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Socialism v. Capitalism

Verbatim Report of a Speech by
PHILIP SNOWDEN, M.P.
In the House of Commons,
March 20, 1923.

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SOCIALISM *v.* CAPITALISM

THE MOTION.

"That in view of the failure of the capitalist system to adequately utilise and organise natural resources and productive power, or to provide the necessary standard of life for vast numbers of the population, and believing that the cause of this failure lies in the private ownership and control of the means of production and distribution, this House declares that legislative effort should be directed to the gradual supersession of the capitalist system by an industrial and social order based on the public ownership and democratic control of the instruments of production and distribution."

IN moving this Resolution, may I say that we have put it down as a direct challenge to the holders and defenders of the capitalist system. We think it necessary that a subject which has been so much discussed on political platforms throughout the country, and has provided material for the members of other political parties to criticise the Labour Party on their programme, should be a direct issue in this House.

When I put down this Resolution I had no idea that it would excite the widespread interest that it has evoked. I desire to express my appreciation—I had almost said gratitude—to those who do not accept this Resolution for the serious way in which they have received it. It is an evidence of the extraordinary progress which Socialist opinion has made in this country during the last 20 or 30 years. During that time there have been Socialist organisations in this country carrying on a widespread propaganda of the ideals which are embodied in this Resolution. For a long time our platform was confined to street corners and the market place. It is, indeed, an evidence of the progress in the public mind of the ideals which have been propagated, that to-day the Government of the country so much appreciates the importance of this issue that they are prepared to give Government time to its discussion. It should be so, for the ideas which are held with almost religious fervour by millions of people in the world, ideas economic and social, are those which are going to be the dividing line in the future between the different parties. They should be seriously, reasonably, and intelligently discussed.

Capitalism, Not Socialism, on Trial.

If I might, at the outset I would say that I have always tried to give those who differ from us equal credit for their honesty, and for their sympathy for the condition of a large part of our population. Sympathy is not the monopoly of the Socialist Party. We differ, perhaps, not much in regard to the defects of the existing industrial system. Those defects are too obvious to be either ignored or denied. We differ, and I shall proceed on that assumption in what I have to say this evening, as to the best means by which industrial conditions can be improved and social amelioration attained.

We indict the Capitalist system. It is Capitalism, not Socialism, which is on its trial.

I think I shall carry general agreement when I say that the test of any economic system must be: "Does it deliver the goods? Does it fulfil its functions?" The most able, and almost the only defender of the capitalist system, Mr. Hartley Withers, in his book on the Case for Capitalism, says that an economic system must be judged by this test: "Does it give the people a good world in which to live?" I propose to apply that test to the capitalist system: "Does it give the people a good world in which to live?" I shall submit that the capitalist system certainly fails to give the people a good world in which to live, and, as we state in our Resolution, it has failed adequately to utilise natural resources and productive power.

The Power of Modern Production.

We live, perhaps, in the most wonderful period in the world's history. Mechanical progress, man's command over natural forces, if fully utilised, could increase the productive power of labour, 50, 100, 1,000 times over. I wonder if hon. members of this House are acquainted with Mr. Henry George's epoch-making work, "Progress and Poverty"? If so, they will remember the opening chapter in which he "supposes that a scientist of the 17th Century could have foreseen in imagination the wonderful scientific and mechanical improvements of the 19th Century. What would he have thought would be the result of this industrial change on the life of the people? If he could have foreseen the picturesque and lumbering stage coach superseded by the railway train running at 60 miles an hour; if he could have foreseen our modern spinning machinery with its spindles revolving 10,000 times a minute, and spinning yarns as thin as a spider's web—if he could have foreseen this, what would he have thought it would mean in the way of material improvement and a better social system?"

He might have said: "The dream of Aristotle at last is realised, and man has become free by transferring his chains to machinery."

What has happened? Sixty years after the advent of industrialism, a nineteenth century economist said that he doubted if all our labour-saving machinery had lightened the day's toil of a single individual. At any rate, whether we accept that statement or not, we should agree that we have to-day, in spite of all these possibilities of wealth production, a very large mass of our people working hard, under unhealthy conditions, and for low wages, and a very considerable part of those who would work are unable to work; while, at the other end of the social scale, we have people so rich that even imagination cannot devise means for spending their abundant wealth.

The Failure of Capitalism.

After 150 years of this wonderful scientific and mechanical advancement, that sums up our industrial and social conditions. The capitalist system, therefore, has not given the people a good world in which to live. It has failed, also, to utilise to the utmost those mechanical inventions and those possibilities of organisation. There was published, a year or two before the outbreak of war, a census of production, and I am sure that the results of that must have come as a great surprise even to those who flattered themselves that they were fairly intimately acquainted with industrial and commercial matters. It disclosed that the amount of wealth production, at the end of that century of wonderful advance, represented only £110 per head of the population, engaged in productive work.

What is the explanation of that low output of material things? I submit that it is this: The capitalist system, by its method of wealth distribution, enables a very large rich, idle class to grow up, and their spending power is to a very great extent exercised, not in the support of the staple industries of the country but in the maintenance of unremunerative and unproductive labour. A great capitalist some years ago published a very remarkable book on that aspect of our social conditions, and he came to the conclusion that at that time, 30 years ago, four-elevenths of the population of this country, who were supposed to work, were unproductively employed, to a very large extent as the servants of rich people, or engaged in some way or other catering for the luxury of those who had money to spend.

How Do You Defend This System?

I am quite sure that the proportion must be considerably larger to-day. Not only has the capitalist system failed to provide a decent standard of living for those who at any particular time may be in work, but this House is painfully familiar with the fact that we have a fairly considerable proportion of would-be workers who are unable to obtain employment. The capitalist system has assumed the function of managing industry. It has failed to do that adequately or efficiently. We have to-day probably not less—some of my hon. Friends sitting behind me would say more—than 1,500,000 would-be workmen out of employment. How do you defend the system? How can anybody defend the system which, while claiming a monopoly of the function of finding employment, is unable to find employment for 1,500,000 would-be workers?

I know that it is going to be urged in the course of this Debate that there are defects in the capitalist system, but that things are on the mend. I shall have something to say about that before I sit down, but what has capitalism been able to do? I know that the conditions are somewhat abnormal to-day, but they are abnormal as the result of capitalism, because the War, in its final analysis, was due to the international commercial and capitalist system.

Starvation Wages.

Take the question of wages. We have at this moment a strike in what ought to be the greatest of our industries—the agricultural industry—where men are resisting the imposition of a wage of 28s. a week, worth about 14s. a week at pre-War values. I remember that, during a railway strike which occurred since the War, the Government, out of the tax-payers' money, placarded the boardings of the country showing the improvement that had taken place in railwaymen's wages, and pointing to the fact that in 1913 there were 100,000 railwaymen earning less than £1 a week. That is after a century of your boasted capitalist system. There you have represented those advantages which the capitalist system has given to the country, as stated in one of the suggested Amendments to this Motion.

Again, in the mining industry, as the House has often been reminded during the last few months, you have rates of wages which do not enable the miners and their families to keep body and soul together, wages which have to be supplemented by Poor Law relief. Again, the capitalist system has failed, because it cannot keep harmony between employers and workers. There are constant disputes, to the extent of 2,000 or 3,000, in the course of a year.

The Scandal of Overcrowding.

There is, however, no sphere in which the capitalist system has more lamentably failed than in providing what is a prime necessity of the people, namely, housing accommodation. You have broadcasting; you can listen to concerts held 3,000 miles away. Your intelligence and scientific knowledge can do that, but we have not brought our intelligence to the solution of the primary need of providing for every family a decent habitation.

There was published last night a Blue-book giving the housing statistics at the time of the last Census here in this great City of London. Let those who defend the capitalist system, let those who boast about the advantages it has conferred upon the people, read the facts there stated. One hundred and ten thousand families in this city living more than two persons to a room! On Census night there were found 616 families which had six people living and sleeping in one room. According to this Report 30 per cent. of the families in London are living in a condition which is described officially as a state of overcrowding.

May I give one word of authority which I am sure will appeal to every Member opposite, for he is one of themselves? He was elected to the London County Council as a stern opponent of Socialism. The Chairman of the Housing Committee of the London County Council says there are no fewer than 2,000 slum areas in London, and he says,

"The class of houses required by the working classes will not be built by private enterprise."

Therefore in the provision of this prime necessity, housing accommodation, on the authority of those who disagree with us, private enterprise and your capitalist system has lamentably failed.

The Effect Upon Health.

Again, what effect have the conditions of work and of life under the capitalist system upon the health of the people? Here I come to one of the most serious items. Every employer on that side of the House will agree that between the best and the least efficient workman, doing the same kind of work, using the same tools or machinery, there will be a difference in the output of at least 30 per cent. How do you explain that? Only by the physical and the mental condition, and the inefficient man is the victim of bad conditions. [Hon. Members: "No!"]

I am amazed that an obvious truth like that can be disputed and received apparently with hilarious shouts. Inefficiency not due to bad conditions in the worst sense of the word—not due to bad housing, lack of education!

Certainly they are. Take the health statistics. So bad had the health of the people become that about 10 years ago the Government of the day were compelled to give some attention to it, and we had the National Health Insurance Act, and the last Report but one of the Chief Medical Officer of the Ministry of Health stated that in the year under review we lost in the aggregate 260,000 years of labour through ill-health annually amongst those who had insured under the National Health Insurance.

Sir W. Lane-Mitchell: What has that to do with it?

Mr. Snowden: I am not going to try to instruct a Member who is so ignorant as not to see the obvious.

It proves that the conditions under which these people live, the conditions under which many of them are born, the conditions of their labour are such that it results in enervation, disease, ill-health and consequent loss of life. That is another illustration of the good world for the people to live in and of the advantages which the people have received from private enterprise and the capitalist system!

The Cause of Social Evils.

It is the distribution of wealth which is the cause of these social evils and inequalities. Eighty-eight per cent. of the wealth of this country is owned by 2½ per cent. of the population, and five out of every six persons who die leave not a penny behind them. The capitalist system—and I include in the capitalist system our land system—has failed to utilise its resources.

Need I say a word about the land? Would it not be sufficient if I referred you to the newspaper report of the interview which took place recently between the Prime Minister and certain farmers? They came to the Prime Minister to tell him their industry was in a bankrupt condition. Private enterprise and private landlordism have failed, and the only hope for this, which should be the greatest of our national industries, was in Protection, a crutch to inefficiency, or in a State subsidy! Lord Ernle, who is remembered by many Members of the House as Minister for Agriculture, recently stated that the only party in this country which has an agricultural policy is the Labour Party, and nothing that I could say would be half so scathing in denunciation of the inefficiency of our agriculture and of our land policy as has been stated by Lord Ernle and Lord Bledisloe, who is also known to Members of this House. So much for the failure of the land system. So much for its claim to give the people a good world in which to live.

Can Capitalism Be Civilised?

Now, is it possible, as one of the suggested Amendments appears to claim, without changing the basis of our economic system, to eliminate the admitted defects and evils of the existing order? That question is very often answered by the statement that conditions and wage-earning capacity are improving. That I deny. I am ready to admit that from 1850 to 1874, or thereabouts, there was a progressive, but not very great, improvement in the wages and hours of labour, and also a reduction in the cost of living, and there was an improvement in the social condition of the wage-earning classes. But for a decade before the outbreak of the War the condition of the wage-earning classes had not only been getting relatively, but actually, worse.

The standard rate of piece wages in the greatest of our manufacturing industries, the Lancashire cotton trade, in 1908—the reason I give that year is that the Board of Trade issued a Report giving these facts—was exactly the same as in 1854. What about the increase of wealth during that period? In 1918 the amount assessed to Income Tax under Schedule D was 12 times more than in 1854. Twelve times more! Let hon Members remember what I have just said, that there had been very little improvement in the wages of the wage-earning classes in that period. For ten years prior to the outbreak of War the wages had either remained stationary or had declined. Between 1874 and 1908 the mean increase of wages, that is, taking all the industries, had been under 10 per cent. Between the dates that I have mentioned, the amount taken very largely by incomes received by those who made no contribution to labour for those incomes, had increased by 12 times.

What Unrestricted Capitalism Meant.

On these facts we are not justified in saying that under this system of capitalism we can expect an improvement in the condition of the masses of the people. There has been some improvement, I admit, and I specially wish to impress this fact upon the House, that we are not living to-day under a capitalist system which is wholly free and unrestrained. We had an unrestrained and free capitalist system in the early part of the 19th century with this result, that little children of from five to six years of age were set to work in factories, and tubs of water were kept handy in which to dip them when they fell asleep. [Hon. Members: "Oh!"] Women were employed in the coal mines. All these facts have been proved in evidence given before Royal Commissions whose reports are to be found on the shelves of this House. This was the glorious time of unrestrained capitalism.

The conscience of the nation was outraged, and capitalism was restricted. Any improvement that has taken place in the condition of the people since those days has not been due to what capitalism has done. Capitalism has done nothing to make a good world for the people to live in. The improvement has been brought about by the application, partially, of the principles of Socialism, which we are demanding to-night shall be more fully applied to the affairs of the nation.

Private Enterprise Is Being Crushed.

I can remember that when I began my career as a Socialist agitator the subject about which we were always questioned was the value of competition. There were always people who were prepared to defend the virtues and advantages of competition. We do not hear so much of that to-day, because capitalism itself has confessed that competition is not a good thing for itself. What has been the result? The opportunities for private enterprise and private interests are passing away; they are being narrowed down by the creation of trusts. Competition contains within itself the germs of its own destruction. The creation of trusts shows the admitted failure of the capitalist system as we have known capitalism in the past.

I have no time to deal at length with the evil and menace of these things. [An Hon. Member: "What is your remedy?" and interruption.]

Mr. Speaker: It is unfair for hon. Members to try to conduct the Debate by interruptions. The only possible form of debate is to listen to what the opposite side has to say.

Mr. Snowden: I was speaking to-day to a very well-informed American, and he told me that there are 26 States in the American Union which are wholly under the domination of two or three great trusts, which control everything from the railways to the growing crops and the cattle on the ranches. The view used to be held that a trust was a thing that flourished only in the United States of America; but one cannot take up a newspaper in this country to-day without seeing in the financial pages an announcement of some financial combination or other. These things are a confession of the failure of competition.

The Trusts and the Community.

It is no longer a question of whether we shall have trusts or not. There are, I admit, great economic advantages in trusts; but there are also dangers for the community. A trust, if it be efficiently organised, well managed, and not over capitalised, as a great many of them are, can undoubtedly

produce more cheaply. It eliminates all the waste of competition. When these trusts are privately owned the economic advantages go, not to the community, but to increase the profits of the people who own the capital invested in the trust.

What is the deep, big root of all these things? I was invited by a garrulous hon. Member sitting below the Gangway to tell him our remedy. I will tell him, but before you can prescribe a remedy you must know something of the nature of the disease. The cause of this disease, as is indicated in my Amendment, is to be found in the private ownership and monopoly by certain individuals of land and the instruments of production. May I quote an economist of the 19th century, who sat upon the Benches of this House, who said that the deep root of the evils and inequalities which fill the industrial world is the subjection of labour to monopoly?

Capitalism Not God-Ordained.

There seems to be an impression abroad that the capitalist system as we have known it since the industrial revolution is a thing that was ordained on the morning of creation and destined to last to the crack of doom. I would advise any hon. Members who entertain that idea to take a very elementary course in economics, and to buy some cheap primer dealing with the evolution of human society. By far the greatest time that man has been upon this globe he has lived not under a system of private enterprise, not under capitalism, but under a system of tribal communism, and it is well worth while to remember that most of the great inventions that have been the basis of our machinery and our modern discoveries were invented by men who lived together in tribes.

The present industrial system is one stage in economic and social evolution; and just as previous social and economic systems have disappeared when they have fulfilled their functions and have been succeeded by a higher form, so the present capitalist system will pass away and is passing away, consciously passing away, before the eyes of every man who has sufficient intelligence to read the signs of the times.

The Landless and Toolless Man.

How is this monopoly which I have described responsible for the evils which I have indicated? Take land. A man must have access to land, and land being owned by certain individuals they possess the power to say whether any other individuals—landless men—shall have access to the land or not, and they also have the power to say, and do so in effect, that these men shall have access to the land only on the terms

which the landlord dictates, and the terms he dictates are that all which the land produces above just sufficient to keep the cultivator of the land alive, shall go to the landowner in the form of rent.

In the same way under the capitalist system it is not possible in these days for each individual workman to own the tools with which he works. The amount of capital required to-day is so large as to be altogether beyond the power of any workman to produce it. It is suggested in one of these Amendments that every workman should become a capitalist. Suppose a worker succeeds in saving £200 or £300, let him start business as a chemical manufacturer in competition with Brunner Mond, and he will very soon get all the advantages of capitalism, and have opened to him the avenues of private enterprise!

Socialism and Bolshevism.

Hon Members ask what do we propose. We propose no revolution, and we do not propose, and I certainly always will resist, any proposal of confiscation. It is the longest way of obtaining your object, and the certain way to disaster. There is no analogy between Socialism and Bolshevism. Socialism and Bolshevism are antitheses. I hope that hon. Members will forgive me when I tell them that Bolshevism, both in its political theories and its practice, and in its ideal of dictatorship, is not Socialism, but die-hard Toryism. The die-hards in this country have always tried to obtain the fullest political dictatorship, and they have succeeded for many centuries. The records of English history show abundant instances in which the dominant class expropriated the property of others for their own advantage.

There are three or four ways in which we have been dealing with the capitalist system, and all we suggest is that we should continue on these lines, but move much more rapidly. We are not advocates of confiscation or of resort to force, and though I am speaking for myself, I think I shall carry the approval of all members of my party when I say that we want no further step forward until the previous step which we took has been justified by its success.

We have been moving forward in many directions. We have been restraining capital in a thousand ways. What are the two or three Bills which are now before the House but very moderate and inadequate ways to deal with the failure of the capitalist system? Again and again the representative of the Government is compelled to step in to do something to supplement that failure and supply what private enterprise cannot supply. The state of agriculture is compelling the consideration of the Government. Private enter-

prise and private landlords have failed. The whole of the business of this House is dealing with the failures of private enterprise. We move slowly and reluctantly, but we are compelled by necessity. We have been driven further and further.

Success of Municipal Enterprise.

We began by simply restraining private capital, giving franchises to private capitalists on certain conditions, but that was not sufficient. Then the community were compelled to take over big enterprises and hold them and work them. I do not know the exact figures, we have not had them recently—but the amount of capital invested in public enterprises in this country cannot, I think, be very far short of a £1,000,000,000. There is hardly an enterprise in which Government or municipalities are not engaged. I know that conditions have been abnormal during the last eight years, but take the facts as they were before the outbreak of war. Municipal enterprise stood head and shoulders everywhere above private companies and private enterprise engaged in similar work. (Hon. members: "Nonsense!" and "Yes!") When Sir Eric Geddes, the business man of the Government, stood at that bench two years ago, introducing his Transport Bill, he said that the only bright spot in the transport system of the country was the municipal tramways.

Sir A. Mond under Socialism.

Then housing was formerly regarded as sacrosanct, a specially protected privilege of private enterprise, but when the right hon. Gentleman the Member for West Swansea (Sir A. Mond) occupied the position which is now held by the right hon. Gentleman the Member for Ladywood (Mr. N. Chamberlain) he carried out an innovation. I assure the right hon. Gentleman that when the Socialist State comes into being he need have no fear, because his great abilities, his wonderful mental capacities, and his great organising skill will find abundant scope for their activities in organising Socialist enterprises.

Let us see what the right hon. Gentleman said. Speaking of the work of his Department in erecting State buildings, he stated that at Richmond the Department had built houses. His price was £1,000; the contractors' price was £1,400. In another case that he quoted his cost was £900, including overhead charges, the lowest tender received was for £1,638. Then he went on to say that by direct labour he was saving from £300 to £600 on each house. Speaking of other State building, the right hon. Baronet added:

"It has been done at a lower rate than any private firm could be expected to do the work for, because they have to make a profit and we do not."

Hitherto the Government's attempts to supersede capitalism and private enterprise have been made reluctantly and hesitatingly. What we ask is that it should be the conscious policy of government, and that the Government's energies should be directed, by legislative and administrative acts, to bring about that result.

The Labour Party and Socialism.

I gather from some of the newspaper comments which I have seen upon this question that the impression appears to prevail in certain quarters that this is a new departure on the part of the Labour Party. Some of the newspapers say of the Labour Party that at last it appears in its true colours. May I tell hon. Members that it is 30 years since the Trades Union Congress, usually regarded as a very conservative body, passed a resolution urging the socialisation of the means of production, distribution and exchange. If hon. Members opposite would only prepare their case before they criticise the Labour Party: if, for instance, they had read the election manifesto which the Labour Party issued at the last election, they would see that the first statement there was a declaration almost identical with the terms of this motion. As a matter of fact, it appears in the written constitution of the Labour Party. Therefore we stand for this, and we do not apologise for it.

If hon. Members opposite think that they are going to make party, political capital out of this adventure of mine, they are grievously disappointed. They have done all the mischief they can by branding the Labour Party as a Socialist and Bolshevik organisation, and the result is that I have seen the Labour Party in this House grow from four to 144 members.

The Ideal of Service.

This, then, is our policy. It matters little from one point of view what is the fate of this Resolution. We shall continue our work, and we shall do it conscious that, as Mr. Gladstone once said, standing at that box—he was speaking on a mere political issue—the great social forces for ever move on in their might and majesty, and which the tumult of our debates cannot for more than a moment impede or disturb. Those social forces are on our side, and we shall continue to work in harmonious co-operation with them, certain that some day there will be established an economic and social system where individual ambition and private enterprise will find their satisfaction, not in the amount of tribute they levy on their fellows, but in the greatness of the service they render to them.

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