

CHAPTER SEVEN

HOW WORK IS ORGANIZED

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CHAPTER SEVEN

HOW WORK IS ORGANIZED

§ 1. *Putting the Personnel into the Picture*

ONLY in the preceding chapter have we begun to take what is called the "human element" into our account of the world processes of production, distribution and ordered life. We have been looking hitherto not so much at peasants and farmers as at fields and estates; we have reviewed factories and warehouses rather than workers and traders. Even in the agricultural sections where we have displayed the strips, the peasant type of cultivation passing away and giving place to estates and large farming, we have said hardly anything of the peasant giving way to the agricultural labourer. We shall have quite a lot to say about that before we have done. And were all the science of work and wealth that we have summarized thus far, actually assembled and written and illustrated in all its confirmatory but oppressive vastness, we should still have no more than a display of factories running like automatic toys rather than as complexes of human co-operation; we should see the automobile in mass production being built up bit by bit upon its endless band, the biscuit passing magically from dough to box, and so on through a thousand industrial process series without a hand to help it. Now we have to enter a fresh field of description. It is time we brought working human figures into this world spectacle of cultivation and production we have evoked.

What we have to consider now, the marshalling of workmen, foremen, managers, directors, experts and experimentalists in due order, might be treated in reference to any one of ten thousand different series of productive operations. Each would have its own characteristics, but each would exemplify the same broad facts of industrial organization. We might, for instance, survey the working of a modern engineering plant, a shipyard, a factory for making typewriters or cash registers or clocks and watches. Or we might give a distillery or cement works or a shredded wheat factory.

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Essentially we should deal with it now as a "manned" factory, a factory considered as a human going concern. For each or any of these concerns an account could be rendered of employees, their types, their numbers; how they are directed by foremen, how all the various groups are co-ordinated by the manager and his staff. An adequate survey of a modern factory would include a discussion of the housing, feeding and sanitation of the staff; its recreations and rest places, its welfare organization and casualty stations. We will not ask yet what inner forces hold the wills of all this personnel together; that is for a next stage in our surveying. *Why* they do it all, comes later. First we must ask *what* each one does.

In doing this we leave our museums behind us. They have been most useful so far as a system of reference, but now they fail us, and we push into a region where as yet no comprehensive museums exist. The Science Collections at South Kensington and the Deutsches Museum display the material organization of modern production with great completeness. You may, for example, see the layout of a whole machine shop in either, presented as a working model. You can make the wheels go round. Everywhere there are working models of machinery. Compressed air and electricity are used, and the visitor can put the wheels and so forth in motion either by pressing a button or in some cases by putting a penny in a slot. For certain types of boy, and even for some modern girls, such museums are a preferable substitute for Paradise.

But no figures of workers animate these factories and machines in motion. Imagine, however, that this idea of working models has been carried on to a further stage and extended to the provision of model plants, in which minute workers are seen carrying out their operations, and the business and labour handling of the raw material are traced to the finished product in terms of living individuals. In such a model we should see not only "the wheels going round," but also the little figures which pull over the levers to set them going. Little coloured threads could run from the captains to the non-commissioned officers and men of this personnel. At the side of each model plant would be diagrams of the numbers, pay and hierarchy of the workers. Such models may or may not be practicable. Imagine models of local industries conceived on this plan, animated "personnel models" to adorn the local schools of every industrial region. The intelligent youngster could say not

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merely as he does now, "This is what happens to the stuff and that is how the wheels go round," but "This is father," and "That is the person I intend to be," and later on such a youngster would go to work with a sense of participation in a complex team job that few of the myriads which industry annually swallows now possess.

Whether such industrial models can really be made or not, I do not know; but the idea of them is also the idea of our present approach to Organization. We begin to put in the human figures in our panorama of human work. We have to pass in imagination through the field or the machine or the selling service, note the gang leaders and foremen, and so come to the manager's office, the board of directors and the departments of research and suggestion.

Illustrated descriptions of typical industrial plants at work bulk large in that encyclopædic dream, *The Science of Work and Wealth*. But we need not wait for them now to discuss the broad questions these organizations raise and illuminate. The pictures, the descriptions, the models remain to be made, but for the present they can be taken as given. Even before this substantial preparation is realized, it is still possible to open up the main issues of staffing and management in general terms.

§ 2. *Guild and Trade Union*

Let us begin our survey of the personnel of production and distribution at the base, with the individual who actually ploughs, sows, reaps, tends beasts, hews coal, stokes furnaces, lays bricks, saws timber, spreads cement, weaves, hammers, casts, blows glass, tends machines, handles goods for sale, fetches and carries, packs parcels, enters items into books, typewrites, transmits telephonic or telegraphic messages, steers ships, guides vehicles: the fundamental *worker*. How is the worker put to his job, paid, ordered and kept going?

The modern world grows to-day, day by day, in unbroken succession out of the old world of toil, and the tradition of the worker is still one of subjugation and compulsion. He or she behaves and is treated as inferior. During the ages of toil the fundamental worker was either the cultivating peasant, a pressed man, a serf or a slave outright. We have considered already the new forces that tend to wrench the practical ownership and control in agricultural

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production from the peasant and to make him an agricultural labourer and so industrialize agriculture. We have stated the essential facts of this process as it is displayed by Great Britain and Soviet Russia. We have noted too—though as yet only in the most general terms—the liberating effect of money in the past, and how in our present organization the wages worker plays a rôle in mine and factory and plantation which replaces and renders unnecessary the individual and gang slavery of the past.

Yet to this day the crack of the whip and the rattle of the chain haunt the thoughts of many people when labour is discussed. To many it seems impossible that anyone would work unless want and hunger stalked the unemployed. The worker they think has to be kept down and compelled. They cannot imagine contented and participating labour. But there are others who can, and their faith and their efforts to realize their conviction play an important part in the making over of the world that is now in progress. The conditions of the modern worker are still undergoing rapid development as the scale and mechanism of production and exchange expand and evolve, and any account of the labour organization of mankind, however full and detailed, which fails to recognize that every method and institution of to-day is provisional and entirely transitory, will necessarily be losing value from the very moment it is made.

The full *Science of Work and Wealth* would have to include some elaborate masses of fact about the mutations of the labour institutions of the world as machinery and power have developed. There are three main strands of evolution interweaving in this reorganization of work. First, there is that industrialization of the peasant with which we have already dealt. Next, there is that numerical expansion of the craftsman class of mediæval life, and that change in the scale and nature of its activities which has given us the mass of skilled, and the greater mass of semi-skilled, manufacturing workers of to-day. And thirdly, there is the struggle of the unskilled worker, the economic successor of the gang worker, the mine slave, the galley slave, the plantation worker, the excavator, the pyramid builder of the old order, towards a tolerable life: a struggle in which he is helped by the steady substitution of mechanical power for the muscular ingredient of his task. The broad drift is towards a fusion of all three types of worker into one

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huge body of semi-skilled workers working at their various jobs under skilled direction, and having a common type of mentality and an unprecedented sense of solidarity. The incessant changes in the method and apparatus of production are abolishing many types of the highly skilled craftsman, and the universal spread of education is bringing the black-coated, white-collared clerk down—or to put it more truly, is bringing the semi-skilled worker up—to a common level of respect.

Neither the peasant nor the gang worker of the past developed any autonomous organization worth consideration; the one was ruled and directed, so far as he was ruled and directed, by his owner, his lord, his creditor and the market demand, and the other was herded to his task by his overseer. But the more intelligent and more valuable craftsman has always organized locally throughout the ages in the local interests of his craft. The societies he formed in the days of the Roman Empire do not seem to have survived the general debacle of Western economic life in the Dark Ages, but with the gradual return of social order and prosperity, associations of craftsmen appeared side by side with merchant guilds. Manufacture was handwork; the productive group was a small one, a master, a journeyman or so, and a prentice or so, all hoping to become masters in their turn, and the craftsman guild concerned itself chiefly with the restraint of competition and the material and spiritual welfare of its members.

There was no essential and permanent antagonism then between employer and worker.

We know very little of the internal organization of such larger enterprises as cathedral building, the greatest collective effort of mediæval times, but there is little record of labour troubles in these undertakings. The lore of the masons was elaborately secret, and the literature of freemasonry throws little light on the actual working of the job. The cathedrals, however, grew very slowly by modern standards. Evidently they were not so much the work of crowds as of not very considerable bands of men levying their pay as the pious provided it, and doing their work year after year. The cathedrals were early instances of what we shall refer to at a later stage as "collective buying." The original "secrets of the Freemasons" were probably geometrical drawing, quarrying and chisel work combined with the political and religious activities necessary

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to keep that collective buying alive.

Many productive arts remained purely domestic throughout the Middle Ages. It was only in the fourteenth century, with the general broadening out of life and a steadily increasing volume of trade, that the increasing size of the unit of production released the possibility of antagonism between employer and worker. The number of journeymen relative to the number of masters was increasing to an extent that opened up the possibility of remaining journeymen for life to most of them, and with that they began to organize to maintain wages and keep down the tale of hours for the working day. The fifteenth century saw a considerable amount of trouble upon such issues.

The devastation of Germany by wars and the enlargement of trading and productive operations in less troubled regions of Europe ultimately submerged most of the industrial organizations of mediæval times. They were elaborate in their methods and inadaptable. Machinery crept into use, and already in the seventeenth century, before the advent of power, the process by which capital accumulated and some small producers prospered and grew while others declined and fell into employment by the former, was well under way. The gap between master and man widened: it became a class distinction. The industrial revolution—with its "division of labour"—preceded the mechanical revolution with its economy of force and attention, by some decades, and at first the mechanical revolution did no more than emphasize and exaggerate this process of class differentiation. In one branch of industry after another, work began to be done no longer by the hands of individuals but in squads, in companies, in battalions.

The first organization of the new scale industry was directive; it came from the entrepreneur. He planned his merciless factories and arranged the duties of overseer and time-keeper. The character of the new industrialism departed more and more widely from the traditions of mediæval craftsmanship in the direction of gang work. The first organization of industrial labour, suffering under these conditions of degeneration, sprang from no preceding organization. It was entirely defensive. It was the outcome of intolerable distresses. It was a fight against long hours and sweated work, a fight against the mutual competition of hungry workers and against the advantage this gave to the bargaining employer. At first such

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organization was illegal, and the long story by which the collective bargaining of the workers won its way to recognition is to be read in the Webbs' *Industrial Democracy* and Hammond's *Town Labourer, Skilled Labourer* and the *Rise of Modern Industry*. The trade union began its career, regardless of craftsmanship or the need and quality of the product. It was an urgently necessary protective fighting organization to protest against long hours, insufficient wages and the individual degradation of the industrial worker. It spread easily and naturally to many fields of unskilled labour, where the workers could be easily assembled, and less easily to such workers as the scattered seamen, and still less easily to the agricultural labourer.

By the nineteenth century there was already a wide gulf in interest and feeling between the directive and exploiting elements in industrial production on the one hand and the worker on the other. The nature of that gulf is of vital importance in our present study. For many years it has been an antagonism—on both sides. A great majority of employers have been attempting more or less consciously to get the most out of their workers and to pay them as little as possible; the reciprocal effort has been to lighten toil, shorten working hours and raise pay. Throughout most of the nineteenth century this warfare has smouldered or raged over the whole field of employment. The employer has fought for the right to discharge at will, to lock out as he chose, to play off the urgencies of the unemployed at his gates against the resistances of the worker within. The chief weapon of the employed has been the strike. Here again an expanded treatment of the law and practice of industrial conflict, the organization of militant unions, the conflict around the open shop, the history of great strikes would make a vast, tragic section of our encyclopædia in which many acutely interesting passages would be embedded in a dry tangle of highly technical detail. To-day all the lower ranks of workers in our industrial plants are potential strikers; and the special organizers and officials of the trade union and of its more militant dissentient subsections must be shown in those working models of ours, flitting obscurely but effectively round and about the industrial plant. They maintain a certain standard of life against the exigencies of work. Our picture will not be complete without them.

At any time almost any of these concerns, these co-operations,

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these great services, of which we have imagined a series of working models under our eyes, may begin to run slowly or stiffly or stop, stop short for an hour or a day as a warning strike, or stop at the onset of some conflict that will be fought to a finish. The average annual loss in working time actually caused by strikes is often grossly exaggerated. Professor Carr-Saunders puts it—for the thirty-two years between 1893 and 1924—as about the equivalent of one day's holiday each year. Their more serious effect is the dislocation they may cause in completing or obtaining contracts.

This relationship of antagonism between employer and employed is the most important fact of our present phase of economic development. It has been manifest in the past, but never to the same extent. Is it an inevitable relationship in a modern economic system? In the middle nineteenth century there were many who thought it was. They believed that the economic process could not go on without a margin of want and the resentful resistance of the worker. They displayed a stern fatalism for others and were happy to feel themselves luckier and more deserving than the common run. But there are various schools of opinion which deny that necessity. The Communist would obliterate the employer and so solve the problem. He carries out the idealism of democracy to its economic conclusion. He believes that in some way the masses can exercise a directive will over economic life that eliminates all need for compulsion and changes the spirit of direction. Work, when the mystical dictatorship of the proletariat has given place to its still more mystical goal of the classless, the homogeneous community, will be spontaneous and joyful. It is not a very explicit doctrine, and so far Communist rule in Russia has not so much as manifested a stormy disposition towards it.

But quite outside the adherents of the Communist creed there is a growing multitude which is convinced that this great antagonism in our economic life is not essential, that it marks a mere phase in evolution, that it can be reduced almost or altogether to a vanishing point, that without any violent revolution or breaking up of society, while carrying on with the world as a going concern, there may be a steady reconstruction of the economic life of our species that will produce a willing and effective co-operation of everyone engaged upon it. These more hopeful spirits can point now to a great number of instances where better pay has been

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proved to mean happier and better work, where shorter hours have been more productive than long hours, and where the spirit of co-operation has been evoked to mitigate or replace the crude compulsion and resistance of the first harsh phase of modern industrialism.

§ 3. *Industrial Democracy: Workers' Control*

In studying the progressive organization of the semi-skilled labour which is becoming the main labour mass in town and in the countryside alike, a very great number of more or less parallel efforts have to be considered, all aiming at the restoration of a sense of participation on the part of the worker.

The nineteenth century was the age of democratic ideas. It was pervaded by the assumption that the maximum of justice and directive wisdom was to be attained by a universal uniform distribution of votes, and so we find such a book as the Webbs' *Industrial Democracy* (1897) filled largely with an account of the quasi-parliamentary administration of labour organizations. The problem of the control of the secretary was a grave one from the beginning, and all sorts of constitutions have been devised to prevent executive councils and officials getting out of hand. The secretary can bully and dominate because of his close and continuous knowledge of the society and the difficulty of tracing his acts and assembling a meeting competent to judge them. He has also great opportunities of selling his society. But the secretaries of all societies are necessary evils, and a great book could be written upon their inconvenience, and disloyalties.

Industrial Democracy, for all its thirty years and more of life, is still the best general introduction to the development of labour organizations and to their main type of defensive activity; the insurance of their members against discriminatory treatment, their collective bargaining, their experiments in regulating hours and processes, restraining the competition of boys and non-members, insisting upon sanitation, securing protective legislation, and so forth. In the past third of a century great advances have been made in the state enforcement of sound labour conditions, and much that was once a matter for trade union regulation is now the subject of legal enactment. Here again the mass of fact is vast and tangled,

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and an encyclopædic *Science of Work and Wealth* would give an ordered array of statistics as useful for reference and confirmation as it would be unattractive to any but the highly specialized reader. Every great industrial country presents its own distinctive method of approach to these problems and has its own types of solution.

The industrial democracy of the nineteenth century was defensive and restrictive; it meddled little with business direction except to object when the interests of the worker seemed to be threatened, but since the beginning of the twentieth century there has been a strong disposition to incite the organized worker to usurp or assume (whichever word you prefer) some or all of the functions of the directorate. This re-unification of industry by the upward extension of the workers' will, was formulated in England in the opening decades of the twentieth century as Guild Socialism, but the idea, in many variations, of the autonomous organizations of masterless co-operating workers has spread all over the world. What is practically the same conception of workers' control has played a considerable and not very happy part in the industrial experiments of Soviet Russia, and there were various very substantial attempts to realize it in Italy after the war and before the onset of Fascism. We have no space to tell in detail of the formation, struggle and failure of the National Guilds in Great Britain after the war, nor of kindred experiments in other countries. The British National Building Guild of building-trade workers executed a number of contracts between 1920 and 1922 and did good work before it got into financial difficulties. For a time the "shop steward," a representative of the workers in the discussion of various details of method and discipline with the employer, assumed an importance he has not retained. He was a war-time product who acted for the workers during the emergency disablement of trade-union organization.

A sore point in the existing relations of employer and employed is the general absence of any judicial process in the dismissal of workmen. If the employer comes down to the works in a temper he can still sack the first man he sees. In Germany an attempt has been made to remedy this. Statutory works councils have been set up in all establishments above a certain size. These councils consist of workmen only, and whenever a man is dismissed they can examine into the circumstances and if they think fit they can bring the

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matter before a special court. If the employer cannot show that the dismissal was dictated by the economic position of the concern or cannot prove that it was "just," he must either reinstate him or pay compensation. See Guillebaud, *The Works Council—A German Experiment*, 1928.

In America the restriction of immigration since the war has cut off a bountiful supply of cheap and helpless labour and produced very great changes in labour conditions. From a state of harsh conflict and forcible suppression there has been a powerful thrust towards constructive experiments. For example, employers have organized their workers in "company unions," comprehending all the workers in a plant, electing employee representative councils or work councils. These company unions develop what are called "welfare features," such as the sale of the company's securities to its workers at rates below those to be got in the open market and the purchase of insurance to cover all the workers employed by the concern against sickness, old age and death. This type of organization tends to break up the old nation-wide trade unions and runs (says the Encyclopædia Britannica, Article, *Trade Unions*) to a membership of several millions.

Another type of experiment lies in the direction of a trade union undertaking the responsibility for production. The business in return gives the union a share in the gain from increased output. This method worked so well between the Machinists' Union and the Baltimore & Ohio Railway Co. that it has spread to a number of other railway systems in the United States and Canada. Similarly the Amalgamated Clothing Workers' Union has taken over many of the duties of management and supervision from the manufacturers, has studied and effected considerable economies in production, and done much to educate and increase the efficiency of its members. This tailors' union has been outstandingly successful; it has accumulated funds, made loans to employers and carried through a big co-operative housing scheme in New York City.

§ 4. *Profit-Sharing*

Another line of attempted reconciliation between the "two nations" of employers and employees, a line of reconciliation proceeding from the initiative of the employer, lies in profit-sharing, a

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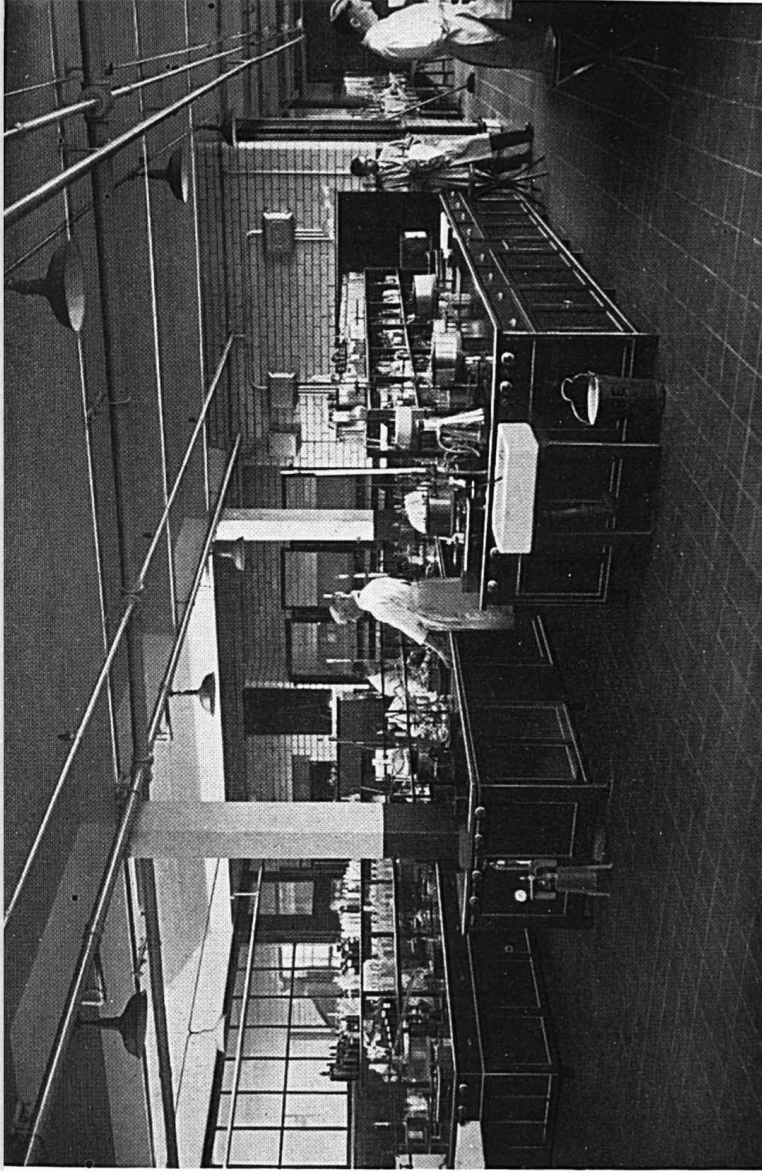
peculiarly French invention. A French profit-sharing system was in operation as early as 1820 and there are a number of such businesses still active. The Paris Bon Marché has a scheme at work dating from 1880 by which all its share capital is now in the hands of past or present employees. Similar schemes have been operated in Great Britain and America following upon French precedents. The employees of the British Gas Light and Coke Company, the largest gas company in the world, have acquired £750,000 of its ordinary stock as their share in its profits. The Zeiss works in Jena, manufacturing glass lenses, are run on a profit-sharing scheme that has proved a great success.

But such successes are exceptional in the history of profit-sharing. The method has many drawbacks; its outstanding successes are few and generally due to the enthusiasm and integrity of the managing employer; it does not increase and spread through the general body of industry. It fails to excite much enthusiasm in the ordinary worker, who is apt to consider it as a mere complication of his pay, and the trade unions regard it as a method of shelving the proper adjustment of wages. It raises many delicate and debatable questions about what are profits and what are receipts from the consumption of capital, and what proportion of the annual surplus may legitimately go back into the business for depreciation and expansion. It is in fact an encumbering quasi-benevolent device; it leaves the primary functional opposition of employer and employed untouched, and we note it here mainly to distinguish it clearly from the essentially structural innovations, the real resurrections of responsibility and participation by the organized workers, that have sprung from the Guild Socialist conception.

§ 5. *Continuous Employment and Waiting About: the Possibility of Lifetime Jobs for All*

One chief hardship of the worker in the modern industrial world is the uncertainty of his employment from day to day and in many cases from hour to hour.

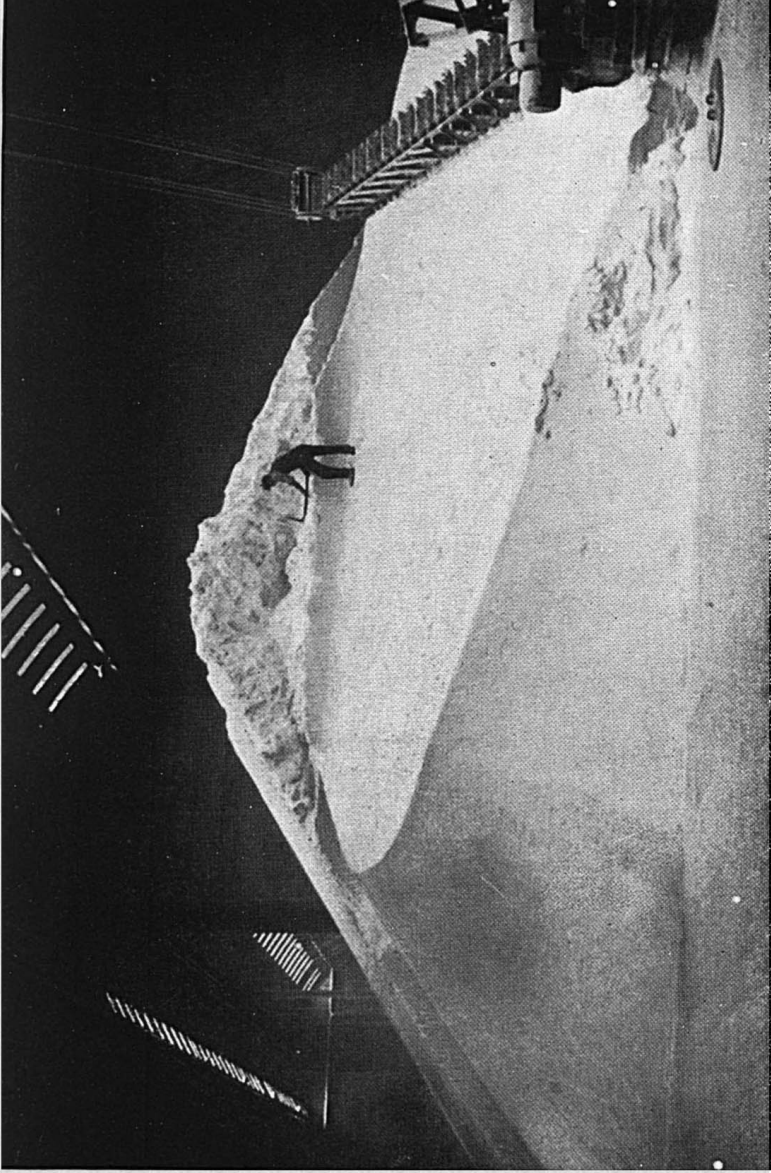
Comfortable prosperous people know little of the tedium, wretchedness and disappointment that have characterized and still characterize, great fields of employment through the "waiting about" forced upon the workers by the chancy, *under-calculated*



(By courtesy of Messrs. Boots, Ltd.)

THE COMBAT BETWEEN SCIENCE AND HUMAN SUFFERING

Part of the extensive Research Laboratories of Messrs. Boots Pure Drug Co., Ltd., Nottingham, where investigations directed to the discovery of new remedies are continually in progress



(By courtesy of Imperial Chemicals)

THE CONQUEST OF SUBSTANCES

Sulphate Plant and Silo. Salt being removed by suction

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and inconsiderate nature of a large proportion of industrial operations. Men have to stand at dock gates, waiters queue up outside restaurants, men and women sit inactive in clothing shops waiting for work to be given out, they assemble in silk-weaving establishments, in steel works, glass works and so on, *earning nothing* until they are beckoned to their task. Until recently it was not even the custom to pay actors and actresses for rehearsals. Few prosperous people realize that to be an out-of-work is often as binding and far more tedious than to be in employment. They think of being out-of-work as a leisurely, free state, disagreeable only through its concomitant of want.

One might imagine from this that one great objective of trade-union effort would be to secure continuity of employment. But that has not been the case. There are alternative evils to be considered. Labour under contract is hampered in the strategy of collective bargaining. And a contract for continuous employment without definite conditions for treatment may become very easily a practical slavery. The ancient English contract with farm servants for a year, the yearly bond of the Northumbrian coal miner, the annual hiring of the Staffordshire potters, have now, for that reason, become matters of history. It is only when the contract is amplified by a very rigorous definition of the rights and remedies of either party, when there is a well defined schedule of the customs of the trade and the precise duties of the worker, that the latter can feel secure against aggressions and deprivations. We find therefore that the worker is forced to choose between two uncertainties: uncertainty of continuous earning on the one hand, and uncertainty of treatment on the other. His adjustment between these two sets of considerations is a complex task which is still going on.

Contemporary industrialism has been evolved in relation to a labour class numerically always in excess of the demand for its services. Industry has been wont to take in workers as it needed them, by the hour, day or week, and to drop them again directly they were unwanted. The community had to carry these workers for the primitive type of employer during his intervals of relative inactivity, and he was never called to account for their upkeep. Such education as these workers got was provided either by charitable bodies or the general community, and when they were disabled or superannuated they again went on to public resources.

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There was little or no recognition of the indebtedness of the employer to this floating population of impoverished people which served to cheapen his labour supply. That did not come into his figuring. The drain they made on the general resources was not charged to him.

Education in the early stages of the industrial revolution was trivial, poor relief was a minimum, and it was only as the standard of efficiency and economy rose, as education became public and expensive and assistance for the out-of-work increased, that people began to think of any book-keeping as between the social cost of the worker's birth, life, and death and the finance of industry. The common man of to-day has become a much more manufactured and costly product than the common man of a century ago. Then he was, one may say, a wild product, like a chance mushroom in a meadow; the employer picked him and consumed him; now he is a cultivated product, and the organized community which has made him asserts its right to control the exploitation of his abilities.

Professor Carr-Saunders calculates that the cost of producing a boy for the labour market in Britain (1930) is well over £350. The government returns show an educational expenditure of £100; food and clothing amount to at least £200, and rent and social services certainly add another £50 to the total.

The industrialist of the early nineteenth century lived like an animal that ranges in the woodland; he reaped his profit with no thought of whence it came and with an unshaken confidence in his own right to live. But all that has changed and continues to change. The industrial concern is becoming more and more dependent on public resources for the quality and intermittent support of its labour supply, and the world at large grows impatient with the factory's habit of absorbing and then excreting workers into the general community without the slightest regard for social decency. Sustained unemployment means degeneration; and the right of industry working for private profit to take the young people society has provided, has civilized and to some extent educated, use them intermittently for a term of years, and throw them out in a state of diminished usefulness in order to avail itself of younger, fresher and cheaper material, is being questioned more and more acutely.

The possibility of greatly reducing casual and short-term em-

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ployment can be approached not only from the point of view of the public services, but also from the point of view of the employer. Casual labour is rarely loyal or zealous labour, and a considerable effort is being made by many employers to diminish or eliminate it altogether from their works. As I was planning this section a significant document dropped into my letter box, an American publication, the *Survey Graphic*, giving an account of the labour organization of Messrs. Procter & Gamble, a firm of soap-makers (about whose products and standing I know nothing). This firm claims to guarantee a minimum of forty-eight weeks' employment in the year to ten thousand employees. It is not quite clear if they have other employees outside the privileged ten thousand, but if so, they are apparently probationers and few in number. This is a very interesting and plausible claim, and probably it is the anticipation of something likely to become much more general. There is no reason why that much foresight should be practicable only in soap-making. Messrs. Procter & Gamble are satisfied that they reap a full reward in the increased good-will of their people. Any business organization capable of figuring out its production as exactly, they say, may reap a similar reward. That seems acceptable. It depends entirely on the figuring out.

It appears reasonable to argue that this "waiting about," this immense amount of slack in the economic machine, this running waste of unemployed hours and energies, is neither a necessary nor a permanent state of affairs. Its continuance is due to the statistical insufficiency in our body politic. But the trend of things is all towards sounder statistics and better forecasting.

Let me throw out here a broad thesis for the reader's consideration. The total life product of a worker, the money earned during the working years, should be equivalent to all that worker's expenditure and all the expenditure upon that worker, including the overhead charges for directorate and government, from the cradle to the grave. If it is less, he is a parasite, if it is more, he is being robbed and is carrying non-productive social elements upon his shoulders that he ought not to carry. These seem to me to be sound propositions, giving a definite intimation of the way in which economic life may and should be measured and organized.

In the more calculable days that lie before mankind the economist should be able to state with ever-increasing precision the amount of

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productive work required from every citizen to earn his life subsistence and his freedom for the residue of his time and energy. As these estimates become more precise it will become possible for the State or for some world-wide labour organization to make a deal with the ordinary worker, to undertake to find him or her employment for as many years as it may be necessary to work off that contribution, and to guarantee a life income in return. Such an organization would be responsible to the worker for his maintenance, and it would make its arrangements with the public or private service or production concerned, for his employment.

§ 6. *The Amelioration of the Factory*

Turning now from the current methods of employment for the mass of workers in our human ant-hill and the way in which these methods may develop let us consider a very interesting field of enquiry and experiment which falls under the term "Scientific Management." This term we owe to Frederick Winslow Taylor, and as exemplified by him it was essentially a reconstruction of industrial processes after a close study and analysis of every step in the process under treatment. For example, he dealt with shovelling in a large steel plant, watched and timed workers, tried out movements and showed that they were using ill-chosen shovels, lifting excessive weights here and insufficient weights there, and missing the easiest way of performing their tasks. By altering the types of shovel used and carefully teaching the shovellers, such an improvement in the process was made that the average wages of these men was raised sixty-three per cent while the cost of handling was reduced fifty-four per cent.

Another research of Taylor's led to great improvements in the transmission of power by leather belting and to the redesigning of lathes. The same methods applied to the general planning-out of work to be undertaken, led to conspicuous economies in the moving about of material, the elimination of delays when stuff had been used up and more was required, the arrangement of work spaces in the order of maximum convenience and so forth.

Particular attention was given to prevent machinery standing idle. Inactive machines, vacant floor space, swell the overhead charges without adding to the product. Work thus closely watched

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can no longer be left to the old type of foreman. Its direction becomes educational; the foreman must be, to a large extent, a teacher and demonstrator and a specially trained and skilled man.

So in our review of contemporary human activities we must add now to the worker, foreman, shop steward, overseer and such-like traditional officials in all really organized businesses, a new small group of very important people who are planning, watching and charting the processes of production. From the point of view of the worker, his task is made less laborious and troublesome but more effective. He is to work in the best air and the best light; his temperature and comfort and mental tranquillity are studied to enable him to give his best; he is relieved before the fatigue stage sets in. Such are the concepts and methods that are spreading now throughout the industrial world.

By way of contrast to efficient modern going concerns, a study or so of early nineteenth-century and Victorian enterprises might be very useful and entertaining. The material for such studies, I should imagine, must still exist in abundance—accounts, balance sheets, plans of layout, estimates—but how far it has actually been digested and made available I do not know.* I may be wrong here. Perhaps more than I think of the directive intelligence of the smaller, more limited and more controllable business of from fifty to a hundred years ago was carried about in people's heads; perhaps the great part of Victorian management went undocumented, its once living records long since decayed in the cemetery.

In our modern plants we shall certainly find not merely a more adequate documentation, but a distinctness and definition of parts in the organism which were either unorganized or absent in the more primitive economic structure of the nineteenth century. There are, for example, the beginners who replace the old apprentice fags, those who are indeed working in part but who are also in part learning. For them the factory is half a school, a specializing school. For them there must be a special teaching and controlling staff. The modern factory has to deal with the general educational organization of the community in a spirit of give and take. The educational authority has to come into the business as the protector of the apprentices to see that they are really taught and not used

* Such men as T. G. Ashton, G. W. Daniels and others have made studies on Victorian cotton, wool, brass and iron production. *H. J. L.*

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merely as cheap junior hands, and the industry seeks to extend its influence into the schools to secure a better type of worker in its shops.

Another modern section in a business organization outside the everyday round is the research staff, concerned with the systematic investigation of problems arising out of the work and in the search for novelties, improvements and economies. Both these sections are correlated nowadays with great educational and investigatory organizations outside the works, with the school, the technical college and the scientific side of the university. The days when it was possible to distinguish sharply between business organizations and public educational and social institutions have passed away.

In America such great industrial organizations as General Motors, the Ford Motor Company and the Westinghouse Electric Manufacturers have established training institutions to meet their own particular needs, and these interlock closely with exterior schools. For instance, we find the University of Cincinnati, Antioch College in Ohio, the Institute of Technology at Flint (Mich.), and the Technical High School at the city of Dayton (Ohio) all in close co-operation with the General Motors organization at Dayton. The engineer students pass to and fro between the shop, the classroom and the laboratory.

The increasing correlation of the organizing forces in the factory with public research and education to-day is well displayed in that pioneer institution, the National Institute of Industrial Psychology in London.* Here, under the direction of Mr. C. S. Myers, there is a continual coming and going between school, employer and public official. "Planning" is studied, that is to say, the layout of plant, the routine of processes, the storage and transport of material. Fatigue is exhaustively scrutinized: its relation to hours of work, to lighting, to temperature, to the movements of air in a workroom. Winslow Taylor's ideas are adapted now to this new industrial process and now to that. In addition, work is going on continually with the object of making a trustworthy classification and tests for nervous and mental types, so as to fit the job to the worker and avoid the distress and wastage of setting the wrong sort of individual to an uncongenial job. Employers send applicants for

* The ruling ideas of the Institute are set out in *Industrial Psychology*, by C. S. Myers and others (1929).

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posts under them, to the Institute for tests and examination, instead of trusting to their own casual impression of the aspirant; parents may bring youngsters for advice as to the choice of a *métier*.

At first the work of Winslow Taylor and the larger enterprise of the London Institute were regarded with considerable suspicion by the workers themselves as being no more than an attempt to put them under increased pressure and reduce employment. Winslow Taylor, in his classical instances, seems always to have insisted that the workers concerned should have a substantial share in the economies effected in the form of increased wages. The question of the reduction of employment is one best deferred to a later stage, but the dread of any increased stress through "Scientific Management" is already dispelled. The Institute has got a number of expressions of approval from workers with whom it has dealt. Says Factory A: "Could we not have more like this? It has made it a lot easier for us." "It feels much safer now; we can get on with the work much quicker." Factory B echoes: "It is much better now; we can stick to the job without being fussed about." "It's fair now; it divides the work up--share and share alike." And a worker from Factory C says: "When we heard of the changes you were giving us, we were that glad we all felt six foot high. . . . I wish you had been here when I was a girl; I wouldn't look the old hag I do now."

It is interesting to contrast the conditions of the actual worker at work, now and in the past. The toil of the Lancashire cotton-mill hands or the sweated Sheffield cutlers of the early industrial period was immeasurably inferior in ease, dignity, comfort and leisure to that of their current successors. Already it is difficult for us to realize how enormously and needlessly cruel were the relative ignorance and inexperience of the pioneer age of power production. With no profit to the employer worth talking about.

In 1830 England was leading the world in the development of the new industrialism; she was the supreme industrial country. Let us see the price in humanity that she was paying, recklessly and needlessly, for that ascendancy. In those days a cotton hand would be getting from four shillings to five shillings and sixpence a week, his wife three shillings and his children from one shilling each, upwards. The budget of a family of weavers who were paid at the current highest rates showed that after rent and working expenses

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had been deducted from their earnings of eighteen shillings, ten shillings and tenpence a week was left for the food, clothing and other needs of seven people. This is rather more than the amount available for the same objects in the families of the lowest paid unskilled London labourers in 1912. But four people had to work sixteen hours a day to earn it, as against one man working a ten-hour day. Moreover, bread cost then sixpence halfpenny for a four-and-a-half-pound loaf of household or brown bread. Many families, although in full work, were obliged to obtain relief from the parish.

This sample cotton operative at the age of thirty could probably already look back upon over twenty years of toil in the mill. Six or seven was the age at which most children started to earn, although some began younger. Our man might at that date have been one of the pauper children sent from all over England by their parishes to a life indistinguishable from slavery in order to relieve the local ratepayer, for that practice was not stopped until 1816. Or he might have been a child whose father had been told that if he would not bring his children to the mill he could not be allowed parish relief. Once brought there, the child would have been obliged to work thirteen, fourteen, or fifteen hours a day for six or even seven days in the week and all the weeks in the year. Factories were known where girls of eighteen worked eighteen hours a day for five consecutive days a week; others where workers were often kept on all night. Even seven days' work was exacted. The engines, it is true, were stopped on Sundays in order that a Christian population might go to church, but the children were required in many cases to turn up as usual and clean machinery. Such were the wages, such the hours, under the leading industrial state of the world only a hundred years ago.

From time to time the Commons, urged by the better employers, passed Acts limiting the working hours of apprentices to twelve, but no method of enforcing them was provided, they were not carried out, and outside the very best mills, real relief did not come, except in the matter of night work, until the passing of the Acts of 1847 and 1850. For all those interminable working hours the children stood, or walked, or crawled under the machines, collecting cotton waste. One employer, known as humane, calculated that his children during their work walked upwards of twenty miles. They

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also walked from their beds to the factory and back again. There were meal-times—an hour and a half in all—for adult workers, but not for children. They had to clean the machines and to eat their food as they worked among the oil and dust and flue. If they grew too tired, the overseers beat them to keep them at work; their fathers beat them to keep them awake so that they should not fall into the machines. Everyone spat to get rid of the flue that settled in their lungs—it was stated in evidence before Sir Robert Peel's committee (1816) that when spitting failed to achieve this purpose emetics were freely given.*

We are told to-day that there has been exaggeration in the attacks made on the early factory system, that many mills were clean and airy, so that the operatives who worked in them were better off than those who ate and slept and worked in the damp cellars necessary for the home weaving of cotton, that brutal masters were an exception, and that the children of the home-workers toiled as long and were often more cruelly treated than those who were at the mercy of employers and overseers. That may be true. The English are a kindly race, and the presence of onlookers is always a check on cruelty. It is certainly true also that the housing conditions of the time were sufficient to account for any amount of typhus, typhoid and tuberculosis.

Here is a description of a district in Spitalfields inhabited by weavers in the year 1840; Manchester is described as "even worse." "Ruinous buildings, streets without sewers, overflowing privies and cesspools, and open ditches filled with a black putrefying mass of corruption infecting the air for miles round, render the district the abode of disease and death. There are streets and alleys from which typhus fever is never absent the year round."† And the new machines brought their own occupational diseases—consumption from the cotton flue, stomach diseases for the weavers who sat pressed forward against the beam of the loom, cancer for the mule-spinners, consumption again for the girls on worsted spinning who, "exposed to a constant spray of water from the frames, were compelled to spend the greater part of the day in wet clothing; and the introduction of hot-water spinning merely increased the

* Hammond: *The Town Labourer*, p. 158.

† "Report on Handloom Weavers," 1840, p. 681.

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heat and dampness of the air."*

Flax mills were described as even more unhealthy, the Sheffield grinders were killed by steel dust, the metal-workers were blinded by sparks. Every trade seems to have produced its own scourge. And the new machines were run so fast that it was painful to keep up with them; accidents were continual; when workers were killed in the course of their employment they were not thought worth the trouble of an inquest. Many factories were dirty, dark and airless; in many the workers were locked in, at a temperature of 80°, without water—~~forbidden~~, in fact, to drink—without lavatories, and under what they certainly regarded as a prison-like and brutal discipline.

As for brutality, it has to be remembered that the wage-earners were helpless. In the huge new towns there was no public opinion, and no custom to protect the men in any established rights. They might not combine to negotiate with their masters or even to secure that these latter observed the law. Each individual must make his own bargain for employment, those who complained were prevented from obtaining fresh jobs and had nothing to keep them from starvation but the workhouse. In such an atmosphere blows and brutal punishments seem normal. Nor had the worker any help from public opinion. Respectable people, with their minds still obsessed by the thought of the French Revolution, regarded him as a potential Jacobin.

Even the physical consequences of these inhuman conditions roused in the comfortable classes not pity but repulsion and fear—their very diseases and deformities set the industrial classes apart as alien, sinister and dangerous. The only possible method of dealing with them seemed to be violence, and it was an age of evictions, transportation, whippings, treadmills and pillories; capital punishment was inflicted for any felony. To go out on strike was commonly treated as an offence.

The only possible answer for the victims was to return savagery for savagery. Magistrates were terrorized so that they were afraid to convict rebellious operatives, and employers and their agents were intimidated so that they dared not give evidence. The first standards of fair treatment set up, the unions, were maintained so far as they could be maintained by a reign of terror.

* Pinchbeck: *Women Workers and the Industrial Revolution*, p. 137.

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Turning to the vital statistics of the industrial operative of a hundred years ago we find that whereas miners seldom lived beyond fifty, the weavers were said to die soon after forty. At thirty-five their earning power began to decline. Slaves must have been very cheap indeed before any slave-owner would have thought it good management to kill his men so young. But then the slave-owner had to buy his slaves, while the community in the opening phase of industrialism gave its young without fine or fee into the hands of the industrial employer.

A hundred years ago things were at this stage in England. But in this still disunited world things do not move forward at a uniform pace, and one land after another blunders through the same experiences as its fellows—knowing little or nothing of the lessons they have learnt. China industrially is a hundred years behind western Europe, and there to-day one can see a population entering upon an entirely similar phase to that from which the men, women, and children of industrial England are emerging.

The silk factories of Shanghai to-day can show conditions which vary only in detail from those of the British industrial revolution. The children who crawl in them do not choke their lungs with cotton, but they scald their fingers picking cocoons out of pans of boiling water and die of blood poisoning in consequence. The smell must be worse than that of the dirtiest cotton mill that ever defiled Lancashire, for it is added to by unwashed babies slung under the frames and the putrefying insects in the cocoons. The hours, the wages, the disregard of health are similar—the only alleviating factor seems to be the absence of English winter nights for people who have been working all day in a temperature of eighty degrees.

Egypt, again, tells a parallel story. There came to hand by the same post (January, 1931) the news of a weavers' strike in Lancashire against a proposed lowering of their wages and labour conditions "to meet foreign competition," and an account of the sort of competition they have to meet in a report upon the Egyptian cotton mills of to-day. There we have now, just as we had in Lancashire a hundred years ago, the ill-organized factory, the ill-arranged machinery, because Egyptian flesh and blood is so cheap. "Half the workers are under fifteen and many under nine." . . . "I saw with sorrow in several factories the almost automatic hitting of the children with canes and whips by the overseers as they

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moved up and down, to spur them on to their work." . . . "There was some hitting of the children on the head, a really dangerous practice." . . . "The mills run from five a.m. to eight or nine p.m., but no one in authority seems to find it necessary to see that individual young workers, or groups of them, have any regular pause for a meal." . . .

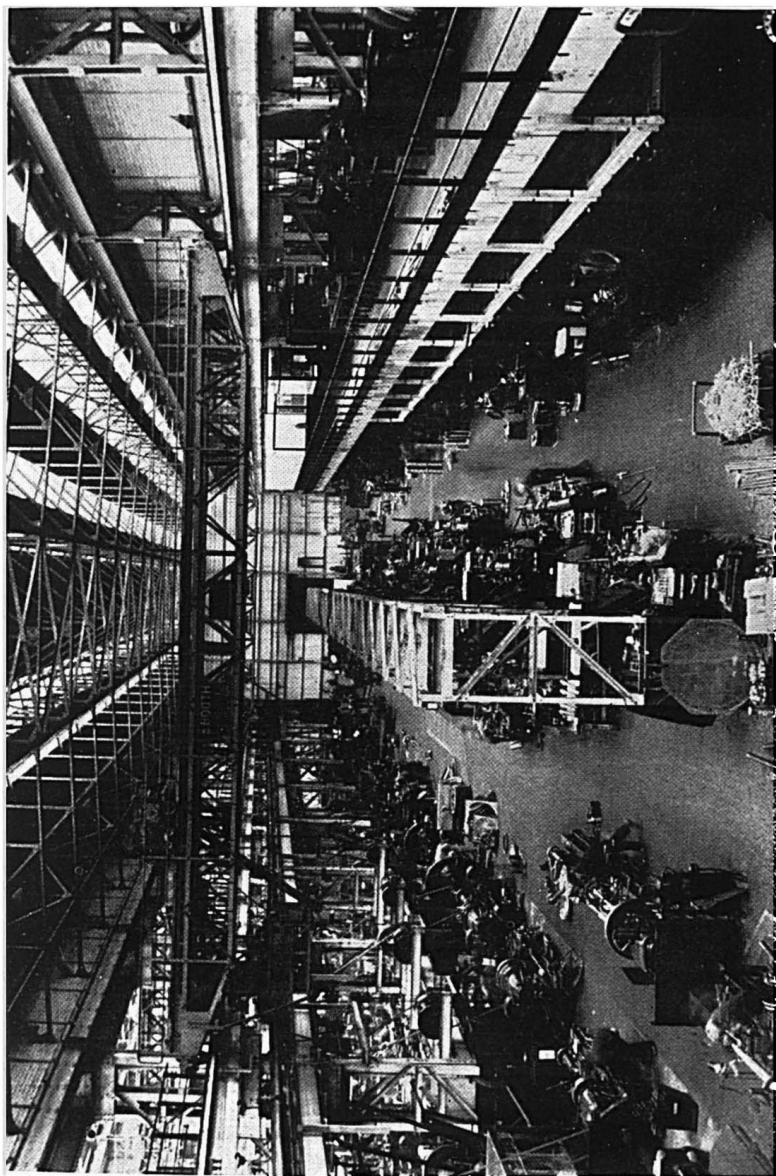
A report upon conditions in the Cairo silk-winding and hand rug-making shops is equally bad. "Tiny children of five and a half years and upwards working like rapid machines in the hand-work shops, with all expression of childhood gone from their faces." . . . In a rug-making shop a child suffering from the painful, dangerous and infectious disease of trachoma was at work, crowded close to other children. In the cigarette and tobacco factories children work among dangerous processes and imperfectly guarded machinery.

Equally dreadful are conditions in the cotton mills of Bombay.

If there is one redeeming feature in this account which differentiates it from the contemporary descriptions of Lancashire a hundred years ago, it is that it is not, as it were, a voice crying to empty heaven, but the evidence of Dame Adelaide Anderson, a distinguished British Inspector of Factories (a social official inconceivable a hundred years ago), published in the *Review* of the International Labour Office at Geneva, a publication effective enough, at any rate, to produce at once assurances from the Egyptian government that steps are now being taken to remedy the worst of these conditions.

It may not need as long as a hundred years, perhaps, to bring Egypt into line with the state of affairs already established in Lancashire. The pace of progress may be quicker for China and India as the world moves towards unification. Here, by way of reassurance, is a description of the newer phase in the cotton industry. The mill described is still not Utopian, but it is sufficiently developed from primitive conditions to show the nature of the new order to which we still seem to be moving.

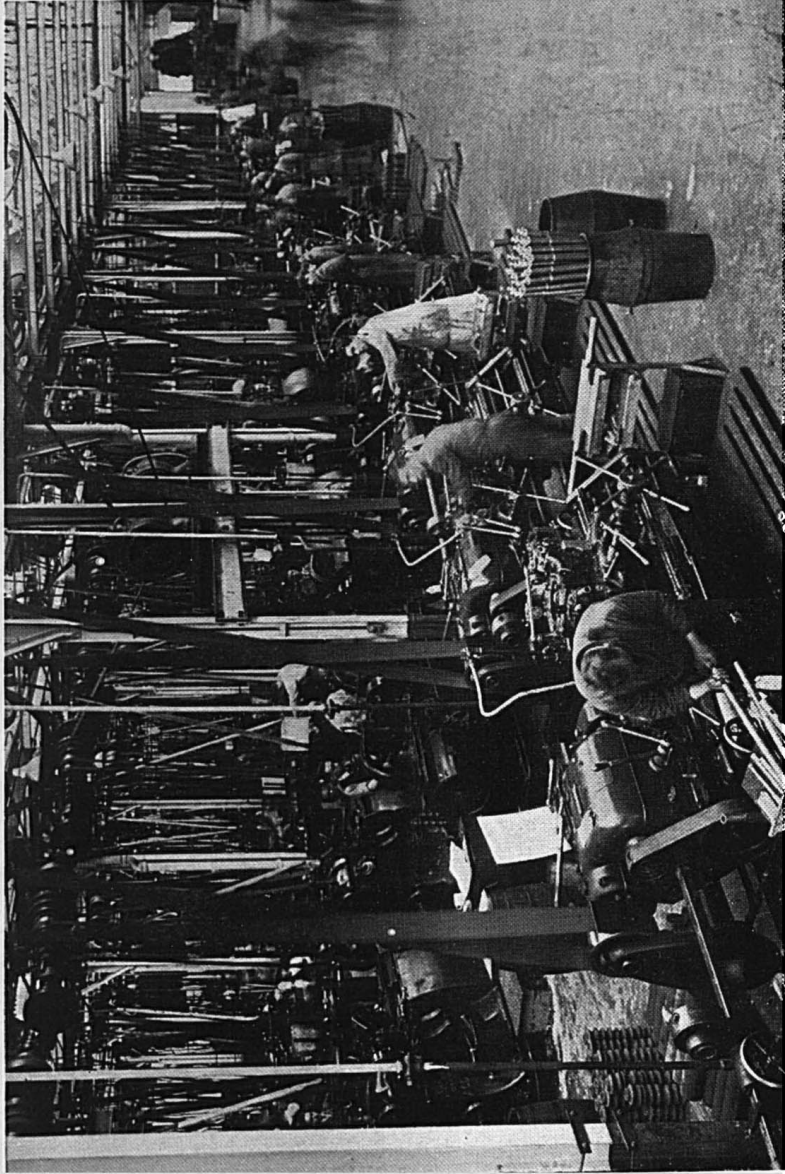
If a cotton operative of 1831 could be taken over one of the Lancashire mills to-day what would catch his attention first? Probably, the new machines, stately, complex, precise and beautiful compared with the crude mechanisms which enslaved him. Then, surely, the scarcity of human beings. In a room where a dozen great



(By courtesy of Imperial Chemicals)

• **THE ELIMINATION OF THE TOILER**

There are more machines than men at work



(By courtesy of the Associated Equipment Co.)

“THE MACHINE MAKES THE MACHINE”

Castings, stampings, etc., are taken from these busy machine lines, to emerge ready for building into the finished chassis on the erection platforms. The men who work these machines are not Robots; they are highly skilled human beings

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carding machines, are delicately gathering up their film of cotton he might see no one at all. The seething, wretched, mill-ground humanity of his experiences has vanished altogether. If he spoke of it he would be told, "There should be a girl about." Minding an avenue of shimmering spindles which would stretch from one side of a broad road to the other he would see two men and a boy. Two healthy men and a well-grown boy. The weaving sheds where women work might seem more familiar to him, for women, invincibly possessive, bring little bundles with them into the spaces between four looms where each rules over her tenter, stamp them with their personality, and so to speak domesticate them. But now new looms are coming which will need but an eighth of a man's attention—the old factory swarm is gone for ever.

Next our returned cotton slave would remark the light, the extraordinary amount of light, the clear atmosphere, the absence of little children and the air of alertness, intelligence and self-respect that reigns among the workers in a good mill. Noisy it would still be—we are not yet able to control our noises—but he would be shown lavatories, cloakrooms, water to drink and to wash in—the place so arranged generally that our now expensive workers may combine and harmonize to the best effect with the costly machinery they control. If he talked to this generation of his great-grandchildren he would find independence in the place of hopelessness, social humour for his bitter class hatred, and technical interest in improvements for his blind, agonized obstruction to every economy of toil.

But the most fundamental change, productive of these others, is that the worker is no longer an isolated individual or even a member of a helot class. He is a voter, a citizen with acknowledged rights and an acknowledged value, whose state concerns itself perforce with his safety and the decency and cleanliness of his surroundings, sees that he is compensated for accidents, and makes provision for sickness, unemployment and old age. He is also, if he is wise, a member of a respected and powerful union which guards his hours and wages and champions him in any case of ill-treatment or injustice.

This much can be found in any ordinary mill. But our present system can be run to yield far more than this. Cotton has been chosen for description in this work, instead of the mines or the

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metal industries, to illustrate the worst possibilities of industrialism in a phase of eager, profit-seeking enterprise. In England, moreover, cotton is a hard-hit export trade which handles a low-priced article. It must compete now with the output of India, China and Egypt. Yet such a firm as the Tootal, Broadhurst, Lee Company of Manchester, working with modern conceptions of scientific management and sympathetic intelligence superadded, is able not only to train but to educate the young people in its Bolton mills, teaching, besides English subjects and gymnastics, physics, mathematics and drawing to the boys, and cooking, sewing and housework to the girls. These last domestic arts are taught not only in a modern kitchen, but also in a typical Bolton cottage, so that the pupils may see what can be made of the sort of home they may one day possess. For all the employees of this firm there are a library, games clubs, musical and dramatic societies, a dental clinic and a welfare department.

The firm we have named is merely an outstanding instance of the civilization of industrialism. It is a leader in a general movement. The process is being universalized slowly, alas! but surely. Probably very few of our readers have visited the Home Office Industrial Museum in London. It is not a popular place of resort, but every day business men of the better type who are building or reconstructing factories go there for warning, advice, information, and inspiration; problems of industrial diseases and discipline are brought there by factory inspectors or employers, and studies are pursued by students of social and economic problems. It is fascinating to see how the orderly trained mind is extending security throughout our crowded, busy ant-hill. Here in one place is a grim collection of broken apparatus, hooks of cranes, chains, bearings, and torn, scorched and blackened electric fittings that have gone wrong; every one of these has caused the death of one or more workers; it is, indeed, a sort of "Chamber of Horrors" in that respect; but every one of these exhibits has been the basis of an enquiry and vigorous preventive measures. There are series of studies of, for example, the causes of explosions in industrial plants, of eye accidents and their prevention, of lighting in relation to fatigue and eye strain, of protective clothing, of the particular dangers and necessary precautions in the pottery, the bakehouse, the laundry, the printing house, shipbuilding, housebuilding and so

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on. Veiled by dark covers that must be drawn aside, there is a terrible series of wax models; arms and hands, faces and bodies discoloured and distorted by anthrax, lead poisoning, silicosis, dermatitis and a number of other industrial diseases.

Almost every new industrial process, particularly when it involves new materials, needs to be watched in the interests of the worker. Working in pitch and paraffin has brought to light unsuspected dangers of skin cancer; the increasing use of chromium has made chrome ulceration a special problem. There are X-ray photographs of choked and diseased lungs, and there is an exposition of the precautions, regulations and prohibitions that have resulted from these studies.

We have just mentioned the disappearance of flue from the cotton factory. At the Home Office Industrial Museum one may see how dust, chips, filings and flue are sucked away from the worker and out of the factory atmosphere. Another considerable section of the museum is devoted to the prevention of fatigue, to comfort, rest rooms, sanitary accommodation and kindred problems. The London Home Office Industrial Museum is only one of several. There are similar collections in Milan, Berlin, Amsterdam, Paris, Lausanne and elsewhere. They are not merely in evidence and protest against the headlong, ignorant exploiter. Associated with them is a very definite and increasing element of control and punitive power.

Such is the contrast of a modernized scientific industrialism with the hideous lawless exploitation of the opening phase—in Egypt, India and China to-day; in Lancashire a century ago—when the promise of the new order is yet masked by the greedy incompetence of the profit-seeking employer and the ancient black tradition that servitude, to be productive, must be ruthlessly imposed. In these industrial museums the spirit of the trained, educated man is made visible, steadily overcoming the dull brutality and rapacity of the primitive entrepreneur. They are among the most significant and hopeful of the signs and portents of that world of organized foresight towards which human affairs are moving.

They will move in that direction more and more rapidly as increasing masses of people grasp the significance of what is going on and throw their influence into the scale on the side of scientific control as against "free" individual profit-making. Steadily, as

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world unity is organized, the whole of man's industrial life throughout our planet will be raised to the level and beyond the level indicated by that museum in Horseferry Road to-day.

§ 7. *Vestiges of Slavery and Tropical Forced Labour*

The backwardness, the heedless cruelty, revealed by contemporary reports upon the factories of Egypt, India and China is not only dreadful in itself, but it pulls dead against all the progressive forces of the more highly organized European and American communities. On the one hand we have the civilized factory we have just described, and on the other we have the soul-destroying factories of the backward countries, undercutting all but the very highest grade of Lancashire product and obstructing further advance. We have this discord of easy modern productiveness with ancient traditional greed. The responsibilities of the International Labour Bureau at Geneva in this respect alone are colossal. The establishment of a common standard of employment throughout the world remains a distant objective to which we move forward only very slowly.

But there are still graver aspects of contemporary production, due to the present irregular distribution of civilization and order aspects that cannot be ignored in any survey of contemporary human activities. It is unhappily true, as Bombay and Cairo testify, that civilization does not necessarily follow the flags of civilized states. Modern machinery and commercial greed can outrun the modern administrator very easily. In the darker, the less illuminated regions of the world, the worst impulses of barbarism and modern business enterprise can meet and mingle to produce far more frightful consequences. There is, then, not even the pretence of paid employment; there are outright slavery and a form of enforced production under threats and duress more horrible than any slavery can be.

The extent to which slavery itself still exists is not always realized. Lady Simon, in her book, *Slavery* (1930), puts the number of "owned persons"—that is, persons who may be sold as chattels—at considerably over four million. But these actual slaves do not as a matter of fact constitute a formidable economic threat. They are confined for the most part to Arabia, the northern two thirds of

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Africa, China, and the wild territories between India and China; they are not employed on industrial work nor even in handling valuable crops for international commerce. Slave labour is extremely inefficient—it is estimated that it takes two slaves to do the work of one free man. It is unintelligent and unambitious, devoid of any incentive to improve. It is not really cheap, for slaves cost money to catch, to breed, to buy, to train and also to maintain. They receive no wages, but they must be fed and clothed, housed, tended in sickness and incessantly supervised. As against efficient modern labour the slave does not pay. Slavery as an economic method is moribund; if it survives as an institution it will be in the form of domestic servitude.

In this form it is still a social problem. The faster it can be stamped out, the better. But it is another aspect of human helplessness which challenges our attention when we are considering threats to the Atlantic standard of life. This is the system of peonage or forced labour. It is in effect, as we shall see, the economic *consumption* of backward and ill-organised races. It is far more profitable than slavery, and in some cases it is even more cruel. There are, at any rate, reasons for keeping slaves strong and well. They possess a money value, and a man must be drunk or negligent, stupid, a miser, mentally diseased, or out of temper before he will damage his own property. Slaves may, of course, fall into the hands of callous or morbid persons. Where they have been captured and marched long distances to the slave markets they must have passed through extremes of suffering. Where women are used deliberately to breed children for sale or sold as prostitutes they must often be among the unhappiest creatures on earth. But each slave, until worn out, is of value to someone. If human beings must be ill-treated or damaged in order to make them work, or killed in order to terrify their companions, it is cheaper not to buy them in the beginning.

PUTUMAYO

The natives who were tortured in tens of thousands and killed or starved wholesale by the rubber companies of the Putumayo and the Congo were not slaves. Technically they were "free" and under the legal protection of governments which rank as civilized. Their freedom only added to their misery. At this moment the

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Africans who are being flogged and robbed on the cocoa plantations of St. Thomé and St. Principé are supposed to be indentured labourers who have entered into contracts of service, of their own free will.* Sir Roger Casement's reports on the Putumayo were written only twenty years ago, and some of the men against whom his most serious charges were made are believed to be still alive, free and in possession of their fortunes and probably still engaged in their appalling activities.

The forest-rubber region of Central South America is mainly the watershed of the Putumayo River and its confluents. These waters go on into the Amazon, and they flow through a land of tropical forests. The district of Putumayo belongs to Peru, but it is almost surrounded by Ecuador, Colombia and Brazil, and at the time of Casement's report, in 1910, it was not in fact subjected to any real form of legal government. It is separated from the lower reaches of the Amazon by thousands of miles of swamp and jungle, and from the coast to the west by the Cordillera Mountains.

In 1907 it was inhabited, according to the official estimate of the Peruvian government, by about fifty thousand Indians. They were not warlike people—in fact, that they were gentle, docile, and almost defenceless, is clear not only from the testimony of travellers and missionaries, but from the fact that only once or twice did a few of them venture to revolt against the oppression the economic utilization of rubber brought upon them. Until the last quarter of the nineteenth century they were visited by very few white men. Most of them could call their lives their own. Then adventurers from Colombia began to come down the rivers in search of wild rubber trees, bringing Indians to collect the milk for them. At first these newcomers traded with the natives, selling them rubbish in order to get them into debt, or inducing chiefs to pledge the labour of their clans. When such trading failed to produce as much rubber as they wanted, they resorted to terrorism. Each of these men considered the particular river on whose banks he had settled and the Indians who lived by it as his property: he kept all competition out of the district, maltreated the natives as he chose, and carried off and kept or sold the women and children.† The agents under his

* Lady Simon: *Slavery*, p. 144.

† Annual Report of the Minister of Justice to the Peruvian Congress, 1907, p. 782. Official Peruvian Government Press.

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authority were half-tamed Indians, usually from some tribe belonging to another river, who were trained as guards and allowed to carry rifles. They themselves were compelled to force the forest Indians to bring in the quantity of rubber which had been fixed by the master and to follow them and hunt them down if they tried to leave the district. In return for this the guards were allowed to bully the natives as they pleased. The women and children were theirs to play with.

By 1910, however, when Casement's report was made, these early Colombian pioneers had almost disappeared, bought out by the Peruvian Amazon Company, which was amalgamated with the firm of Arana Brothers. But the joint firm, largely controlled by Julio Arana, carried on the old methods, though its agents now replaced the independent adventurers. It, too, relied on control by armed Indian guards, of whom Casement stated that though many he met were demoralized ruffians, capable of any crime, others, he thought, ill-treated the natives because they knew that if they did not do so they would themselves be murdered.

It was by mere mischance, from the company's point of view, that his visit was paid at all. In 1904-05 Arana Brothers had recruited about two hundred Barbados natives who were British subjects, and some of these men complained to the British Consul at Iquitos, the local headquarters of the company, that they were not only being refused the right to return, and used as slave drivers rather than workers, but that they were themselves subject to the grossest ill-treatment. These complaints bore out accusations which had been made in a book, *The Andes and the Amazon*,* written by W. F. Hardenburg, a surveyor who had travelled through the district making a survey for a railway on behalf of the Peruvian government, and the British Foreign Office sent Consul-General Casement to inquire into the question. He was of course afforded facilities by the Peruvian government and was accompanied everywhere by the Peruvian Amazon Company's principal representative.

His report† confirmed the very worst of the rumours which had been current. The Barbados Negroes—men of a semi-civilized

* Fisher Unwin, 1907.

† British Parliamentary Papers, Miscellaneous Nos., 1912. References unless otherwise stated are to this report.

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class, some of whom could read and write—had not only been forced to commit crimes against the Indians, but had themselves been the victims of gross ill-treatment. But their own cases fade into insignificance beside what the report reveals of the victimization of the natives. These unfortunate beings, men, women and children, were systematically tortured and flogged. They were flogged regularly, with twisted whips of rawhide, if the loads of rubber they brought in did not reach the weight required, and arbitrarily if anyone chose to flog them. Of the natives Casement saw, he reports that quite ninety per cent bore scars as the result of their floggings—some of the worst scars he found on children of ten or twelve (pp. 33-35). In one house containing the fifteen Indians who served as servants to a settlement he found only one small boy unscarred. Deaths from flogging were frequent (p. 37), due as a rule to putrefaction of the wounds.

After the whip the most common instrument of torture was the stocks—two heavy wooden beams with leg holes cut in them, which were closed down one over the other when the legs had been inserted. Victims were confined in these for long periods, often with their legs forced so widely apart that they suffered extreme pain, and in some stocks the holes were so small that the beams could not be closed without cutting and crushing the flesh (pp. 41-42). Not infrequently natives were flogged when confined in these machines and then left to die of hunger—an eye-witness spoke of having seen them “scraping up the dirt with their fingers and eating it” and “cating the maggots from their wounds” (p. 39). Another method of punishment was to hold them under water until they were nearly drowned (p. 38), or to hang them by the neck with their toes just touching the ground until they were almost strangled (p. 39); one witness spoke of men being flogged while in this position. When the rubber had to be transported to the coast, which happened three times a year, the Indians were forced to carry it for about sixty miles, over a path “fatiguing to a good walker quite unburdened,” and without any food but what they could bring with them. The principal representative of the rubber company himself told Casement that “hundreds” of them perished during the forced marches. One load of rubber weighed by Casement was just fifty *kilos* (100 pounds).

Large numbers, too, of the natives were shot, either as reprisals,

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after the one or two occasions when a revolt was attempted, or from mere wanton savagery. One witness speaks of Indians killed for sport—tied up to trees and used as targets (p. 66). Other individual crimes described by more than one independent witness are too revolting to have been the work of sane men. These dreadful accounts are for the alienist and criminologist rather than for the economic student.

It is obvious that under such a régime the Indian women and children were at the mercy of any white man or native guard who liked to amuse himself with them (p. 46). The Barbados men stated that they themselves were offered native "wives" at every station, but not as a rule allowed to take these women on with them if they themselves were shifted.

The general outcome of this combination of greed and ferocity may be stated briefly: Between 1900 and 1911 the amount of Indian-gathered rubber shipped to England through the Iquitos customs house was almost 4,000,000 kilograms—an amount which must have fetched between £1,000,000 and £1,500,000. The number of Indians deliberately murdered during this time or killed by starvation "often purposely brought about by the destruction of crops over whole districts" (p. 158) was at least 30,000, which is at the rate of under £50 per life tormented and destroyed. In 1906 the population had been estimated at 50,000. In 1911 it had fallen to 8,000. The difference between 30,000 and 40,000 is attributed to deaths from disease. That the coercion was so greatly intensified during these six years as to bring about this average yearly diminution in the population of 7,000 was due to the flotation by the Aranas in 1907 of a British company. In order that capital might be attracted from British investors it was necessary to show a high output, and during 1906 nearly 3,000,000 extra kilograms were extorted from the natives. It is to be regretted that the Aranas' search for British support was sufficiently successful to secure not only money but interest in very influential quarters, and that in consequence the pursuit of the Putumayo facts is not so easy as it might otherwise be.

Since Casement's reputation suffered later from the part that he played in the Irish rebellion, it may be as well to state that the most damning evidence was not taken by Casement alone, but in the presence of other members of the Commission, and often of officers

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of the company or of the British consul at Iquitos, and that all the allegations made were confirmed by the report of Dr. Paredes, the head of a judicial commission dispatched to the Putumayo by the Peruvian Government in 1911. Other reports by Peruvian officials dating back to 1905 are quoted by Hardenburg in his later book *The Putumayo, the Devil's Paradise*.^{*} The facts were beyond dispute.

Yet nothing effective was done, and so far as one can learn, nothing effective has been done. Before even drawing up his main report Casement had provided the British government with the names of the principal criminals, and these had been telegraphed to the Peruvian government at a time when most of these men were still openly in the district. They were, however, allowed to escape, some of them dragging with them large numbers of captive Indians either for sale or for continued forced labour in other parts of the forests. Two were known to have crossed the border into Brazil and to be continuing the collection of rubber there. The Brazilian government seems to have made genuine efforts to arrest them but, owing to the wildness of the region, failed in its purpose. Dr. Paredes issued warrants for the arrest of no less than 237 persons, but after he returned to the capital he "ceased to fill any judicial function," and only nine of the warrants were made effective. Even of the nine men arrested, none were brought to trial. Casement, revisiting the country at the end of 1911, found that the half-hearted attempts to plant rubber trees which had followed his former visit had come to an end again. A month later his first report was published by the British government; it had been kept private in order to give the Peruvians some inducement to undertake reforms, but when it became clear that there would not be any reforms the facts were made public. For a time the press of the world rang with the scandal. The British courts ordered a compulsory winding-up of the British company. Sir Edward Grey instructed British consuls throughout the world to report in future on the treatment of native races within their districts. Then came the war and a multitude of distractions. Facts to-day are hard to gather. What happened to Arana and his agents, and what is happening now in the rubber forests, nobody knows.

* Fisher Unwin.

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CONGO RUBBER

The havoc wrought in the Putumayo district, bad as it was, may be considered as almost trifling and accidental beside the devastation caused by the French and Belgian rubber companies in the Congo. Their individual crimes were no worse—you cannot do more to people than torture them to death—but in every other respect the Peruvians and Colombians are distanced by their European competitors. In the first place, the area of country and the number of victims concerned were very much greater, and the period of misrule longer. The two Congos, French and Belgian, cover an area of 1,600,000 square miles, rather larger than Europe without Russia. In the Belgian Congo the native population was reduced from over 20,000,000 in 1890—some observers, among them the English explorer Stanley, placed it at 40,000,000—to 8,500,000 when an official census was taken in 1911. There seem to be no figures available for the French Congo. They are probably smaller, partly because the area concerned is only two thirds of the other, partly because the French part of the country was never so densely populated. But it seems likely from what evidence we do possess that the proportion of survivors was much the same. In a debate which took place in the French Chamber on February 19 to February 21, 1906, it was stated that according to official documents in one region alone 20,000 natives out of the 40,000 who had lived there were destroyed in two years.

Secondly, the outrages of the Putumayo were perpetrated by a few hundreds of persons working for a private company in a region where no governmental control existed. It was an escape from control. The wholesale massacres of the Congo, on the contrary, were carried out either by the actual forces of the State, or by mercenaries hired by wealthy companies who enjoyed the full support of their governments and were defended by them with ardour in their respective parliaments. The one scandal happened in a remote frontier district; the other was systematically planned in Europe by persons holding exalted positions and was deliberately carried on with the aid of many well-known European newspapers, a skilful propaganda, and a widespread system of bribery. The originator, the mainstay and the chief beneficiary of a system which

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has killed more human beings than the European War, was King Leopold II of Belgium, and every influence which can be wielded by an astute and wealthy king was wielded by him in order to ensure its continuance.

The Congo Free State was formed in 1884, under the name of "The International African Association" "for the purpose of promoting the civilization and commerce of Africa and for other humane and benevolent purposes." King Leopold, who was the head of this association, represented that his agents had drawn up treaties of amity and friendship with the independent native rulers of the Congo, and he persuaded the other European powers to recognize him as absolute and personal sovereign of the greater part of the Congo basin in return for various assurances embodied in the "Congo Act." These included a promise that he would put down the slave trade then being carried on by Arab raiders; a guarantee of "complete freedom" to the trade of all nations, another guarantee against the granting of any trade monopolies or favours, and a general pledge that he would "watch over the preservation of the native tribes." He was enabled to obtain this position of trust partly because he bore the reputation of a wise ruler and a philanthropic man, partly because of the English support which was forthcoming for the son and namesake of Queen Victoria's favourite uncle.

This accomplished, he set about to do four things: assume possession of the land and its products; stop private trading, especially in rubber and ivory; raise an army among the savage tribes of the Upper Congo, and organize propaganda in Europe. By 1890 he had recruited some thousands of soldiers—in many cases by downright slave-raiding. His circulars* promise bonuses of ninety francs for every man over one metre thirty-five centimetres in height, sixty-five francs for youths over one metre thirty-five centimetres, and fifteen francs for male children over one metre twenty centimetres. The next step was to get permission from the European powers to impose duties on merchandise in order, ostensibly, to fight the Arab slave-raiders. There were at that time both English and Dutch firms established on the Lower Congo, and protests were made by them as early as 1890 that the policy of the

* Quoted in debates in Belgian Parliament, March, 1905; March, 1906. Official shorthand reports.

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Congo Free State was ruining private trade and stirring up strife among the natives. The King, however, replied to these protests by a wide-spread newspaper propaganda, and obtained permission from Europe to exterminate the Arabs, and £1,000,000 from Belgium to carry on the war in return for his leaving her the Congo in his will. He succeeded in driving the Arabs from the Congo and in getting possession of the enormous stores of ivory which had been in their possession. Then he turned to his other objectives.

In order that the reader may form a picture of what his actions effected, he must be told something of the state of the river country and the natives who lived in it as Stanley found them on his voyages in 1879 and 1882. The river banks were at that time the home of a flourishing population which he estimated at forty millions. He saw large numbers of centres of population, each containing from 5,000 to 40,000 people--settlements extended for hundreds of miles along the waterside. The tribes had reached a certain level of civilization—they made beautiful cloths and ironwork, carried on a number of other skilled crafts, cultivated a large variety of vegetables as well as maize and sugar cane, kept their gardens as well as Europeans could do, and were above all enthusiastic merchants who made long voyages up and down the river and maintained trade relations with the distant tribes of the interior. These people were savages—there were even among them a certain number of cannibals—but the foremost Belgian historian of the Congo said of them at that time, "They are warriors only for defence; they are one and all traders."* It is as well to stress the fact that their rulers held the land in trust for the tribesmen and "early explorers of the Congo; Catholic and Protestant missionaries with long years of experience in different parts of the territory; British consuls, indeed a whole host of witnesses" testify to the jealous regard of the native population for their rights in land.+ This land King Leopold proceeded to appropriate. By an official decree of July 1, 1885, he declared that "vacant land must be considered as belonging to the State."

By vacant land, it subsequently appeared he meant all land not actually built upon, the forests in which the various tribes hunted and collected the raw materials for their trading and their crafts. In

* Wauters: *L'Etat Independant du Congo*.

+ E. D. Morel: *The Black Man's Burden*, p. 115.

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1891, his armies being prepared, he forbade the natives to collect or sell rubber or ivory to merchants, or merchants to buy them from the natives. This practically destroyed the whole private trade of the area, for it was for rubber and ivory that the goods of the European firms were interchanged. Henceforth, any native who collected rubber for anyone but the State was a poacher, and the merchant who bought it of him a receiver of stolen goods. The merchants protested, but with no result, and they were finally forced to abandon their business.*

Next, by secret instructions dated Brussels, June 20, 1892, the King informed the Governor-General of the Congo State that the officials of the State were to "exploit the produce of the forests." To induce them to do this he would pay a bonus on rubber and ivory "proportionate to the cost of exploitation"—that is, the less the native received for what he brought the greater was to be the payment to the official.† When news of these instructions reached Europe, the German government protested that it was a violation of the Congo Act to which Germany had been a signatory. Leopold, in a reply dated December 11, 1895, signed Edmond van Eetvelde, denied that any bonus was either in existence or in contemplation. It was, in fact, the pivot of his organization.

Next a system of "taxes" was imposed on the natives—they were ordered to bring in certain amounts of ivory, rubber, or whatever produce of value the district produced. When the forests were exhausted the natives were compelled to labour themselves or to bring in food for those engaged in forced labour.‡ Officials were informed of the amounts they were required to collect and given a certain time in which to collect them. Refusal to furnish the required amount was to be considered as a revolt and punished by force of arms, and by taking hostages.

Under this system, between 1899 and 1906 alone over £13,700,000 worth of rubber was collected by the natives of the Congo.§ Within a year of its inauguration the Lower Congo looked "as though a

* The full story of these events may be found in E. D. Morel's three books: *King Leopold's Rule in Africa* (Heinemann), *Red Rubber*, and *The Black Man's Burden* (Parsons).

† Official shorthand report, Belgian Parliamentary Debates.

‡ Official shorthand report, Belgian Parliamentary Debates, July, 1903.

§ *Red Rubber*, p. 36.

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tornado had torn across it and destroyed everything in its passage.”* The amounts fixed as “taxes” were so great that it was impossible for the tribes to produce them. They refused, or failed, their villages were raided and burned, their women carried off as hostages to be redeemed, if they were still alive, by payments in rubber.

The report of one of the remaining Belgian merchants says, “There is not an inhabited village left in four days’ steaming through a country formerly so rich; to-day utterly ruined. . . . The soldiers sent out to get rubber and ivory are depopulating the country. They find the quickest and cheapest method is to raid villages, seize prisoners, and have them redeemed afterwards for ivory.” If we add that one or two black soldiers armed with rifles were left as sentries in every helpless village with no one to call them to account, and that as a check on their wasting cartridges they were told in many cases to cut off the right hand or sexual organs of their victims, dry them, and bring them in baskets to their superiors, one for each cartridge used, we have the essential features of the system.† As for these superiors, whether King Leopold’s own officers, or the officials of the great companies to whom he had farmed out part of his territory, it may be as well to add that they were not allowed to resign. If they left their stations they were prosecuted for desertion or died or were killed on their way to the coast.‡

For twenty years this procedure was pushed methodically further and further inland under the name of “pacification.” In 1903 a traveller named Murdoch, in 1907 another called Scrivener, travelled up the Congo for weeks together without meeting a single human being, past “long miles of ruined mouldering villages thickly strewn with skeletons”§ where once there had been a dense population. In groups of villages estimated in 1898 to have contained about 140,000 inhabitants, in 1903 under 18,000 were left.|| The country of which these statements were made was part of King Leopold’s “private domain.”

Matters were even worse in the concessions. The Abir Company—an organization managed by a council consisting among others of a

* *The Black Man’s Burden*, p. 120.

† British Government White Book, Africa, No. 1, 1904.

‡ *Red Rubber*, p. 88.

§ *The Black Man’s Burden*, p. 124.

|| *King Leopold’s Rule in Africa*, pp. 238-41.

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Belgian senator, the Grand Master of King Leopold's court in Belgium, a prominent banker and member of parliament, an ex-governor-general of the Congo, and a Belgian nobleman—"enrolled thousands of natives, armed with rifles and cap-guns, to force the rubber output upon the general population. It kept some 10,000 natives continually at work all the year round collecting rubber, and some 10,000 men, women and children passed every year through its 'hostage houses.' . . . When certain areas became denuded of rubber, the remaining male population was carried off wholesale under escort and flung into another area not yet exhausted, their women handed over to the soldiers."

It can hardly be necessary to add to this picture by the enumeration of atrocities. Of course, there were atrocities, tens of thousands of them, there were intended to be—they saved cartridges. And they were filthy and bestial beyond description. One official seems to have punished men who did not collect enough rubber by forcing them to drink the white man's excretion.* Another made the natives eat the rubber if it was badly prepared. The Court of Justice at Boma—there was a court, and great play was made with its existence in Europe—decided that the subsequent illness and death of the Negroes concerned could not be attributed to this as the "introduction into the stomach by the mouth of an elastic substance was not productive of after ill-effects."[†]

The reports of these atrocities were, of course, challenged. From the first complaints of the European merchants settled on the river to the last debates in the Belgian Parliament, every criticism of Leopold's administration was met by official denials, by a widespread counter propaganda, and by allegations that the criticisms came from corrupt or interested persons or formed part of political plots. Occasionally new "humane" regulations would be published in Europe in order to impress public opinion. In 1903 an edict appeared in Brussels to the effect that the natives were only to work forty hours a month at rubber-gathering. In 1906 three inspectors were appointed. But slowly information leaked out—always disputed, always contradicted by King Leopold's ministers and the heads of the Catholic party in Belgium, in spite of the

* Memorial to Congress from the American Missionary Societies, January 16, 1905.

† *Red Rubber*, p. 106.

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courageous protests of the Catholic missionaries on the spot.

There is no need to go into the nature of the evidence here—it may be consulted by anybody on the shelves of the Anti-Slavery Society in London. Or the names and numbers of the parliamentary papers, and British and American consular reports which confirm the statements of travellers and missionaries and of officers and officials themselves entangled in the system may be found in Mr. Morel's books. In case any reader has been made sceptical by war-time stories of atrocities, let him consider that Leopold II was defending himself and his closest friends against these charges for over twenty years. In this task he spared neither time nor influence nor money. And year after year, in speeches and books, openly published, Morel and the other principal members of the Congo Reform Association accused him of deliberately inciting, bribing, and even commanding his officers and soldiers to wholesale murder, rape, arson, the feeding of troops on human flesh, mutilation, and torture of every description. They accused the King of doing this deliberately and systematically, to an accompaniment of lying and corruption, for the sole end of amassing a personal fortune. They published the names of many of the responsible heads of the concession companies; they made their charges specific and personal in the highest degree. They were well-known men living as a rule in England, whose courts would not have hesitated for a moment to condemn them if what they said overstepped the limits of legal proof. And no one of them was ever prosecuted for libel.

That the Leopoldian régime endured in the Belgian Congo for twenty years was due to the fact that the man responsible for it was a king, and a king who had enjoyed until middle age a reputation for virtue and benevolence. The Congo Free State had been brought into being amid such torrents of eloquence about helping the natives that it took ordinary people a long time to make the necessary complete reversal of their opinions. From the beginning Leopold had realized the need of a complicated defensive organization at home. Side by side with his system of terrorism in Africa he built up a system of propaganda and corruption in Europe. To begin with, he farmed out large areas of the Congo territory—in all perhaps two-fifths of the whole—to companies of persons whom he thought it advisable to influence. He kept half the shares in each of these companies for himself; the rest were held by court officials,

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journalists, bankers, judges, etc. These enterprises soon became enormously profitable. Paid-up shares of the A. B. I. R. Company of a par value of £4.6.6 were freely dealt in at prices between £700 and £1,000. This in itself constituted a barrier against reform, for every step taken to expose the system brought down the value of the shares—which finally, when reform was complete, fell to a few shillings. In addition, the existence of a market in these shares gave the King an opportunity of placing his inside knowledge at the disposal of journalists, financiers, or politicians whom he wished to bribe. He enlisted the general support of the Clerical party in the Belgian Parliament and the unwavering loyalty of their leader, M. Woeste, by various political concessions, though individual Catholics supported the Socialists in their demand first for reform and then for annexation. In Belgium itself the King had the further advantage that he ruled the Congo Free State not as a constitutional monarch, and not in his capacity of King of the Belgians, but as an absolute monarch and purely in his personal capacity.

Even so he felt unsafe; he needed accomplices against a possible day of reckoning. He lay open to the attack of hostile philanthropists in France, Germany, and England. He therefore set about inducing the French to introduce his system into the French Congo. He employed journalists to contrast the enormous profits made by the great Belgian concessions with the small trade done in the "undeveloped" French territory. A wave of speculation in Belgian rubber shares coincided with this effort and attracted the attention of French financiers. Finally, in 1899, after what a well-known French writer described as "scandalous financial and political intrigues, bribery and corruption," Leopold succeeded. Within a year the French Congo had been parcelled out among forty financial corporations each with a thirty-year charter. Many of them were partly financed by Belgian capital, and their directorates interlocked with those of the great Belgian concessionaire companies. An attempt was made to extend the system to French West Africa and the German Kamerun. There were powerful trading firms in the first of these colonies, and they combined with the officials to defeat the proposal. In particular the Governor-General of French West Africa, M. Ballay, opposed a system which required "a soldier behind every producer." The German government did grant two concessions to Belgo-German companies, but

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after a year the privileges of these groups were cut down and further applications for concessions refused.

The French Congo lies to the north of the Belgian—it is a country covering 600,000 square miles and carrying just before the war a population of 5,000,000. At the time when the Leopoldian system was introduced, such trade as existed was largely in the hands of trading firms who had established themselves along the sea coast and on the lower reaches of the river Ogowe. Under the new system the concessionaire companies considered themselves entitled, by their charters, to sole possession of all the rubber and ivory in their respective countries, and it followed that trade in these commodities between the natives and any third party became illegal. The natives were forbidden to approach the trading stations. The local administration—which was to receive a royalty of fifteen per cent on the company's output—imposed a tax payable in rubber itself, and to be paid to the companies. When, failing legal redress, a revolt occurred against this new state of affairs, the concessionaires sent out their raiding bands, the government its columns of soldiers, to burn and slay from one end of the country to the other.

In 1905 somebody got hold of a batch of suppressed reports made by officials appointed under the De Brazza régime which had preceded this modern exploitation of the Congo. They were published, and they revealed to the French public a state of affairs the exact parallel to what, by that time, was known to be going on in the Belgian Free State. Here all over again were the murders, the mutilations, the women carried off wholesale for the use of troops, the hostage houses, and the atrocities. Tens of thousands of natives were stated to have perished during these first five years. French feeling ran high at these disclosures. The government of the day was alarmed into sending out De Brazza, the former governor, to report on the new régime. His instructions (since published by his widow) contain passages urging him to make it clear that the French system was not similar to the "proceedings of methodical tyranny" which were being carried on in the Congo Free State.

It is true that the French government had not reserved large areas for systematic exploitation on its own account which could be compared to *Domaine Privé* or the *Domaine de la Couronne* on the other side of the frontier, but its administration and its armed forces

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were supporting the concessionaire companies in a system which was identical with that carried on by the corresponding Belgian companies. De Brazza confirmed this. In a way, this was unfortunate. The English Foreign Secretary—Lord Lansdowne—had suggested that an international conference should be held to discuss the affairs of the Congo, and had the French been able to enter such a meeting with a favourable report in their hands the Government of France might have agreed to it. As it was, France joined with Belgium in resisting the calling of a conference, and the proposal was dropped.

De Brazza died on his way home from the colony; his staff were forbidden to draw up a report from the material they had collected, and all that happened was a three days' debate in the French Chamber (February 19 21, 1906). The demand for the publication of De Brazza's material was defeated by 345 to 167, and although charges naming most serious crimes were made against particular companies, and it was proved that the government inspectors were recommending their dissolution, no steps whatever, either then or subsequently, were taken against them. On the contrary, the travelling inspectors, who had at least reported, though their reports had been suppressed, were removed in 1911.

By that time matters were improving in the Belgian Congo. There is no space in this book for a history of the Congo reform movement, and it is enough to say that in 1908 the Congo Free State was formally annexed by the Belgian government under the name of the "Belgian Congo," and that reforms were set on foot so that the worst features at least of the Leopoldian system disappeared. In 1913 the Congo Reform Association was able to meet in London and to dissolve itself in the belief that its work in the Belgian Congo was done. But in the French Congo it is feared that matters are still far from satisfactory. The latest account which we have in English is *Travels in the Congo* (*Voyage au Congo* and *Le Retour du Tchad*), by M. André Gide, the well-known French writer. These two books were published in 1927 and 1928, immediately after his return. M. Gide seems to have gone out on a semi-official mission with no idea at all in his mind that he would be interested in the treatment of the natives. He says that when he had been there for a few weeks he could think of nothing else. Where the natives were under the direct control of the French government he

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found them poverty-stricken—sometimes starving—but free, once their rubber tax had been paid. This tax was estimated to take them one month's work in the year. But in the interior, where concessions have been granted, he found the old evils still going on. He arrived at one spot six days after a black sergeant had shot twelve men, massacred fifteen women with an axe, and shut five young children up in a hut and set fire to it.* The native who first brought the news to M. Gide's party was thrown into prison for having done so, but M. Gide was able to get him released and the agent of the company prosecuted—with what result the book does not say.

He also found women, some with babies at the breast, forced to make a great embankment of earth which more than once gave way and buried the women and children at the bottom. This "murderous road" was to enable the representative of the *Compagnie Forestière* to drive along it once a month in his car. He was told that a month before a native had been flogged to death, in the presence of M. Pacha and M. Mandivier, the company's agents, for not bringing in enough rubber.† A chief told him that he had seen ten men die in a single day as a result of ill-treatment. He found children of both sexes taken away from home with halters round their necks and made to work for six days without pay or anything to eat. Again his informant was imprisoned.‡ He was told by a government medical officer that the *Compagnie Forestière* breaks all the sanitary regulations and propagates sleeping-sickness in districts free from it by its system of recruitment; that it is "ruining and devastating the country."

Nevertheless, one gathers from what M. Gide does not say that matters are better than they used to be. From systematic massacre things have toned down to such unsystematic murder as we have here described. But it is difficult to get exact information—or even to find out how many concessions are still held by the companies or what they are doing with them.

This account of the massacre of primitive and barbaric societies by the uncontrolled forces of modern industrialism, enterprise, and finance, threatens to grow out of proportion to the rest of our review

* *Travels in the Congo*, pp. 65-66.

† *Ibid.*, p. 70.

‡ *Ibid.*, pp. 148-49.

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of human life. It has run away with the pen. And yet only one side of this monstrous rubber story has been told. There is another, later, rubber history almost as depressing if not as horrible as the story of forest rubber. This is the story of plantation rubber. From blood and torture we pass to dismal servitude. In *Asia* for February, 1931, M. Luc Durtain gave an account of work upon the rubber plantations of Indo-China. It is a description of brutal compulsion and unhappiness, inflicted in this case upon Annamese victims.

From this history of rubber-getting a complete description of this aspect of barbaric servitude to modern economic demands would go on to the long, intricate black record of forced labour in South and Central and West Africa, less atrocious, perhaps, but equally unrighteous and unhappy. From rubber it would pass to gold, to diamonds, to cotton and copper. Everywhere there is the same story of greed, of haste. The same crying need for controls is manifest. It is a history of things unforeseen. It is a crowning demonstration of the diabolical possibilities of uncontrolled and uncriticized profit-seeking. Supremely it is a story of the new powers and forces that have come to man, running wild and crazy in a last frenzy for private and personal gain.

King Leopold, that *reductio ad horribile* of the obsolete advantages of monarchy in the modern world, is only a crowned and glorified symbol of a world-wide undisciplined spirit of acquisitiveness. The new economic life has come upon mankind unheralded and unpremeditated, and first it caught and enslaved the poor and the children of Great Britain and western Europe, and now it has spread throughout the earth. The old traditions of trade and gain and government are insufficient to control it, and we are still struggling to discover new forms and methods of control. It feeds and expands the life of hundreds of millions which could never have come into existence without it, but also there are those other millions it crushes and torments.

But there for the present we must leave this part of our spectacle. At this stage of our survey we are not ready to discuss any solution of the problems that are raised in these two sections. We must go on for a time with our examination of the developing new world economy that plays such havoc with the unprepared; then we must go into the question of the motives that keep people toiling, seeking

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gain, helping, oppressing, and destroying one another. After that we shall be able to bring the operations of finance and the wealth scramble that are so largely responsible for these stresses into a rational relationship with the present governments and the present education of mankind.

Then and only then shall we be able to return with sound comprehensive ideas to the problem of these sufferings, ideas which will enable us to measure our hope and plan our activities for ending such distresses for evermore. In these matters indignation is not enough. Indignation without restraint is little more than a vindictive impulse to extend the area of a wrong. It is the clear head and the thought-out plan that will lead us to a happier world. Let us therefore resume our general description of the organization of modern production.

§ 8. *Rationalization*

Any talk of the organization of businesses nowadays will evoke the word *rationalization* at a very early stage. And just as *democracy*, *dictatorship*, *ideology* and *realism* are all used nowadays to mean something the reverse or almost the reverse of their original significance, so *rationalization* also is an inverted term. To rationalize has one meaning in psychology, another meaning in the sociological writings of Max Weber, and quite another in the loose discussions of modern politicians and business men. We are using it here in its current popular sense.

It is one of those words which are really easier to understand than to define. Mr. Urwick, in his very illuminating book, *The Meaning of Rationalization*, gives a pleasing variety of "definitions" by a number of people who for the most part do not define it at all. They talk of the "spirit of rationalization" and what it is intended to do. The gist is a repudiation of haphazard—of uncontrolled—"evolution" in a number of fields where it has hitherto ruled; a recognition that planned and calculated design and adjustment are needed throughout the whole world of economic life. Such are the root conceptions of this work, and they are conceptions that have been growing more and more plainly acceptable for some years. Their practical application has been, so far, more effective in the United States and Germany than in Britain, but their discussion has been,

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as are all such discussions nowadays, world-wide.*

An outstanding, indeed a heroic, exponent of rationalization in Germany was Walther Rathenau. It was the late Lord Melchett who popularized the word in England. At times he used it—evidently with “anti-Socialist” controversy in his mind—almost as if it were the antithesis of nationalization; his reasonable point being that business can be better reformed and reconstructed from within by business men, than from without by politicians. But the word has a much wider sweep than that would give it.

It took some time for the leaders of British financial and industrial thought to arrive at this idea of a planned remodelling of business organization. Their ideas, because they have an older tradition, remain much more “individualist” and “evolutionary” than those of their American and German equivalents. At the end of the war their first apparent impulse, unhappily too effective, was to escape from all co-ordinating controls and stampede back to the happy days of detached profit-seeking before the war. It took quite a long time for them to discover that the days before the war were no longer available as an objective, and meanwhile other countries moved forward intellectually and practically.

Rationalization is often confused with headlong amalgamation. It is nothing of the sort. It may be easily possible to carry the coalescence of business organization too far. Points may be reached, varying with the particular industry concerned and with regional conditions, at which the advantages of economies are balanced by the difficulties of management and direction, and beyond these points there may be an increasing loss of vigour and effectiveness with increasing scale. With regard to certain overriding broad services such as transport, the rational distribution of various staple products, and the like, there may be no real essential obstacle between existing conditions and a rationalized world control; but with regard to much of the business of the world the most favourable dimensions for autonomous businesses may be reached at a far less universalized level.

In some, and possibly in many, directions attempts at unified organization may have already been carried beyond a favourable extreme. And they may have been carried in the wrong direction.

* A clear and interesting sample of the spirit of Rationalization up to date is Donham's *Business Adrift*, with an Introduction by Professor Whitehead (1931).

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Combination should aim at material industrial advantages. So far as "rationalization" means that, it is little more than what was known before the war as "co-operation"—in restraint of injurious competition. There should be physical economies; less fetching and carrying, less waiting and delay, a steadier employment of power, a better division of labour, a shortening of time, less "splash," the elimination of intermediate profits. Such are the legitimate ends of the rationalization process. We do, however, find a type of merger which is merely financial, a merger to monopolize a market rather than serve a public better. We can but glance here, anticipating various issues we shall have to raise later, at the way in which national tariff arrangements may facilitate such merely financial profiteering combinations. World-wide free trade and a world-wide common commercial law might result not in an increase but in a break-up of many large industrial constellations, at present operating rather in restraint of trade than for economy of service.

How far the size of an industrial concern may be increased depends also very largely upon the level of intelligence and honesty and the facilities of intercommunication in the community in which the concern is operating. These set temporary and removable limits to super-organization, but there are also very definite maximum limits to every type of control and association, limits due to irremediable mechanical difficulties, just as there are definite material limits to the size of every type of animal and vegetable organism. There is a relation between the intricacy and largeness of a job to be done and the amount of grey matter to be devoted to it. The most powerful mind conceivable cannot give more than four-and-twenty hours of attention to the details of a task. As the breadth of a control increases, its complexity of intervention must diminish.

In addition to these essential limitations to the concentration of control there is an immense variety of forms of human production and transmission, where the need for a very high degree of detailed freedom is imperative. A very precise limit is set, for example, to the activity of multiple retail shops. They can distribute standardized things, but they are useless or vulgarizing and mischievous when they attempt to deal in objects in which a certain individuality is essential. You cannot have chain shops to sell pictures. You cannot, as another example, have satisfactory mass-produced costumes for women. People weary even of cigarettes, cakes and

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tea in uniform packets, and where a chain-shop organization has bought up all the groceries of a countryside, it is not uncommon to find little enterprises springing up, "Ye Olde Tea Shoppe," or "Lavender's Parlour," or such-like quaintness, in which a couple of maiden ladies will sell recommended teas of obscure purveyance and home-made cakes, at Bond Street prices, and do very well by it. Their human inefficiency seems more welcome than the hard, limited certainty of the packet. Similarly, there is always room for the small manufacturer of "special" individual cigarettes in the smarter quarter of any city.

When we come to the selling of any kind of work into which a strong element of artistry enters, the objection to wholesale dealing is fundamental. It would be interesting to find out how far the big general stores of America and Europe, which attempt to deal in everything under the sun, have been obliged to make such departments as book-selling, tailoring, furniture, and so forth, autonomous and self-subsisting. It would be equally interesting to find out how far such an industry as that of the dress fabrics of Lyons has had to follow the same process. Distinctive designs are produced exclusively for special buyers who make costumes for a select clientèle, and this must necessitate independent or quasi-independent small manufacturing concerns. I believe that it would be possible to trace a very widespread process of internal decentralization and rehabilitated freedom, in modern production and trade. Many great concerns may prove on examination to be like the present British Empire, an association of practically independent organizations with nothing to link them except the "golden link" of ownership by an overriding company—a sort of parallel to the golden-link function of the imperial crown.

Rationalization, we repeat, is not amalgamation. Economy, research in common, exchange of information, exchange of services, elimination of competition in buying and selling alike, mutual financial accommodation, agreements to share out work so that one concern may concentrate upon this type or model of production and another upon that, these are among the essentials of rationalization. For a conception of economic life that is all adventure and speculation, jostling cut-throat competition for profits, conflict and waste, rationalization substitutes the idea of a planned, statistic-ruled system, adequately and efficiently productive and distributive.

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For conflicting completely separated businesses, it substitutes the idea of inter-related and confluent businesses. It is in fact Nominalism instead of Realism applied to the titles of firms and the names of undertakings. Because a mass of activities are assembled for a time under one name, that does not mean we are dealing with a permanently distinct organization in conflict with similar organizations. Rationalization sets its face against that delusion; it is indeed essentially a revolt against that delusion.

Naturally rationalization comprehends the idea of scientific management and stimulates its application. Expressing as it does the feeling that for every process there is a best way which is the right way, *it involves the repudiation of the idea that individual profits are the test and end of business success.* The discussion of motive in social life is a very important one, we shall devote to it the whole chapter following this one, but here we must note that rationalization is in effect a renunciation on the part of its advocates of any priority of the owners' profits over the health, vigour and future development of the service or industry rationalized. That is a profoundly significant change of front in the world's business life. And advances upon that new front must bring us at last logically to the realization of the whole world as one organized business system.

§ 9. *The Co-operative Movement.**

We have already noted the characteristics of co-operative retailing in our account of the buying and selling of goods. But co-operative retailing is only one aspect of a constructive movement of very great significance in our present welter of economic experiment and reconstruction. It is mainly confined to the more highly industrialized countries of Europe. Differences in phase of economic development have checked its appearance in America. In our account we shall have to glance at various considerations that will be dealt with more directly in our subsequent chapters (VIII) on social motive, (IX) finance, and (X) wealth. It is impossible to consider the co-operative movement as concerned solely with economic method and mechanism.

* See *Self and Society*: a collection of essays published by the C.W.S.; B. and S. Webb: *The Consumers' Co-operative Movement*, P. Redfern: *The Consumers' Place in Society*; E. Poisson: *The Co-operative Republic*, and Professor Bernard Lavergne: *L'Ordre Co-opératif*.

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In its wider sense the term "co-operation" covers all that rationalization implies and more also. As Professor Henry Clay points out, every sort of voluntary association to restrain reckless individual self-seeking, cut-throat competition,"* and the like, is essentially a co-operative association. Price agreements, cartels, trusts, trade unions, employers' associations, all fall within the term.

But when we speak not of co-operation generally, but of the co-operative movement as it is manifested through such organizations as the English and Scottish Co-operative Wholesale Societies, the French Consumers' Co-operative Societies, and their associated propaganda, then we are dealing with something at once more specific and more far-reaching than any mere combination to control competition. The movement looks beyond immediate relief and economies to a new world, to the Co-operative Republic, the Co-operative Commonwealth. It carries its projects of rationalization right up to the social and political reconstruction of the human community. It is a theory of society based on the idea of man as a consumer. The customer has looked at the world, and this movement is the outcome.

Since Britain and France were the first countries to experience the industrial and mechanical revolutions, it was natural that in these countries also the first attempts should be made to stem the destructive effects of the chaotic individualism these changes released. There are records of the co-operative buying of food by workers to protect themselves from the rapacity of retailers before the end of the eighteenth century, but it was only after the end of the Napoleonic Wars that systematic attempts to arrest the storm of reckless competition, of under-selling and under-paying, of sweating and social degradation, began in real earnest. Robert Owen in England, and Fourier and Saint-Simon in France, are the outstanding figures of that new effort. We owe both the word "socialism" and the phrase "co-operative movement" to Robert Owen, and in their early stages the ideas conveyed by these words were closely akin. They spring from the same root. We have no space here for a history of the development and variation of socialist ideas. The basal concept of the co-operative movement as distinguished from other branches of the Owenite stem was the voluntary combination of individuals into associations for pro-

* *Economics for the General Reader*, Chapter VI, § 3.

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ducing, buying and selling, for mutual aid and for the education of their children. These associations were to form, so to speak, the nuclei of a new social life amidst the stresses of the old. They were to succeed and multiply and coalesce at last into a new human society. Socialist thought moved away from this idea in the direction of the "social revolution" of the Communists or of socialization through the development of public services (Fabianism). The co-operative movement, on the other hand, seeking to "crystallize" a new world out of the current disorderly liquefaction of the old social order, narrowed down to small voluntary associations.

For some decades the history of co-operation was one of experiments, for the most part unsuccessful. The idea produced, however, devoted workers and thinkers like George Jacob Holyoake in England and Charles Gide in France; it found willing and untiring, unsalaried officials and organizers; it tried and tried again to achieve realization. All men are not self-seekers, or there could be no co-operative movement to-day. Only gradually was it realized that the systematic development of a growing and spreading co-operative organization must begin at the consumers' end. It was in 1844 that the Rochdale society hit upon the idea of a "dividend," which we have already described in Chapter VI, § 4, and found in that idea the way to solvent and efficient co-operative marketing, and about eighteen years later there were enough successful co-operative retail societies in operation to found the still vigorous and expanding British and Scottish Co-operative Wholesale Societies. Concurrently propagandist and educational organizations were formed. From that time onward the history of British co-operation has been one of discreet but steady expansion, until there are now 6,000,000 members of the British consumers' co-operatives representing certainly over 18,000,000 of the population. For a time the co-operative idea in France was applied chiefly to production groups, but in 1885 a nuclear consumers' co-operative appeared at Nimes, and the movement has now attained to a membership of over 2,000,000. It is strictly a workers' movement. Even in Great Britain it has never spread upward to the middle classes.

The co-operative movement has always been quietly but persistently propagandist and enterprising. And it has always displayed a strongly cosmopolitan disposition. Its tentacles spread

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throughout Europe and reach to India and Japan. Gradually the difficulties in the way of producer co-operation have been studied and solved. In Ireland, in Russia, Italy and other mainly agricultural countries the unit co-operative society has been a society for the joint purchase and use of agricultural machinery, for mutual credit and for marketing. The Co-operative Wholesale Society trades as a unit with the Russian co-operatives, and British co-operatives farm, manufacture, finance, publish and educate, as well as trade.

And yet one may doubt whether this movement, as it exists at present, will ever crystallize out into that promised new world. That new world, it would seem, needs something more, much more, than is to be found in this sane and discreet extension of membership and activities. It may be overtaken by other forces, more powerfully and rapidly constructive. It is significant that the co-operative movement has failed to take root in America. It has been nipped in its initial consumers' retail phase, as we have noted in Chapter VI, § 4, by the competition of the more vigorous and varied department and chain stores. Trade-union enterprise has anticipated some of its productive possibilities and the greater mobility of the population has been against it. The modernization of economic life has reached such a point in America that the possibility of slow progressive crystallizations has passed.

In Russia all the co-operatives were abolished in 1920, and restored, with a difference, in 1924. How far they can now be regarded as voluntary associations it is impossible to say. In Russia, excluding the Ukraine, they include 15,000,000 members, and they conduct nearly half of the country's retail trade. Their federal organization, the Centrosoyus, conducts great trading operations with the English Co-operative Wholesale Society. In Italy again the National Union of Co-operative Societies was suppressed in November, 1925, and replaced by state control. The organization ceased, in fact, to be a voluntary co-operation; it became a state machine. While in America economic development had apparently rendered the co-operative movement unnecessary, in the Bolshevik and Fascist State Socialisms its organizations have been seized upon and incorporated with the governmental machinery.

In the perspective of a western European point of view the co-operative movement is seen to grow, but, to be slightly para-

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doxical, it grows without animation. Professor Lavergne, in his sound and ample book *L'Ordre Co-opératif* (Volume I, 1926), is confident of the merits and future of co-operation. By a series of metamorphoses, he says, "the co-operative, formerly a petty district shop distributing small necessities, has become big industry and big business, destined heir of those great public services whose direction overstrains the political State. It is profoundly important to the social sciences to demonstrate that the co-operative principle—which leads towards a happy democratization of incomes—can supplant both the old ideal of State socialism and the more recent idea of municipalization. From the facts, too long neglected, of co-operative progress, the lesson emerges luminously, that both private capitalism and socialist régimes can pass on to a new order which combines their merits and has none of their defects." P. Redfern, in the *Encyclopædia Britannica* article, cites facts which seem to justify Professor Lavergne. He tells of the International Co-operative Alliance, "a minor league of nations" with 85,000 societies in 36 countries, the International Co-operative Wholesale Society representing 28,000,000 members, of a Special Co-operative party (of five members) in the British Parliament, to which 423 societies with a membership roll of 3,281,971 persons are affiliated. He tells of great educational and propagandist activities. To these we may add Lavergne's account of the co-operatives of communes and municipalities in Belgium to run light railways, electric distribution, and other public services. But in contrast with Lavergne, Redfern ends his article—doubtfully.

There are 6,000,000 co-operators in Britain. What proportion of them see anything more in co-operation than the source of that useful "dividend"? Twenty-eight million adults would be a mighty force to bring about a co-operative world state or at least a co-operative Europe, but how many of that 28,000,000 would even trouble to attend a public demonstration in its favour? The movement has prospered through the passionate devotion of a few hundred or a few thousand men. How far have they imparted their passion to the masses of the movement? For my own part I can testify that, though one English adult in eight is a co-operator, and though I talk freely with all sorts of people, I have never heard any single person boast that he was a member of this great movement. I know several people whose eyes brighten at the words "social

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revolution," but none who become exalted at "co-operative republic." And never have I overheard anyone anywhere pointing to an exceptionally beautiful car, or a fine bicycle, or tasting tea or coffee or butter, or noting a lovely dress stuff or a wonderful costume, or admiring the decoration of a fine public building, say: "That is *our* stuff, co-operative stuff. Those others cannot produce stuff like ours." But then I belong to the south of England, and the north, I am told, feels very differently. There such popular music-hall stars as Gracie Fields sing songs in favour of the Co-ops. which are received with enthusiasm, and the Glasgow housewife would never "go past the Co-op." But even in Glasgow, would a man feel proud to be told that he looked as if he had been rigged out at a Co-op.?

Enthusiasm and distinction may increase. The European co-operatives supply good honest goods at honest prices but they do not lead in the production of better and novel goods. They do not supply *interesting* goods. The privately-owned shop can beat them at that. They may evoke partisan excitement, but they do not evoke pride. They have grown to great things in a hundred years, but they have to grow still more rapidly in this age of new bigness if they dream of leading the world. Or as Mr. Redfern puts it: "Whether the movement can lead a stubborn world decisively along this co-operative road, probably will depend more and more, not only on its numbers but also on its power to enlist intelligence, and develop in all ranks a leadership capable both of creating enthusiasm and producing everyday conviction amongst the masses of mankind."

Which is not to say that the co-operative movement will be so much defeated and disappear as be overtaken—as it has already been overtaken in Russia and Italy—and incorporated in bolder and wider enterprises with a more explicit plan and a deeper emotional drive.

§ 10. *The Public or Private Direction of Big Industries and General Services*

What do we find playing the rôle of a head to the greater number of businesses and services, of economic co-operations, that is to say, in the modern community? It is sometimes a proprietor, but not so

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frequently as it was a century ago. It is more often a partnership. Most businesses and services confess to a founder, to a single man who, either alone or in congenial partnership, made the concern in the first place. But most typically, nowadays, the business or service has become a company, and the headship vests in a board of directors on which the original organizer or his heirs sit dwindling in relative importance. The company has created a body of shareholders who in their annual meeting exercise certain limited powers of criticism and of changing the directors. And the directors in council deal with the managers and so forth who run the operations of the concern.

But side by side with businesses and services directed in this way we now find others run by managers and officials appointed by the elected representatives of city, county, country or other governmental constituencies. Except for the final bookkeeping of the concern, these publicly owned services and industrial plants bear the closest resemblance to their privately owned and organized parallels. The criticism of the shareholders' meeting is replaced by the criticism of the voters. There is no distribution of profits: that is the essential difference. The profits, if any, go to reduce charges or relieve taxation. The tendency is to keep profits down and give better and cheaper services or products to the general public. Sometimes, where there are no profits but losses, the loss is justified on the grounds of the common convenience. These public enterprises have increased in proportion to the private profit-making concerns during the last half century, and their development and substitution for the latter is one practical outcome of socialist thought and propaganda.

A vast, voluminous literature has been devoted to the rights and wrongs and the relative efficiency and vigour of initiative of these two forms of economic process. The two classes of enterprise are connected in practice by many intervening forms. There is no hard-and-fast boundary. At one end of the series you have concerns run on privately owned premises and working entirely with privately acquired material. But few businesses attain to considerable proportions without trenching on roads and waterways and the like, requiring concessions from public bodies and access to material in the public domain. They then—like the railways—expose themselves to public responsibility and a measure of public control. If

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a public body will not take over such businesses, it must still inspect and restrain them to the best of its ability. If it does not provide directors, it provides controllers and inspectors. And if the publicly owned service has no shareholders, it has had to begin more or less with a capital outlay, and that has had to be provided by an issue of bonds secured on the rates and taxes of the community. Few people can tell a privately owned from a publicly owned omnibus, or a company glass of water from a municipal glass of water. Comparatively few Londoners, for example, know whether the water they drink has yielded a profit to anyone or not.

It is alleged in the controversies between Individualism and Socialism, controversies still garrulous in their decay, that the search for profit has an enormously stimulating effect upon the energy, enterprise and responsiveness of a concern. The profit motive plus competition is regarded as the perfect method of adjusting supply to need; the consumer is supposed to have unlimited leisure to pick and choose and go from one firm to another. In practice various forms of rationalization are destroying competition, and few of us have the leisure to hover over and judge most of our purchases. The critics of Socialism assert, moreover, that a profound moral difference exists between those who work under the direction of proprietors seeking profit and those who work under the direction of elected persons. The former are understood to be kept up to the mark by the balance sheet; they are alert, enterprising, energetic, economical; they have been chosen for their profit-making fitness, and they must continue to display that fitness, for upon it they depend for their positions. But transfer these men to a publicly owned concern, and at once they change in character; they become slack, extravagant, careless, they feel themselves above criticism and irremovable. The same manager who will work with disinterested zeal for a company and choose his subordinates with an acute regard for their suitability and loyalty will, so soon as he becomes a manager under a public body, evoke a vast crowd of relations and dependents to whom he will distribute places with an utter disregard for their suitability. Moreover, the public business is amenable to the politician, and the politician, they say, will be swayed by the votes of the workers more than by the votes of the public he serves, and he will sacrifice the interests of the business to his private ends and the exigencies of his party—while no private

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owner would ever dream of sacrificing the quality of a product or service to the exigencies of finance.

Most of this we would dismiss at once as preposterous nonsense if it were not for the fact that it is a quite fair summary of much that is said and written as anti-socialist argument.

We are dealing here with a limitless chaos of accusations and excuses through which we might blunder interminably, sinking now into morasses of twaddle and now entangling ourselves in libel actions. The plain facts of the case seem to be that as businesses grow beyond the scale of one-man concerns, they become impersonal in character, and that by the time they have reached the dimensions of a railway system, a modern catering organization, an urban water or milk supply, the differences between public and private ownership cease to be matters of structure, organization, or working efficiency, and remain only differences in the spirit of the direction.

Publicly conducted business may be in many cases unenterprising because of the ordinary politician's habit of following, rather than leading, public opinion and his dread of popular hostility to changes, but privately owned business may more easily develop conspiracies to monopolize markets or raw material, and so restrain innovation. Private-profit, co-operative, municipal, and State directorates all tend to develop characteristic faults; none are perfect. All work better in the light of intelligent criticism, for the responsible official is by the nature of his training more responsive to good repute than to gain. But criticism must be intelligent and fair and open. Adequate criticism is the preservative of all human affairs, and while public concerns may suppress criticism by governmental action, private businesses have shown themselves extremely able and energetic in controlling the press—which is their medium for advertisement—for the anticipation and strangulation of adverse comment. (Newspapers are very chary of publishing the names of advertising firms convicted for adulteration, for example.) The public authorities of a region at a low level of social organization and general education are incapable of conducting even quite limited businesses; but public authorities and government departments administering large areas, scientifically organized and sustained by an intelligent community, may be able to direct production and service with an efficiency far exceeding that possible under a profit-seeking group. It is a question of scale and of quality.

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It would be easy to cite local authorities, state governments, small sovereign powers, which have fallen more or less completely under the sway of great business organizations altogether too powerful and efficient for them. The great trading companies of the seventeenth and eighteenth centuries, the East India Company, for example, exceeded and subdued governments and became themselves quasi-states. The armament industry, as we shall tell later (Chapter XII, § 9), played the rôle of a super-state in Europe. Gangs of politicians can seize control of the State and sell the State's authority to private entrepreneurs. That flat opposition in thought, of private control versus public control, is therefore a misleading one. It throws a false simplicity over the vast and intricate variety of ways in which human co-ordination can be arranged and worked.

Later on (in Chapter X), in certain studies we shall make of particular instances of wealth aggregation, we shall note the way in which the private ownership of great economic utilities lends itself to the purposes of the financial adventurer. Publicly owned utilities are not subject to such mischief because the rapid and violent changes in control due to the forced or panic selling of their stocks and shares, cannot occur.

§ 11. *Grades of Social Organization*

What has gone before makes it very plain that for every sort of collective enterprise there must be grades of organization whose practicability and applicability depend on the inter-play of a number of mutually interacting variables.

For example, there is a state of the general intelligence and of the public understanding of, and acquiescence in, the enterprise. The telegraph has been hampered in its extension through some parts of tropical Africa by the artistic preference of the natives for bracelets and anklets of copper wire and their lack of sympathy for unguarded property. The early development of letter boxes in several European countries was delayed by the temptations offered to the facetious young. Large-scale agriculture in Russia has had to struggle against the love of the peasant for taking machinery to pieces and his lassitude in the phase of reassembly. The willing co-operation of the public is essential to the spread of every new invention and the working of almost every public service. At every

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level of intelligence and public spirit there is a type of organization which will prove most successful with the public—and there will also be types above and types below its requirements.

Similarly, for every factory there is a relationship between the work and the available personnel. Women and men cannot work together unless a certain minimum of restraint and decency has been attained. You must drop all sorts of methods if your workers cannot read. There must be certain standards of honour in effective operation. A sanitary service in French North Africa attempted to restrain the eye disease so prevalent there by distributing lotions for the eyes of the children affected. It was necessary to entrust the distribution to native agents, who, forthwith, put a price on the stuff, set up as quack practitioners and largely defeated the end for which they were employed. The honesty of the staff in any retailing concern is not simply a matter of discipline and supervision; it is also a matter of the general social tone of the employees. All sorts of modern trading operations become impossible with a filching staff or a filching clientèle. The old Phœnician traders bought and sold with arms in their hands. The abolition of haggling in retail trade released vast possibilities of distributive organization that did not exist before prices became fixed. In the West End of London anyone with a banker's reference can have goods sent to his home on approval, and one may confidently buy goods without even asking the price until the bill comes home.

The extension of the idea of function to the trader and manufacturer and the increasing confidence of the buyer open wider and wider possibilities to trade and manufacture. Every step towards general honesty in regard to metal, coins, notes and cheques diminishes friction and enlarges the vigour and scope of economic operations. In ordinary life every one of us knows the difference in speed and precision of dealing, between the fair dealer with a conception of a legitimate due and the fellow who watches for a chance of a smart turn on us, and who seems unhappy in his trading unless he leaves resentment in his wake.

We may ascend the scale to the financial and economic advantages of government enterprises. What can be done in comprehensive production by public ownership where there is a conception of public duty and an intelligent public alert to enforce it, is altogether beyond what can be attempted in a society where political

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success is regarded as a legitimate opportunity for unrestricted gain.

But we will not multiply instances to show how dependent our economic development is upon these matters of atmosphere, on the grade and quality of popular education and the existence of an effective public opinion. All we wish to establish here is that for every level of education and public morale there is a limit to the size and complexity of businesses possible. What would be unwieldy at one stage becomes practicable and easy in another. The obvious course for the great city would be fantastic absurdity in a kraal. These considerations lead us on to what is the very quintessence of this work, to the truth that with every grade and type of human social, economic and political association, there should go a certain definite philosophical foundation of a certain sort and a certain quality of educational training. The educational and practical factors should interlock, each sustaining the other. Educational revolutions must accompany economic and political revolutions. All economic enlargements, all economic progress, demand an adequate corresponding modification of teaching in the schools. They are ideas in action. They fail or they prevail by the ideas they encounter.

To the relationship between the ideas in a man's head and the part he will play in social and economic life we will therefore direct our attention in the next chapter.