

Daily Herald

SATURDAY,

MAY 11, 1912

INDUSTRIAL SOCIALISM--IS IT FEASIBLE?

PROFESSORS AND STUDENTS SAY "YES"

ESTABLISHMENT OF UNION FACTORIES ADVOCATED.

LIVELY DISCUSSION AT THE ADELAIDE UNIVERSITY.

A question of immediate interest to the workers was discussed by the professors and students of the Adelaide University at a meeting of the Arts Association last Wednesday evening. There was a large attendance, and the chair was occupied by the president of the society (Mr. A. E. Howard). Messrs. A. C. Stevens and Jack Dunstan read papers on the question, Is Industrial Socialism or Co-operation a Feasible Ideal? and an interesting discussion followed.

In the course of his paper Mr. Stevens said:—"That industrial Socialism is feasible, I take it, means that it will be practicable, and further, that it will be evolved from the present order of industry. The past century has been obsessed alike in philosophy, ethics, psychology, science, and economics by mechanical theories. Economics has set up twin gods of supply and demand, inexorable mathematical laws regulating production and exchange. And it is in the fact that men as well as goods are subservient to these laws that the great evils of wage slavery, greed, and oppression have arisen, and further than this, it has resulted in typical cases in the movement of the masses downward, and of the industrial oligarchy upward in financial levels. Professor Mitchell says in his pamphlet "Christianity and the Industrial System":—"The severest condemnation of the individualist system is that it must produce and give power to the wrong kind of spirit, and not only does this condemn it in theory, it would be the thing to damn it most certainly in practice and bring it to an end."

"The deliverance from the nightmare of competition is springing from two sources. Firstly, the ethical source, by which a social conscience will no longer tolerate poverty and oppression as it exists to-day. And this ethical power has entered as a factor into the principles of economics in that new department which studies consumption of wealth. Over-production is really under-consumption, and the adjustment of consumption economically condemns idleness, luxury, and waste, whilst exciting higher tastes and desires.

CUT-THROAT COMPETITION.

"The second disintegrating power, the economic, comprises the fact that competition is cutting its own throat by massing into combines and trades unions to corner the capital and labor markets, thus killing competition between employers or between employes. There is also the fact that the Carnegies and Morgans of to-day, geniuses of industry, having no chance to become Napoleons of the capital market, are rightly incensed and become instead, Napoleons of the labor movement, preaching class war to the laboring classes. The American Socialist tally jumped from 1888 to 1904 from 2000 to 450,000 votes, all boring from within the trades unions.

"The evils of the industrial order to-day are too complex and obvious to treat, but the demands for reform may be simplified so as to show what the new order proposes to do.

THE DISTRIBUTION OF WEALTH.

"The first and popular problem is the distribution of wealth. Against the claim that employers take a disproportionate share in dividends, it is said that the work of risking the market is performed more cheaply now than it deserves, and more cheaply than it could be under Socialism. Five-thirteenth of the present world's wealth is produced by manual labor, eight-thirteenth by brains. But whose? Largely by those of poor inventors. Is a kingdom of wages according to rights possible? Now certainly we can readjust the present system to a certain extent by what I mentioned before, consumption or demand.

Alter the demand for unskilled laborers by educating more skilled laborers, and you will have a small supply of unskilled men and a big demand for them. If teachers are underpaid, and rabbit trappers overpaid, you have only to create more demand for teachers and less for luxurious rabbit-skin rugs. The strike as a method for altering distribution is only successful in cases where the employer sells to a world market as in South Australian wheat. An agricultural laborers' strike would produce, if successful, a real labor advance. But where the employer's market is local and he can control prices to consumers he takes it out of the pockets of the consumers—largely laborers—to a more than proportionate extent.

THE PROBLEM OF WAGES.

"This leads to the second problem of wages. Wages then represent a man's market value, and on the market of America it pays to scrap a man over 40 years old. This market price theory in the interests of humanity, will have to give way to regulation of wages, which, to some extent pays a man according to his needs rather than his worth. It is a tremendous awakening to Christian teaching of grace, rather than the teaching of justice or rights.

"The third problem of unemployment arises from the fact that normal competitive industry demands 5 per cent. of the people unemployed as a reserve army, and American employers boast of their 100,000 tramp army as a means to coerce the unions which strike. An equitable and stable industrial society will need to regulate production.

REGULATION OF OWNERSHIP.

"The last demand is for a regulation of ownership. The small shopkeeper is not compensated when he is absorbed into a trust and given higher wages. We have achieved religious and political democracy of a sort, and men are crying out for an industrial democracy whereby they shall own and manage industry.

This then, is what Socialism proposes to do. Either through the trades union buy up industry and make the people both employers and employes, and thus increase efficiency and bring industrial peace, or through the ballot box establish a tremendous nationalisation of industry. The first road to liberty is longer, but not so steep, and could begin to-morrow in Adelaide. The only objection I see to it is that it is not yet familiar to the majority in laboring classes, and it would have to face at first the opposition of employers' federations if started, as open war upon capitalism. Let the trades unions buy into joint stock companies rather than emasculate themselves with the negative and double edged sword of the strike."

INDUSTRIAL CO-OPERATION

The following paper was read by Mr. Dunstan:— Before attempting to answer the question—Is Industrial Co-Operation a Feasible Ideal? I propose briefly to trace the development of the organisation of industry in the direction of this system, and to indicate the relation of industrial co-operation to the steps that lead up to it.

The initial departure from the prevailing arrangements of distribution is to be seen in those cases where an unfixed bonus is distributed among the wage-earners, at the discretion of the employer. This "chrysalis stage" frequently leads to the system of profit sharing, which may be defined as a mode of industrial remuneration under which those employed receive, besides their salary or wages, a stipulated proportion of the net profits of the year, either in cash or deferred advantages.

The method was first adopted in England about the year 1832, but in many instances the experiment proved a failure, and was abandoned. It was not until about 1890 that the progress of the movement became rapid, and since that time it has generally met with more or less success.

It cannot be said that the practice of profit sharing has realised the expectations of its originators. Frequently it has been found that the system has done nothing to increase the interest of the

wage-earner in his occupation, and this may partly be attributed to the fact that profit sharing seeks not so much to improve the position of the worker as to enlist the interests of the workman on the side of the employer. In illustration of this it may be mentioned that some profit sharing firms actually bring down wages. In one case a firm giving the high bonus of 26 per cent. was found to be paying its workmen less than the recognised wage. Happily this instance is exceptional, and numerous cases could be quoted in which the scheme has given general satisfaction.

But the weakness of profit sharing is largely due to the fact that those employed have no direct interest in the business. This fault finds its remedy in a further and more recent development called

CO-PARTNERSHIP.

The largest system of this description existing in the United Kingdom is that of the South Metropolitan Gas Company, London. Profit sharing was introduced in 1889, but in 1894 the bonus was increased on condition that only one-half should be withdrawable, the other half to be invested in the company's ordinary stock. Thus shareholding by employes was established. The system was revised in 1901, and became so popular that in 1906 out of a bonus amounting to £44,000 the sum actually invested in the stock of the company was £42,000. A most important step was taken when Acts of Parliament were passed to enable the employes of the company to appoint directors, and at present the workers are entitled to elect one-third of the directors from among their own number. When the question of employe directors was first considered there was the fear that they might take a narrow view of their duties, and not do their best for the company as a whole. Even some of those whose sympathies were strongly on the side of the workmen had their fear. The directors and shareholders of the Metropolitan Gas Company took the risk, and have had no cause to regret their action.

BUSINESS UP TO DATE.

Co-partnership, one of its advocates has said, is neither philanthropy nor charity, but business—or rather "business up to date"—that is, the foremost and best method of uniting capital and labor.

The employe directors sit on the board and take part in everything that comes before the board just the same as the ordinary directors, with all-round satisfaction. A number of other companies have had an exactly similar and equally successful system in force. Workman directors have been introduced, and, as in the case of the gas company, the choice of the men has been the best possible.

Writing in the "Daily Chronicle" during the recent coal strike Lord Grey said:—"Co-partnership will unlock the doors of our Doubting Castle, and, although in some of them, like the iron gate of Giant Despair, the lock may go 'damnable hard,' there is not a lock that co-partnership will not open."

In a similar strain Lord Robert Cecil wrote in the "Daily Mail":—"If each miner were a partner in the business—if, that is, he had a share in the profits, a share in the management, and a share in the capital—the minimum wage itself would cease to have any terrors. He would be working for himself, and so would each of his mates. Shirking by anyone of them would be felt as an injury to all."

A SUCCESSFUL EXPERIMENT.

An article in Palgrave's Dictionary of Political Economy gives the following interesting account of a successful experiment in France:—"The workman's city may be roughly described as an attempt to reconcile the capitalistic enterprise of the modern world with the craft association of the mediaeval world. It is a manufactory so managed that its surplus profits are appropriated for the benefit of