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FORUM LECTURE SERIES No. 6.

SOCIALIST CONTROL OF INDUSTRY

A pamphlet prepared in the belief that to-day Socialists want, not vague talk, but bold and concrete plans for the achievement of Socialism in our time.

BY
G. D. H. COLE



ISSUED BY

**THE SOCIALIST LEAGUE
23, Abingdon Street, S.W.1**

PRICE TWOPENCE

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Socialist Control of Industry

BY G. D. H. COLE.

When we Socialists come to power, with a definite intention of carrying through a decisive Socialist programme, how do we mean to tackle the problem of industry? That is the question with which this pamphlet sets out to deal, not as a matter of long-term policy, to be put into effect gradually over a considerable number of years, but as an immediate issue, of what we propose to set on foot within a few weeks—to some extent a few days—of our coming to power. My concern here is mainly with the immediate foundations of a Socialist policy, to be laid at once by an incoming Government, though I shall have to deal as well to some extent with the measures by which these immediate first steps will need to be followed up. Beyond that I do not propose to go. Nothing in this pamphlet has to do with the working of industry under an established system of Socialism. Nothing in it goes beyond what one can reasonably expect a Socialist Government to do within the life of the first Parliament in which it holds power. That is the reason why many problems of socialisation and Socialist control of industry are left undiscussed. I have not, for example, made any attempt here to work out the problem of democratic industrial control by the workers—not because I think it unimportant, but because it is not the subject with which I have been asked to deal here and now. This pamphlet is about the strategy of getting industry out of the control of the capitalists, and into the hands of a determined Socialist administration. That is a big enough subject for one pamphlet. Let us talk about one thing at a time, even though, when we come to power, we shall have to do many things at once.

I shall begin by laying down certain propositions from which I think no real Socialist ought to dissent.

1. Socialism involves the complete transference of all major industries and industrial operations to public ownership and Socialist control.

In other words, Socialism is not a question of nationalising a few specially selected industries, but of changing the entire basis on which industry as a whole is conducted at present.

2. It is impossible to expect that capitalist industries will carry on unaffected by the return to power of a determined Socialist Government, or by contact with those industries and

services which are brought at once under public ownership and control.

3. Unless we Socialists come to power as the result of a revolution, or of a *complete* prior collapse of capitalist industrialism, it will not be practicable or desirable to attempt to take over at once the direct and entire control of all major industries.

4. On the other hand, if we are to make any real and irrevocable advance towards Socialism, we must at once go far enough to lay well and truly the foundations of a Socialist control applicable to all important industries, and of such a character that we can build rapidly and securely upon it.

5. The practicability of leaving some important industries temporarily under capitalist ownership and management depends on the ability and willingness of those who are in charge of them to carry on successfully in an economic environment increasingly Socialist, and therefore inimical to capitalist ideas.

6. Any failure to do this on the part of those in charge of any industry or service left temporarily in capitalist hands will have to be met by taking that industry at once under direct Socialist control, and thus speeding up the pace of socialisation.

7. It will be fatal, in face of capitalist resistance or breakdown, for the Socialist Government to retreat, or attempt to compromise. It will have to be ready to assume without hesitation every responsibility that the failure of capitalism puts upon it.

8. It is therefore necessary, at the very outset, for the incoming Socialist Government to assume very wide powers, not only over the industries which it proposes at once to take directly into its hands, but over all industries which the subsequent march of events may compel it to take over—that is to say, over industry as a whole.

9. One obvious first step towards this assumption of power over industry generally is the complete socialisation of the banking system, including not only the Bank of England but also the joint stock banks and any other financial institutions closely concerned with the conduct of industry.

I mention this vital matter here; but I do not propose to discuss it further, as it is being dealt with in another pamphlet in this series. For the rest of this pamphlet, I shall assume that the banks have been taken over, and are being worked, in matters of policy, under the direct orders of the Government. For this is clearly indispensable in order to put the Government in a position both to ensure an adequate supply of capital and credit, and to distribute that supply to the various industries in accordance with its general Socialist Economic Plan. Nor is it less indispensable in order to guarantee the Government the means of financing its own needs during the difficult early stages of transition,

and of providing adequately for the needs of the unemployed and the institution of schemes of productive work. The socialisation of banking is a necessary prelude to any successful measures for bringing about the socialisation of industry.

II.

MEASURES FOR THE SOCIALIST CONTROL OF INDUSTRY IN GENERAL.

These are the fundamental postulates which lie behind the policy outlined in this pamphlet. Let us try to see now how they can best be applied.

I have stressed the need for an assumption of powers wide enough to include not only those industries, or enterprises, which the Socialist Government proposes to take over at once, but all industries which it may desire, or be compelled, to take over in consequence of their breakdown under capitalist conditions, or of the refusal of their capitalist owners to operate them in accordance with the requirements of the Socialist Plan.

These powers, I think, can best be taken by a measure, similar to the Defence of the Realm Acts passed during the war, authorising the Government to take possession of, and to operate, any undertaking, the control of which by the State seems to it to be desirable or necessary in the public interest. This measure should enable possession of any such undertaking to be assumed at once, leaving questions such as compensation to be settled later, by a procedure to be laid down by subsequent legislation.

This does not mean, of course, that the Government would actually take over at once all industrial enterprises. It is only an enabling power, which could be used as much, or as little, as in the circumstances turned out to be required.

The measure I am suggesting should also include authority to the Government to issue, by regulation, orders to those responsible for the conduct of any business as to the character, quantity and prices of the products which should be manufactured, the wages to be paid, the conditions and hours of employment, and any other matter relating to the conduct of the business, including the authority to demand production of all papers and accounts, and the disclosure of all secret processes. It should also empower the Government to use, or authorise the use, of any patent, on terms of payment to be arranged subsequently. Finally, it should include the authority to limit or regulate the profits to be distributed by the undertaking, and should provide for the entire confiscation of the property as the penalty of any serious breach of the regulations.

These powers, drastic as they may appear, are hardly more comprehensive than the powers actually taken by the Government under the Defence of the Realm Acts during the late war. They are put forward here, in the belief that the coming to power of a determined Socialist Government will constitute an emergency fully as serious as the war, and calling for no less extensive governmental powers.

The clauses outlined above might either form a separate Act of Parliament, or be included in a general Emergency Powers Act to be put through as the first measure of the incoming Government. The latter will probably prove to be the better way; but the difference between the two methods is not important. In any event, it will be imperative both to take the above powers with the least possible delay, and to provide with at least equal speed for the emergency control of the financial machine in order to prevent a possible 'flight from the pound', or sabotage by the financial interests. This question, however, falls outside the scope of this pamphlet.

The measure conferring these necessary powers upon the Government can, and should, be short, in order to facilitate its rapid passage, and also to allow of the utmost elasticity in carrying its provisions into effect. It is undesirable to include in it any details. These can be filled in, and varied at need, by regulations made under the Act, or where necessary by Orders in Council, as was done in the case of the Defence of the Realm Acts during the war. The Act must of course be so drawn as to confer the widest powers for the making of enforceable regulations without the danger of interference by the Courts. In this respect too the war-time experience of D.O.R.A. is of value, in prescribing both what to do and what to avoid.

Among the regulations which it will certainly be necessary to issue at an early stage will be:—

(a) Regulations setting up machinery for the control of prices, which will otherwise tend to rise sharply in view of the emergency, especially in the retail market. The experience of price-fixing during the war can be drawn upon in devising the required mechanism.

(b) Regulations setting up machinery for prescribing minimum rates of wages and conditions of labour, in order to prevent employers, on plea that the return of a Socialist Government has destroyed their earning power, from starting a campaign for lower wages.

In this matter, the most useful precedent is that of the period immediately after the end of the war. At that time, an Act was passed forbidding for the time being all wage-reductions, and also setting up a tribunal before which application could be made for advances, but not for reductions, in wages. The establishment of such a tribunal, to consist of course of Socialists, would not

in any way hamper the Trade Unions in pressing directly for wage-advances by industrial means. But the regulations would give them an absolute safeguard against reductions; and the existence of the tribunal would enable them to press for advances in suitable cases without resorting to strikes which might interfere dangerously with the working out of the Socialist Economic Plan.

(c) Regulations giving the Trade Unions a statutory right of negotiation, such as Mussolini has given to the Fascist Unions in Italy, and also a statutory right to insist in all large factories on the setting up of a Works Council with authority to deal with all questions of dismissal or alleged victimisation. This should be not a joint council of workers and employers, but a council of workers only, meeting the management but possessing statutory powers of its own, and linked with the Trade Unions. Power should also be taken to make Trade Unionism in any industry compulsory; and the Trade Union Act of 1927 should be repealed by a special clause in the Emergency Powers Act.

I should further suggest the inclusion in the Emergency Powers Act itself of a section giving the Government power to establish, for any industry or section of an industry, a Reorganisation Commission similar to the body already in existence for the coal mines, but with wider and more summary authority. These Commissions, consisting of Socialists together with technical experts, would be authorised to arrange for the compulsory amalgamation of businesses, the setting up of compulsory Marketing Boards for internal or export trade, or of joint purchasing agencies for supplies, the weeding out of redundant directors, and the enforcement of schemes for writing down capital and liquidating frozen or excessive indebtedness. They would also be empowered to lay before the State Planning authority, described below, proposals either for the complete taking over of any industry or section, or for its reorganisation under a new Statutory Board or Commission, the best form and structure for any such bodies being suggested by them to the State Planning authority, which would, if it approved, authorise the Reorganisation Committee to carry its projects into effect. In all these cases, the State and the bodies working on its behalf would be empowered to carry through the necessary changes without waiting for any final arrangements about compensation to be made. They would be authorised to conclude temporary arrangements on this point, leaving final settlements to be reached at a later stage.

With a view both to considering immediate difficulties and to making these final arrangements, I should suggest the inclusion in the Emergency Powers Act, or an early extension of it to be introduced by the Government, of a clause establishing a special Property Claims Tribunal, which would take the hearing of all claims for compensation out of the ordinary courts. This body, consisting of course of Socialists, and not taking a narrow legal

view of its functions, would be empowered to deal with every sort of claim from citizens or business firms arising out of the process of socialisation. On this body, as well as on the various Reorganisation Commissions and similar authorities proposed above, it would be well to have among the members 'back-bench' Socialist Members of Parliament, who would thus find their due place in the administration of the Socialist governmental machine.

At this point, however, I am conscious of a number of Socialists objecting. Why, they ask, pay any compensation at all? Surely our object as Socialists is to expropriate the property-owning classes, and not to give them new forms of property, or new claims to a share in the product of labour in place of the old. Why not get on with it at once?

In general, I agree. No Socialist can recognise any claim by private owners to receive back in some other form the value of their property when the public takes it over. Our object is expropriation, not a mere change in the form of claims to ownership; and this object cannot be achieved by replacing private ownership of industry by a huge volume of new public debt. Even if we announce our intention to tax the property-holders out of existence by the abolition of inheritance beyond quite small sums—as I hope we shall—this is not enough; for we cannot be prepared to go on paying even for a generation the tribute at present levied by the capitalist class. We must therefore reject all idea of compensating property-owners on the basis of the past value of their property; for this value was based on the assumption, no longer valid, that the capitalist system would remain in being. We cannot recognise as subjects for compensation values which are in reality simply capitalised rights to exploit labour.

But in a country like Great Britain, with its very large and influential middle-class, which includes a great number of people—professionals, technicians and administrators—whose collaboration will make all the difference between efficiency and inefficiency in the running of the new Socialist system, we cannot afford simply to wage war on all property-owners in the same way as the Russians dealt with their owning classes. For our middle class is far more pervasive than theirs was, and property-owning in Great Britain spreads right down into the working class, and much property is held by Trade Unions, Friendly Societies and other bodies for the benefit of working-class members. It will be wise, therefore, to ease the transition to the new system without weakening the intensity of the drive towards Socialism. This means, I think, two things—first, a sharp differentiation between large and small property owners, and secondly the need for temporary arrangements designed to minimise dislocation.

I therefore suggest that, where an industry or enterprise is taken over, the State, as part of the reorganisation, should be prepared to pay to its previous owners an allowance fixed, say,

for four or five years, at a proportion of the income actually received by these owners on the average of the previous three years. Not the full income, be it observed, but a proportion, and not necessarily the same proportion in all schemes. The payment of this allowance would imply no recognition of the right to compensation based on the capital value taken over. Nor would it involve any continuing property right in the industry.

Thereafter, the recipients of these temporary allowances—who might be corporate bodies as well as individuals—would be entitled to go before the Property Claims Tribunal, or its local subordinate tribunals, and ask for a permanent adjustment of their claims. In the case of a Friendly Society or a Hospital, or any other body which could make out a good case in the public interest, compensation would be awarded in full, at the expense of a fund to be created by a general levy on industry. Claims from aged persons for a subsistence income, and claims for the recognition of small savings belonging to the poor, would be similarly recognised in full, subject to taxation at death in accordance with the new inheritance laws. Claims from businesses (e.g. in the case of capital invested by one business in another) would be considered on their merits in each case; while large claims from individuals would be drastically scaled down, and met in any case by the grant of terminable annuities and not of permanent property rights or claims to income. Bank claims would be settled by agreement with the socialised banking system.

I have gone into this question of compensation at some length because, while it is vitally necessary to ease the transition to a Socialist system based on the complete abolition of property rights in the means of production, it is even more indispensable to avoid weighing down the new Socialist community with heavy burdens of debt interest inherited from the old order. It is, moreover, vital that the process of socialisation should not be held up while this difficult question is being settled. The Government must have the immediate right to take over and reorganise industries, leaving all property claims for adjustment at a later stage.

III.

THE MACHINERY OF SOCIALIST INDUSTRIAL PLANNING.

This is obviously far too large a question for me to be able to tackle it at all comprehensively in this pamphlet. But something must be said about it in order to make plain the general idea behind the immediate measures of Socialist industrial control. Complete Socialist Planning is only possible on the basis of the complete socialisation of industry, and the complete disappearance

of existing class-divisions and property claims. We shall not be in a position to achieve this at a blow; and therefore we shall have to begin with an incomplete and partial economic Plan. But it will be necessary to bring at once into existence the general organs of administration needed for the development of the Plan.

Socialist Planning involves the direction of the entire productive energy of the people into the channels most useful from the standpoint of the whole community. It means collective decision, in accordance with the needs and desires of the people, about what is to be produced, in what quantities, and under what conditions, what part of the available productive power is to be used for making goods and services for immediate consumption, and how much applied to building factories and developing productive power for the future. It means settling collectively how new capital is to be applied, what new factories and houses are to be built and where, what old ones extended or re-equipped or shut down, what pay is to be awarded to the various kinds and grades of workers, and what prices are to be put upon the various types of goods. Finally, it involves deciding how much the community is to spend on health, education, recreation and other social services, and apportioning to the various productive industries their shares in the cost of these services.

It follows that the most vital organ of the Socialist Government will be the body that passes final decision on all these matters. Clearly, no one body can decide most of them; but there must be one body which in cases of doubt or difficulty over serious questions of policy has the final voice. This body must be either the Cabinet, or a special section or committee of the Cabinet. I suggest that it should be a Cabinet Economic Committee, consisting of the Ministers at the heads of the departments principally concerned, but under a Chairman—a Cabinet Minister—who will devote his whole attention to the co-ordination and planning of economic affairs.

Working very closely with this Cabinet Committee must be an influential advisory body of experts—a State Planning Commission, with no executive powers, but with the supremely important task of co-ordinating and laying before the Cabinet Committee all the projects of the various bodies concerned with the various aspects of economic control—the Treasury, the socialised banks, the Boards of socialised industries and services, the various Reorganisation Commissions for particular industries, the Marketing Boards, the authorities responsible for agriculture, and many others. The Planning Commission will have also, or a separate body closely in touch with it will have, the task of regular audit, review and inspection of the actual working of the bodies concerned with the working of the Plan. It will have to report faults and failures, as well as successes and achievements, and constantly

to propose modifications in the Plan in the light of its actual operation.

This Planning Commission, consisting of full-time members, should have the direct assistance of a number of back-bench Members of Parliament, who would act as liaison officers between it and the Ministers in charge of the various departments. It will keep in touch, through its own local officers and inspectors, with what is happening in the various industries and services falling within its scope, and it will be entitled to send a representative to sit, in an advisory capacity, on any Board or Commission concerned with any aspect of Socialist Planning. It will keep in especially close touch with the Regional Development Councils mentioned below.

Through the Planning Commission the co-ordinated Plan for all industries and services will come up to the Cabinet, on the basis of the reports and projects sent in by all the more specialised authorities within the scope of the Plan. At the outset, before these bodies have been brought into existence, the Planning Commission's foremost duty will be to advise the Cabinet Committee about their creation, and about all the immediate steps to be taken in the field of industrial socialisation and control. It will have first to work out a Plan of organisation, then to get it approved by the Government, and then to report upon its working and progressive enlargement and adaptation.

Planning, however, must not be unduly centralised. Each industry and service that possesses a unified organisation—at any rate each socialised industry—will be left to prepare its own Plan for consideration and amendment in the light of the available resources and the relative urgencies of different needs. But, in addition to the Plans of the various industries, there will have to be Regional Plans, for the co-ordination of housing and town-planning with the regional development of industry and transport, for the working out of ideas of economic development suitable for the needs of each region and for pressing these upon the national Planning authorities (for example, claims for the establishment of new industries to replace those undergoing contraction in Lancashire or South Wales), and for the supervision of purely localised or small-scale industries and services. These Regional Development Councils will probably need to be executive, rather than purely advisory, bodies, with power to carry out schemes and to co-ordinate their execution by the various authorities concerned within the region—local authorities, regional boards of industries, and so on.

The complete machinery of Socialist Planning cannot be brought into being at once by the incoming Socialist Government. But it will be indispensable to create at once the Economic Committee of the Cabinet and the National Planning Commission, and to follow this up speedily by the creation of Regional Develop-

ment Councils in the areas in which the immediate economic problems will be most urgent. It will be, moreover, essential to secure that all these bodies are dominated by Socialists, and that Socialists are in the key positions among their staffs of officials. Regional Development Councils can be recruited largely from Socialists with experience of local government work; and the National Planning Commission, while it must be chosen largely on grounds of technical competence in particular fields, must have as its leading officials well-tried Socialists who possess the necessary expert qualifications. Having no political ambitions, I rather fancy myself for a place on the National Planning Commission.

IV.

SOCIALIST CONTROL IN PARTICULAR INDUSTRIES.

Socialists have hitherto thought of the socialisation of particular industries as a matter of passing a special and complicated Act of Parliament in each case. But in the circumstances envisaged in this pamphlet, this method will be neither desirable nor even possible. The new Socialist Government will have far too much on its hands to find time in Parliament for the consideration of a number of detailed measures, dealing largely with secondary points. Parliament, however hard it worked, could not possibly cope with the stream of activity that any such method would thrust upon it. Moreover, the Socialist Government will not be able to spare several hundreds of its picked men to sit day after day in Parliament listening to one another talk, when it will need for vital administrative and pioneering work every competent Socialist on whom it can lay its hands. It will be best, as soon as Parliament has conferred on the Government the necessary emergency powers, for it to meet as seldom as possible, leaving the Socialists to carry on. There will be no time for debating while we are busy building the Socialist Commonwealth.

I have suggested earlier that power should be given, under the Emergency Powers Act, to take over or reorganise any industry or enterprise, without the need for a further appeal to Parliament. The necessary schemes can be applied by Order or regulation under the authority so conferred. Later, but not till much later, it may be desirable to sanction the accomplished facts, and round off the new system, by special legislative measures. But that can in any event wait: the immediate necessity is to take powers wide enough to cover everything that needs to be done.

The handing of each separate industry will therefore be an administrative, and not a legislative, matter. The Banks may perhaps need special treatment; but, as I have explained, they do not fall within the scope of this pamphlet. The industries

and services, apart from the Banks and Insurance (which I also leave aside), obviously requiring prompt and drastic treatment are, I think, Road and Rail Transport, Shipping, Coal, Iron and Steel, and Cotton. At any rate these form a typical group, raising most of the vital problems which are likely to arise in other industries. I should perhaps add that Agriculture, as well as Banking, is to be dealt with in another pamphlet in this series, and therefore falls outside my scope. Even about these selected industries I have plainly no space for more than a very few observations here.

Land Transport.—Nationalise the railways at once, by taking them over by Order in Council. Take over the physical assets—land, stations, rolling stock, etc.—not the Companies as such. Agree to pay the companies an annuity for five years, leaving final terms of compensation to be settled later by the Property Claims Tribunal. Leave the companies the task of distributing the annuities paid them among their various classes of creditors and shareholders. Set up at once a General Railway Board to co-ordinate the railway system, but leave the existing systems under separate management for the present, subject to the overriding authority of the new Board.

At the same time take over, on similar terms as to compensation, the larger road transport undertakings, for both goods and passengers, except those municipally owned. Form for their co-ordination, and for the supervision of smaller undertakings not taken over, a General Road Transport Board, with power to create local and regional Boards under it. Let the General Railway Board and the General Road Transport Board, sitting together, form the Land Transport Authority, with power to create an executive committee and to co-ordinate road and rail services. Regard all road and rail receipts as forming a single pool, for the common maintenance and development of the co-ordinated services. Regulate all road services not taken over by means of a licensing system.

Shipping.—Socialise all ocean-going and coastwise vessels, except those belonging to small owners. Adopt the same method as in the case of the railways, taking over the actual vessels and not the shipping companies, with similar provisions for temporary compensation and reference of further claims to the Property Claims Tribunal. Place coastwise shipping under a separate administrative Board, and co-ordinate it with land transport, giving it representation on the Land Transport Board. Put ocean-going shipping under a Board of its own, with largely autonomous Local Boards centred upon the main regions. Transfer the management of docks and harbours to Port Boards, with provision for the representation of Land Transport and Shipping. Create separate subordinate authorities to deal with special types of shipping—e.g. oil-tankers—in connection with the trades con-

cerned. Give the Shipping Board power to leave any particular vessels, or types of vessels, temporarily in private hands, and to deal with claims by foreign owners, or refer these to the Property Claims Tribunal; but most such claims will be removed from the purview of the Board by the method of taking over vessels, and not companies. Give the Shipping Board authority to participate in international Conferences and arrangements.

Coal.—Socialise the entire coal-mining industry, including by-product and other pithead plants. Again take over physical assets and not companies or businesses as such, with the same provisions as to compensation. Expropriate royalty-owners without compensation. Re-group the socialised pits in regional amalgamations, or trusts, each under a subordinate Board responsible to the National Mining Board to be appointed directly by the Government. Provide funds for extensive experiments, on a commercial scale, in new methods of coal utilisation. Eliminate middlemen—without compensation—by establishment of selling departments, including Export Agencies, under the Regional Boards, with proper national co-ordination. Empower and encourage municipalities to establish coal-selling depots, and in default of municipal action, offer the Co-operative Society a local monopoly. Reduce hours of work in the coal mines at once to seven and a half, and speedily to seven. Instruct the National Planning Commission to work out at once, in conjunction with the Mining Board and the Regional Development Councils, plans for the establishment of new industries in the colliery districts, and for the transfer of redundant workers to other industries. Tighten the restrictions on new entrants into the industry.

Iron and Steel.—Set up at once an Iron and Steel Reorganisation Commission, as an executive body. Authorise the Commission to take over any works or section of the industry, and conduct it as a national enterprise under a subordinate Board of its own. Authorise the Commission further to draw up and enforce schemes for the amalgamation or reconstruction of any enterprises which it does not at once take over, subject to any writing down of capital or past debts that may be approved by the National Investment Board (see below). In general, instruct the Commission to follow the policy of socialisation by regional groups under public Boards, with complete expropriation of the existing owners. Place adequate capital at the disposal of the Commission, through the National Investment Board, for thoroughly modernising the industry. Set up, under the Commission, an Export Board, with power to appoint Regional Export Committees in consultation with the Regional Boards. Empower the Commission to negotiate with the Mining Board an agreement for the bulk purchase of coal, and to enter into other agreements for bulk purchase or sale. Replace the existing tariff on imports by a licensing system, operated in close conjunction with the Commission.

Cotton.—This is by far the most difficult of the industries which will have to be dealt with at once. Action should begin with the immediate establishment of a Cotton Trade Reorganisation Commission as an executive body; but this body will have to move more slowly than the similar body for iron and steel. It will have full power to enforce amalgamations and arrangements for the writing down of capital and the scaling-down and conversion to other forms of existing debts. It will be authorised to take over and operate itself, directly or through a subordinate Board, any section of the trade, or any particular mill or factory, to take over, when it thinks fit, the functions of the Liverpool and Manchester cotton markets and institute systems of bulk purchase, to establish Export Agencies, and to close down, without compensation, obsolete or redundant establishments. It will probably advance towards socialisation more rapidly in the spinning and finishing than in the weaving sections of the industry, which present greater difficulty owing to the number and variety of small firms. The National Planning Commission will consult with it, and with the Regional Development Council, in drawing up plans for the establishment of new industries in the cotton districts; and it will probably be desirable, with this end in view, to socialise at once the making of artificial silk. The Commission should be authorised to enter into arrangements, in consultation with the industries concerned, for the direct barter of standard cotton goods for necessary imports.

National Investment Board.—In all the industries taken over, or made subject to reorganisation schemes in accordance with the National Plan, the question of the provision of new capital will arise. This should be organised through a National Investment Board, operating in close conjunction with the National Planning Commission and the socialised Banks. This Board would obtain its capital in several ways: (1) From resources already at the disposal of the Government, such as balances of the various departments and the funds now administered by the Public Works Loans Board; (2) from bank advances authorised by the Economic Committee of the Cabinet; (3) from appropriations included in the Budget, and arising out of taxation; (4) from the raising of loans from the general public, pending the disappearance of private investment. All new issues of capital will require its authorisation. To what extent it will make use of the four sources of capital supply mentioned above will depend on circumstances. In the earliest stages of the transition it will probably have to rely considerably on advances from the socialised Banks, similar in character to, but more extensive than, the advances made by the Bank of England in recent years to the Lancashire Cotton Corporation and for the building of new iron and steel plants. But as socialisation proceeds, it should finance itself more and more out of the profits of socialised industries, a substantial proportion of which would be placed at its disposal for this purpose.

V.
WORKERS' CONTROL.

This is a vital matter; but I propose to discuss it later in a separate pamphlet rather than attempt to deal with it here. I take for granted that our conception of Socialism includes the rapid devolution of a large measure of actual control over working conditions upon the workers actually engaged in industry. But this cannot be in the main a matter for the first few months, or even the first year or two, of Socialist administration. Our first task is to get industrial ownership and control out of capitalist hands, and transfer it to Socialists acting on behalf of the workers. In setting up the new machinery of socialised control, we shall have at the outset to establish a system that can be relied upon to work quickly and dictatorially, in order to get the new arrangements into working order at once, without an intervening period of dislocation. This will have to be done by putting socialised industries under managing Boards consisting each of a few men of undoubted personal drive and technical competence, combined with Socialist conviction. It will not be secured by establishing at the outset complicated machinery designed to represent various groups and interests. When we have got our schemes of socialisation into working order, we can begin rapidly to devolve responsibility within them; but we cannot afford to risk failure and confusion by trying to be too 'democratic' at the very start. In urging this, I modify nothing of my Guild Socialist conviction. I simply register the no less deep conviction that in a period of acute class-warfare and rapid transition, what matters is to get things working on an emergency basis, and that it is a mistake, at such times, to tie ourselves down by elaborate constitution-making. Beyond saying that, I do not deal here with 'workers' control'; but I hope to have a good deal to say about it on another—and not a distant—occasion.

VI.
CONCLUSION.

Here, then, are my suggestions for the immediate steps to be taken by an incoming Socialist Government to set on foot the Socialist control of industry. They are put forward in the belief that, imperfect as they may be, the Socialist movement has reached a point at which it wants, not mere vague talk, but concrete proposals which it can discuss and improve upon. Some people, who regard themselves as Socialists, will regard what I have suggested as impossibly drastic; and it is vastly different from any programme to which the Labour Party has been ready to

commit itself in the past. But I think most Socialists now recognise that a sharp break with the past is necessary, and is indeed the condition of any successful attempt to establish Socialism. To those who hold my proposals too drastic, I put the question—Is it not really Socialism you are afraid of?

At the same time, I do not wish to hide at all my conviction that the intrusion into the economic system of the elements of Socialism which I have outlined—combined with similar intrusions in other fields outside the scope of this pamphlet—will almost certainly complete the paralysis which is already overtaking British capitalism. The slackening stream of 'private enterprise' will dry up; the much-vaunted 'confidence' of business men will be entirely undermined; private saving by the rich will fall off heavily; and there will be persistent efforts by the capitalist class to remove their money to countries less under the influence of the spirit of social justice and proletarian control. We shall for these reasons have to move fast and determinedly towards complete Socialism; and the faster capitalism crumbles under our hands, the more swift and determined our advance towards Socialism will have to be. We cannot put limits to the pace at which we shall have to proceed, when once we set our feet upon the way; nor can we put limits to the degree of dictatorial power which, under stress of the emergency, our Socialist Government may have to assume. All we can say in advance is that, as Socialists who put Socialism first, we do not mean to put back whatever storms and dangers we may meet with in our voyage. Or rather, we can add that, in proportion as our task is difficult, and calls for high qualities of courage and determination, we must prepare ourselves for it now, in the brief respite that is ours before the call comes to take our fate in our hands, and adventure boldly into the Socialist future.

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