

MEMORANDUM ON INDUSTRY.

1. TENDENCY AND DEVELOPMENT OF INDUSTRY.

a) Characteristics of present day industry.

The outstanding characteristic of industry at the present time is the consolidation and strengthening of the power of what has been called "finance capitalism", i.e., the large-scale ownership and control of production and distribution by virtue only of financial holdings in combines, companies, trusts, etc. In other words, we have advanced, as the dominating feature, beyond the day of the individual employer owning his own factory and having daily contact with his employees. That still exists, undoubtedly, but it is less characteristic of capitalism at the present moment than the control, direct and indirect, which has been secured by large combines, investment trusts, banks, insurance companies, and, alongside and through them, by individuals. By means of "deals", "mergers" and other methods the ownership of industry is tending to pass into the hands of people who may never actually have seen the factory or works from which they derive profit on their investment. They may have some knowledge of the market catered for by their businesses but they have probably never actually seen the factory itself or know under what conditions their employees work. Their contact with their firm tends to be confined to board meetings, held probably in the city, and to company reports.

What are the results of this development? They seem to be two-fold:

- 1) Cutting off ^d direct contact of the employer with his employees;
- 2) Extending further the possibility of absorption of independent concerns by large trusts.

The first seems significant because it means that workers, as a result of whose efforts profit and interest is secured, become to the employer less and less human beings and more and more just ~~these~~ units of production, inhuman, unrelated, and only so many numbers in a report. If we consider, in the light of this lack of direct contact between employer and employee, the large number of unemployed, the "residue of labour" available, it would appear that less consideration is likely to be given to the particular circumstances under which an employee works and lives than to the profit making capacity of the company. In other words, if this

"residue" exists in any large measure, the law of supply and demand is likely to operate and force down the price of labour. Since control is not direct, between employer and employee, little knowledge and hence little consideration of the circumstances of the worker is likely to operate if the question of his dismissal comes up. Does this not only further intensify the fundamental nature of a system based on profit viz: that human considerations are not the primary ones, and that the profit or non-profit of industry is the real issue?

The second result is this: it makes the further extension of control an easier matter, i.e., it makes the possibility of control and absorption of independent concerns by large combines a matter of easier fulfilment; it speeds up the process of finance capitalism. This occurs because of the increased concentration of capital in bigger units and because it enables a greater spread-over to take place.

b) Examples of big trusts.

Some examples of the big trusts existing today would serve well to illustrate this development. Apart from the more obvious examples of the five big joint stock banks who have between them absorbed practically all the other joint stock banks in the country, we have such concerns as I.C.I. with capital running into many hundreds of millions, with interests running from armaments to zip-fasteners and connections with every country in the world; Unilever, controlling about 100 other firms connected with soap, food, restaurants, furniture and so on; J Lyons controlling tea-shops, retail tobacconists, furniture, meat extracts, and building contractors; Prudential Assurance company having, in addition to assurance business, interests in Marks & Spencer, speculative buildings, etc. Numerous other examples can be given: Debenhams (multiple stores) controlling 53 other concerns, Selfridge's 22, Shell-Mex & B.P. 27, Electrical & Musical Industries 28, (gramophones, electrical appliances), Tube Investments, 31, Allied Iron-founders 19, Pinchin Johnson (paint) 22, Godfrey Phillips (tobacco) 20, United Dairies, 40.

c) Governmental Interference.

One other striking feature of present day industry is the degree of governmental "interference" which has, perforce, come into existence. This has manifested itself in such matters as the International Steel Cartel (sponsored by the government on behalf of steel manufacturers) to keep up the price of steel, the subsidy to tramp shipping and so on.

It is in agriculture that this has been seen most clearly, viz: the various marketing boards for milk, pigs, eggs, potatoes, hops, etc.

In view of the Labour Party's policy for Government control of industry, and since many of these marketing boards were first mooted by the Labour Party, the questions we must ask ourselves are these:

- a) Is Government interference in ^{or control of} industry ever a good thing?
- b) under what conditions can it be good thing?
- c) to what extent do the political inclinations of the government affect considerations of such control?

d) Summary:

The striking features of industry at the present moment, then, are:

- a) direct and open consolidation into large groups,
- b) the detachment of employer from employee,
- c) government interference.

This is a long way from the laissez-faire nature of capitalism as expressed by liberalism so valuably at the end of last and the beginning of this century.

II. REASONS FOR THIS DEVELOPMENT.

How has this development arisen? In what way has laissez-faire departed? Space does not permit of a close analysis of the development of industrial to finance capitalism, in fact of the development of capitalism in this country over the last 20-30 years, but, in broad outline, it can be shown. Capitalism must expand

b) Political Consequences.

The Trade Union movement has had a chequered career in this country. It has, ever since its inception, been the dominating influence in organized labour circles. At one time it was a fairly revolutionary body, albeit a form of empirical and blind militancy, but it was fighting in it's outlook.

However, the rapid expansion of British Imperialism made it possible for Capitalism, rich and expanding abroad, to pay to keep the industrial workers quiet at home. Even before the last war, when strike after strike was taking place and the whole working class was in revolt, the Trade Union leaders failed to read the signs of the times. They failed to realize that great social changes were capable of coming into being and that it was to them, and to the leaders of the Labour Party, that the workers looked for guidance and leadership. The disaster of the 1926 general strike was but the culmination of this attitude, this lack of political clarity. The history of the Trade Union movement, then, has been concerned with securing as many concessions as possible from capitalism and not with the overthrowing of it. It has a benign belief in the policy of gradualness, in the "evolutionary method" of achieving socialism. At this moment the same tendency is apparent, and may result in the not unlikely event of Sir Walter Girdle and co. collaborating with the government ~~on~~ on the re-armament policy, willing to sacrifice, via dilution, one of the fundamental reasons for the existence of their unions, the sanctity of the skilled craftsman.

In other words, we have all the factors making for a militant working class movement and we just have not got it. The danger of Fascism coming to this country lies as much in the weakness of the Trade Unions and of the Labour Party as in the strength of the National Government to impose it.

IV. LABOUR SPYING.

Since capitalism under a political democracy must depend, finally, for its existence on the quiescence of the working class (or on dictatorial control under Fascism) it is inevitable that means should be taken to sabotage any attempts at revolutionary feeling which may emerge. In England this has taken the form of the Economic League and in America of the more odious Labour Spying "Racket". The Economic League has as its declared policy "the dissemination of economic knowledge, particularly to control the fallacious economic doctrines of collectivism, Socialism and Communism. . ." In practice, this means anti-Socialist propaganda. The leaders of the Economic League, the people

"behind it", are men with interests in coal, oil, steel, chemicals, banking, shipping, insurance, iron and steel etc. For example, 16 of the leading supporters of the League hold between them 149 directorships in important companies. One of these 16 is on the board of Governors of the London School of Economics and member of the Senate of the University of London.

In America, Labour spying has developed in a large scale business. According to Leo Huberman's book some 80 million dollars are spent annually on this method of disruption and the recent American Government enquiry, the results of which are set out in that book, show clearly the amazing network of bribery, corruption and strike breaking which has been in existence there. In this country it is all done less violently and more modestly. For example, at the recent strike at I.C.I. works at Billingham the Economic League had men within 24 hours of the outbreak distributing leaflets urging the men to go back to work not to listen to "red" agitators, and quoting, in support of this view, statements by men like Sir Walter Citrine.

V. "ALTERNATIVES".

Many people, viewing with concerns the development of industry and the industrial disputes which have arisen, the rise of unemployment and other products of our present system, wonder whether there is not an alternative to Fascism and Communism which they see as the only two possible outcomes of our ~~existing~~ recurring crises. They are desirous of maintaining, they say, the best of the present system but without the evils attendant on it. Such considerations motivate the ideas of a Parliament of Industry. A Parliament of Industry would consist of representatives of employers and employees, and probably consumers, functioning in a consultative capacity for the "good of all" and for the efficient running of industry.

Other such alternatives exist, ^{probably} the best know of which is Social Credit, which theory is that the unlimited expansion of capitalism and the power of money is responsible for the present difficulties. They suggest the distribution of a bank money bonus to make people independent and increase purchasing power. They see in the present system, a violation of ~~our~~ liberty, and in both Fascism and Communism the end of it.