rationing.” During the seventeenth and eighteenth centuries we fought our way out of the bondage of Scarcity into the free air of Abundance, and in the nineteenth century this epoch culminated gloriously in the victories of *laissez-faire* and

historic Liberalism. It is not surprising or discreditable that the veterans of the party cast backward glances on that easier age.

But we are now entering on a third era, which Professor Commons calls the period of Stabilisation, and truly characterises as "the actual alternative to Marx's communism." In this period, he says, "there is a diminution of individual liberty, enforced in part by governmental sanctions, but mainly by economic sanctions through concerted action, whether secret, semi-open, open, or arbitral, of associations, corporations, unions, and other collective movements of manufacturers, merchants, labourers, farmers, and bankers."

The abuses of this epoch in the realms of Government are Fascism on the one side and Bolshevism on the other. Socialism offers no middle course, because it also is sprung from the presuppositions of the Era of Abundance, just as much as *laissez-faire* individualism and the free play of economic forces, before which latter, almost alone amongst men, the City Editors, all bloody and blindfolded, still piteously bow down.

The transition from economic anarchy to a régime which deliberately aims at controlling and directing economic forces in the interests of social justice and social stability, will present enormous difficulties both technical and political. I suggest, nevertheless, that the true destiny of New Liberalism is to seek their solution.

It happens that we have before us, to-day, in the position of the Coal Industry, an object-lesson of the results of the confusion of ideas which now prevails. On the one side the Treasury and the Bank of England are pursuing an orthodox nineteenth-century policy based on the assumption that economic adjustments can and ought to be brought about by the free play of the forces of supply and demand. The Treasury and the Bank of England still believe—or, at any rate, did until a week or two ago—that the things, which would follow on the assumption of free competition and the mobility of capital and labour, actually occur in the economic life of to-day.

On the other side, not only the facts, but public opinion also, have moved a long distance away in the direction of Professor Commons's epoch of Stabilisation. The Trade Unions are strong enough to interfere with the free play of the forces of supply and demand, and Public Opinion, albeit with a grumble and with more than a suspicion that the Trade Unions are growing dangerous, supports the Trade Unions in their main contention that Coalminers ought not to be the victims of cruel economic forces which *they* never set in motion.

The idea of the old-world party, that you can, for example, alter the value of money and then leave the consequential adjustments to be brought about by the forces of supply and demand, belongs to the days of fifty or a hundred years ago when Trade Unions were powerless, and when

the economic Juggernaut was allowed to crash along the highway of Progress without obstruction and even with applause.

Half the copybook wisdom of our statesmen is based on assumptions which were at one time true, or partly true, but are now less and less true day by day. We have to invent new wisdom for a new age. And in the meantime we must, if we are to do any good, appear unorthodox, troublesome, dangerous, disobedient to them that begat us.

In the economic field this means, first of all, that we must find new policies and new instruments to adapt and control the working of economic forces, so that they do not intolerably interfere with contemporary ideas as to what is fit and proper in the interests of social stability and social justice.

It is not an accident that the opening stage of this political struggle, which will last long and take many different forms, should centre about monetary policy. For the most violent interferences with stability and with justice, to which the nineteenth century submitted in due satisfaction of the philosophy of Abundance, were precisely those which were brought about by changes in the price level. But the consequences of these changes, particularly when the Authorities endeavour to impose them on us in a stronger dose than even the nineteenth century ever swallowed, are intolerable to modern ideas and to modern institutions.

We have changed, by insensible degrees, our

philosophy of economic life, our notions of what is reasonable and what is tolerable; and we have done this without changing our technique or our copybook maxims. Hence our tears and troubles.

A party programme must be developed in its details, day by day, under the pressure and the stimulus of actual events; it is useless to define it beforehand, except in the most general terms. But if the Liberal Party is to recover its forces, it must have an attitude, a philosophy, a direction. I have endeavoured to indicate my own attitude to politics, and I leave it to others to answer, in the light of what I have said, the question with which I began—Am I a Liberal?

4. LIBERALISM AND LABOUR (1926)¹

I do not wish to live under a Conservative Government for the next twenty years. I believe that the progressive forces of the country are hopelessly divided between the Liberal Party and the Labour Party. I do not believe that the Liberal Party will win *one-third* of the seats in the House of Commons in any probable or foreseeable circumstances. Unless in course of time the mistakes of the Conservative Government produce an economic catastrophe—which is not impossible—I do not believe that the Labour Party will win *one-half* of the seats in the House of Commons. Yet it is not desirable that the Labour Party should depend for their chances of office on the occurrence of a national misfortune; for this will only strengthen the influence of the party of catastrophe which is already an important element in their ranks. As things are now, we have nothing to look forward to except a continuance of Conservative Governments, not merely until they have made mistakes in the tolerable degree which would have caused

¹ The substance of a speech delivered at the Manchester Reform Club, February 9, 1926.

a swing of the pendulum in former days, but until their mistakes have mounted up to the height of a disaster. I do not like this choice of alternatives.

That is the practical political problem which confronts all those, in whichever party they are ranged, who want to see progressive principles put into effect, and believe that too long a delay in doing so may find the country confronted with extreme alternatives.

The conventional retort by Labour orators is to call upon Liberals to close down their own Party and to come over. Now it is evident that the virtual extinction of the Liberal Party is a practical possibility to be reckoned with. A time may come when any one in active politics will have only two choices before him and not three. But I believe that it would be bad politics and bad behaviour to promote this end; and that it is good politics and good behaviour to resist it.

Good politics to resist it, because the progressive cause in the constituencies would be weakened, and not strengthened, by the disappearance of the Liberal Party. There are many sections of the country, and many classes of voters, which for many years to come will never vote Labour in numbers, or with enthusiasm, sufficient for victory; but which will readily vote Liberal as soon as the weather changes. Labour leaders who deny this are not looking at the facts of politics with unclouded eyes.

Good behaviour to resist it, because most present-day active Liberals, whilst ready on occasion to vote Labour and to act with Labour, would not feel comfortable, or sincere, or in place, as full members of the Labour Party. Take my own case. I am sure that I am less conservative in my inclinations than the average Labour voter; I fancy that I have played in my mind with the possibilities of greater social changes than come within the present philosophies of, let us say, Mr. Sidney Webb, Mr. Thomas, or Mr. Wheatley. The Republic of my imagination lies on the extreme left of celestial space. Yet—all the same—I feel that my true home, so long as they offer a roof and a floor, is still with the Liberals.

Why, though fallen upon such evil days, does the tradition of Liberalism hold so much attraction? The Labour Party contains three elements. There are the *Trade-Unionists*, once the oppressed, now the tyrants, whose selfish and sectional pretensions need to be bravely opposed. There are the advocates of the methods of violence and sudden change, by an abuse of language called *Communists*, who are committed by their creed to produce evil that good may come, and, since they dare not concoct disaster openly, are forced to play with plot and subterfuge. There are the *Socialists*, who believe that the economic foundations of modern society are evil, yet might be good.

The company and conversation of this third element, whom I have called Socialists, many

Liberals to-day would not find uncongenial. But we cannot march with them until we know along what path, and towards what goal, they mean to move. I do not believe that their historic creed of State Socialism, and its newer gloss of Guild Socialism, now interest them much more than they interest us. These doctrines no longer inspire any one. Constructive thinkers in the Labour Party, and constructive thinkers in the Liberal Party, are trying to replace them with something better and more serviceable. The notions on both sides are a bit foggy as yet, but there is much sympathy between them, and a similar tendency of ideas. I believe that the two sections will become more and more friends and colleagues in construction as time goes on. But the progressive Liberal has this great advantage. He can work out his policies without having to do lip-service to Trade-Unionist tyrannies, to the beauties of the class war, or to doctrinaire State Socialism—in none of which he believes.

In the realm of practical politics, two things must happen—both of which are likely. There must be one more General Election to disillusion Labour optimists as to the measure of their political strength, standing by themselves. But equally on our side there must be a certain change. The Liberal Party is divided between those who, if the choice be forced upon them, would vote Conservative, and those who, in the same circumstances, would vote Labour. Historically, and on grounds of past service, each

section has an equal claim to call itself Liberal. Nevertheless, I think that it would be for the health of the party if all those who believe, with Mr. Winston Churchill and Sir Alfred Mond, that the coming political struggle is best described as Capitalism *versus* Socialism, and, thinking in these terms, mean to die in the last ditch for Capitalism, were to leave us. The brains and character of the Conservative Party have always been recruited from Liberals, and we must not grudge them the excellent material with which, in accordance with our historic mission, we are now preserving them from intellectual starvation. It is much better that the Conservative Party should be run by honest and intelligent ex-Liberals, who have grown too old and tough for us, than by Die-Hards. Possibly the Liberal Party cannot serve the State in any better way than by supplying Conservative Governments with Cabinets, and Labour Governments with ideas.

At any rate, I sympathise with Labour in rejecting the idea of co-operation with a party which included, until the other day, Mr. Churchill and Sir Alfred Mond, and still contains several of the same kidney. But this difficulty is rapidly solving itself. When it is solved, the relations between Liberalism and Labour, at Westminster and in the constituencies, will, without any compacts, bargains, or formalities, become much more nearly what some of us would like them to be.

It is right and proper that the Conservative

Party should be recruited from the Liberals of the previous generation. But there is no place in the world for a Liberal Party which is merely the home of out-of-date or watery Labour men. The Liberal Party should be not less progressive than Labour, not less open to new ideas, not behindhand in constructing the new world. I do not believe that Liberalism will ever again be a great party machine in the way in which Conservatism and Labour are great party machines. But it may play, nevertheless, the predominant part in moulding the future. Great changes will not be carried out except with the active aid of Labour. But they will not be sound or enduring unless they have first satisfied the criticism and precaution of Liberals. A certain coolness of temper, such as Lord Oxford has, seems to me at the same time peculiarly *Liberal* in flavour, and also a much bolder and more desirable and more valuable political possession and endowment than sentimental ardours.

The political problem of mankind is to combine three things: Economic Efficiency, Social Justice, and Individual Liberty. The first needs criticism, precaution, and technical knowledge; the second, an unselfish and enthusiastic spirit which loves the ordinary man; the third, tolerance, breadth, appreciation of the excellencies of variety and independence, which prefers, above everything, to give unhindered opportunity to the exceptional and to the aspiring. The second ingredient is the best possession of

the great party of the Proletariat. But the first and third require the qualities of the party which, by its traditions and ancient sympathies, has been the home of Economic Individualism and Social Liberty.