



the IPA review

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WHERE DO WE GO FROM HERE?

MODERN socialism is confronted with an intellectual crisis summed up in the question: "Where do we go from here?"

Socialism was once very sure of itself. Everything was simple and straight-forward. There was a world to be won. There were manifest injustices to be eradicated. There were glaring shortcomings in the capitalist system calling for correction. Moreover there was a well-defined programme of action to put everything to rights—the nationalisation of key industries, the planned economy, higher taxes, more social services and government hand-outs.

But most of these things have now been accomplished and the socialists are far from satisfied with the results. What has eventuated is apparently not socialism, but Welfare Capitalism and the true Socialist Commonwealth seems to be almost as far off as ever. People live in a world of semi-socialist externals, but they persist in acting and behaving like capitalists. What can be done now? The old socialist texts have little more to offer. The reservoir of ideas provided by the early

socialists has been drained dry and—to use the words of the socialists themselves—there is a “dangerous hiatus” in socialist thought and action.

* * *

Outstanding among the early socialist thinkers were the Fabians who preached the philosophy of gradualism as opposed to revolution. “The Fabian Essays” which were published sixty years ago and which were edited by Bernard Shaw proved to be one of the epoch-making books of the century. It came to be the inspiration and the intellectual guide-book of the British Labour Party and of other socialist political movements throughout the world. The modern Welfare State can be partly attributed to the ideas of the Fabian thinkers, even if the actual results are not quite as they envisaged.

Some months ago in London the second series of Fabian essays were published.* This book attempts to answer, although hesitatingly and with a notable lack of self-assurance, the question confronting middle-twentieth century socialism: “Where do we go from here?” It is important because it should provide some indication of the direction which practical socialist policy could follow over the next two or three decades.

This collection of essays on different aspects of socialist philosophy is written by individual contributors, with one exception all members of the House of Commons. It is not altogether surprising, therefore, that there are notable variations in emphasis in the different contributions, although one would have thought that some effort would have been made to iron out the stark contradictions in which the book abounds. Yet out of it all emerges a common pattern of thought and a programme of action, the latter only vaguely defined.

What is the central purpose of the New Socialism as defined in this book? The whole emphasis is on equality, not merely equality of opportunity, nor only equality of income and wealth, but on social and psychological equality. The over-riding concern of modern socialism is with the creation of “the classless society,” whereas the earlier Fabians were pre-occupied with the technical short-comings of the social and

* “New Fabian Essays,” edited by R. H. S. Crossman, published by Turnstile Press, London. Our copy from F. W. Cheshire Pty. Ltd., Melbourne.

economic mechanism and the material hardships suffered by those with meagre incomes.

As the authors rightly recognise, the sense of class represents a much bigger force in the life of an old country such as Britain than in that of new countries such as the United States and Australia. "How deep this goes in Britain can be seen by a comparison with other countries whose actual degree of achieved equality is no greater (or is even less) than our own but whose consciousness of equality and social solidarity is infinitely larger . . . The purpose of socialism is quite simply to eradicate this sense of class and to create in its place a sense of common interest and equal status."

Few people will deny that Britain would benefit from an infusion of the social values and social mobility that exist in the newer countries. The rigidity of the British class structure and the more or less tacit acceptance of class distinction by quite a large proportion of the British people is undoubtedly one of the most powerful influences working against the achievement of maximum productivity in some industries and the self-fulfilment of the individual. The drive and dynamic energy and restless enterprise which characterize the American economy would be difficult to emulate in an economy where the barriers of class are so clearly drawn as in Britain.

But how many people would be prepared to go as far as the Fabians in their demand for a society in which everyone has the same economic and social status. Is such a society conceivable? Does not the very fact that human beings are all different, that they vary profoundly in their qualities, tastes, aptitudes, abilities, capacity for work, mean that the resulting society which they comprise will be profoundly unequal? Will not inequalities in talents and character inevitably reflect themselves in inequality of achievement and of economic and social conditions? And, in any case, do people really want a society in which all are equal, or do they want one in which all have a reasonably equal start, a fair chance to make the most of themselves?

But "equality of opportunity", according to the modern Fabians, can be dangerous if it is permitted to work out its natural results. One of the dangers is that "the working class would be stripped of its talent", presumably because the more able would move up the economic and social scale and there would be no one left to lead the socialist movement in its challenge to whatever order of things and whatever distribution of wealth happened to exist. Those gifted with special talents, with enterprise, with the love of hard work, thus, must expect to achieve no special rewards—at least not economic rewards—because of their gifts. Eventually all rewards must be equal—or nearly so. The socialists believe that "while no system of distribution will exactly equate reward with service, a nearly equal one comes much nearer to so doing than does a grossly unequal one". This seems to be equivalent to saying that since a society which permits the existence of multi-millionaires is "grossly unequal", the only solution is to make everybody's reward the same. Surely there must be a large territory worthy of exploration between a "grossly unequal" system of rewards, and one of almost perfect equality of rewards. Is not the real task of social justice that of seeking a close equation between reward and service, and must this task be abandoned because it is impossible to reach an *exact* equation between reward and service?

One has only to cast his glance around the human scene to realise that an equal, or a nearly equal, system of rewards would be the very antithesis of social justice. Is the man prepared to work twelve hours a day to receive no larger slice of the cake than the man who prefers to work four? Is the young person who "scorns delights to live laborious days" in an effort to improve himself to gain no more than those who prefer the pleasures of self-indulgence? Is the person who prefers to save rather than spend not to be allowed to reap the benefits of his thrift? Has the man who attends night-school to acquire some special technical qualification or skill no more to look forward to than his brother who is content to plod along in an occupation requiring no training or acquired skill? Is the lively, enterprising, striving person to be placed on the same plane as the dull, the cautious, and the uninspired? For the socialists, and so far as economic rewards are concerned, the answer is apparently "yes".

But this book is certainly right when it says: "Any egalitarian who believes that, in this country, the forces of history are working inexorably toward his goal is living in a fool's paradise." *For such is the nature of man that he would never accept such a travesty of social justice as a society in which everyone takes out of the pool of wealth a nearly-equal amount irrespective of what he puts into it.* Is the uniquely gifted surgeon, on whose skill hangs the issue of life and death, to receive no more than the orderly who hands him the scalpel? In this respect the New Socialism, as defined in these essays, seems to be closer to Marxism than to the socialism of their predecessors, the earlier Fabians. Bernard Shaw, at least, recognised the need for wide differentiation in incomes. So, incidentally, does Communist Russia!

It is rather strange that this attempt at defining the new Fabian socialism should place so much stress upon the equalisation of economic conditions: First, because so much has been done, especially in Britain, over the last decade in bringing about a more equal system of distribution; and, second, because of the astounding productive achievement of America under a system marked by so great a degree of inequality. In commenting upon, and no doubt deploring, the absence of a strong socialist movement in the United States, one of the essayists notes: "Areas of poverty still exist, but a survey of the whole scene shows a level of real wages which is incomparably the highest in the world and still increasing at a noticeable rate. While this continues to be the case, and while the door to individual promotion remains wide open, it is hard to conceive of the unions turning to bite the hand that feeds them so lavishly . . . Trade unionists are at one with businessmen in believing that mass production private capitalism offers the world's best answer to poverty and unrest—and believing, too, that it is a progressive and revolutionary system compared with many of the backward class-ridden regimes they find in Europe and elsewhere". Is the purpose of an economic system to make people contented and happy, or discontented so that the socialists will have some chance of being listened to?

How do the new Fabians propose to achieve their ideal of a society of equals, entirely devoid of class feeling?

There are to be three main lines of attack:

- (a) The stiffer taxation of property.
- (b) More public ownership.
- (c) Complete freedom of entry, subject only to the possession of the necessary skill or ability, into all occupations.

The writers recognise that the weapon of income tax as a means of improving the conditions of the lower incomes has been almost exhausted. The amount now to be obtained by taxing further the incomes of the better-off is quantitatively insignificant. Moreover, "the working class is already paying for a large part of the social services which it enjoys and this will be still more the case with any further extension that takes place". These are interesting admissions. They do not mean, however, that socialist policy will not be directed toward a further evening-up of incomes. But this objective will now be pursued mainly through the taxation of capital by means of capital levies, capital gains taxes and higher estate duties aimed at the destruction of the source of property income. It is suggested that a limit should be placed on the size of fortunes that can be passed on after death, and, with almost complete arbitrariness, a figure of £25,000 is suggested—"the figure could not be much below £25,000 without giving rise to all sorts of complications with widows and others unable to support themselves, and not much above, if all are to work, at some stage in their lives, for their main support".

The need for more public ownership follows logically from the elimination of large fortunes "for it is idle to postulate an economy in which 70-80% of the enterprises remain under private ownership unless it is proposed to leave in existence the private aggregations of wealth which alone make such ownership possible". This, surely, entirely disregards the vast spread of company ownership under modern conditions, where the overwhelming preponderance of investors consist of people of comparatively modest means. It also ignores the increasing trend toward the mobilisation of small savings for industrial purposes through life insurance companies, pension funds and investment trusts.

But there is another important reason for more public ownership: that is, to promote greater equality in the scale of incomes earned before tax. At present the nationalised undertakings are compelled to pay very high salaries to top men in order to compete for their services with private industry. The public sector of industry must therefore be large enough to set the standard for the whole of industry, but the 20% of industry at present under public ownership cannot hope to do this. How large, then, must the public sector be? "No precise answer can be given, although . . . monopolistic concerns are generally assumed to be able to exercise price leadership when they control 40% of the market. But whatever may be the answer, whether it be 40% or 60% or 80%, socialist aims in this field cannot possibly be regarded as fulfilled until the figure has been reached." Thus, no matter what the technical, administrative, or political drawbacks of public ownership, no matter what losses in efficiency may eventuate, no matter what inconvenience may be caused to the consuming public, all these sacrifices must, if necessary, be incurred to appease the great Socialist God of Equality.*

The third weapon of equality, full freedom of entry into all occupations has two main facets. The first is equality of educational opportunity, an aim with which few will disagree and one which is being strenuously pursued in all the major democratic countries including the capitalist United States where, incidentally, educational opportunities are more equal than anywhere else. The second is, to end, so far as possible, the curse of nepotism. This seems to be mere wishful thinking, an expression of a hopeless ideal, rather than a practical policy. The distribution of favours follows the distribution of power, and in the socialist society it may be the commissar's son who gets the breaks instead of the boss's nephew. According to this book the capitalists have already surrendered a large part of their power to the state, to their own managers and to the trade unions. "The President of the National Union of Mineworkers is already more powerful than any six capitalists"—a striking admission.

* Here it should be noted that the socialists have shifted their ground on the reasons for public ownership. Nationalisation has previously been proposed as a means of promoting greater efficiency and improving industrial relations, although its record in these fields is not promising. (See the article by Oscar Hobson on page 23). Now it is to be chiefly an instrument for achieving an egalitarian society.

The authors of this book are much exercised by what has been called the "managerial revolution" and the new alignment of power in the hands of a small managerial elite in industry and the public service. The capitalist has had his wings clipped, but other birds have taken his place on the heights he has been forced to vacate. Perfect equality cannot be achieved while such a concentration of power remains. "The main task of socialism today is to distribute responsibility and so enlarge freedom of choice."

How is this to be achieved? ". . . there must exist some process by which all those employed in an industry are able to participate in policy decisions, either through directly elected representatives on the board or through a system of joint consultation with considerable powers." If everyone in an organisation is to have some say in policy decisions the question arises whether it would be possible to reach a decision at all. Would anything ever be done? In any case can it be seriously suggested that matters of policy involving complex technical, commercial and financial problems can be properly decided by a system which approaches the principle of a popular vote? Or do these decisions require special knowledge and experience which the great majority cannot expect to possess? Certainly the mere election of employee representatives on the board, whatever advantages it might have, would not satisfy the requirement of popular participation. Do, for instance, electors really feel that they "participate" in the decisions made by governments after they have elected them to power? In these days even back-bench politicians constantly complain that they exert little influence on Cabinet decisions. And how much influence has the rank-and-file trade unionist on the policy followed by his union?

The weakness with this book—as indeed it has always been the weakness of the socialist philosophy—lies in the idea that some more or less cut-and-dried form of society can be evolved where everyone will accept the same set of values—the socialist set—where everyone will think more or less alike—at least on economic questions—where human beings will be prepared to perform economic tasks for non-economic returns, and where people will sink self entirely and accept the impossible requirements of perfect co-operation. Such a

society would demand a complete transformation in the nature of man. But is there anything at all in the whole of human history to warrant belief that men can be made to act in the way the socialist would have him act? How stupid, for instance, to imagine that human beings will never desire to bestow favours on those of their own blood or on those for whom they conceive a special liking! Or that those who run the fastest will not feel themselves entitled to the largest prizes? Or that men will incur the risks inseparable from progress unless they can see some gain for themselves by so doing? Under the socialist scheme, the oil would still be lying undiscovered beneath the ground at Exmouth Gulf and the manufacture of the all-Australian car would probably never have been attempted.

In any case is it desirable that human beings should be compressed into a common mould where everyone thinks alike, accepts the same standards and values, and lives in much the same kind of house, on the same sized plot of land; with much the same furniture? Yet this is what the socialism of the new Fabians comes perilously close to meaning.

The anti-Socialists can at least take comfort in the assurance that such a society will never come into being simply because it is totally out of harmony with the fundamental nature and constitution of man. "No means will ever be found to induce human beings finally to surrender themselves, either body or soul, to a dictated felicity, to satisfactions chosen for them, whatever vulgar Caesars rule the world. And upon this rock all forms of regimentation, of standardised existence, will eventually shipwreck."^{*}

^{*} MacNeile Dixon, "The Human Situation".

