

NATIONALISATION AS A REMEDY

The feeling against the present distribution of profit is mainly responsible for the demand for the nationalisation of special industries or of industry as a whole. This motive is avowed by the labour bodies which support the demand and which constitute the strongest force behind it. It is true that many of the theorists who advocate nationalisation lay more stress on another consideration, viz., the waste of the present competitive system and the alleged saving which would result from concentrating each industry under one management—i.e., that of the State. But this argument probably does not weigh greatly with the labouring classes, whose experience is likely to give them an instinctive knowledge of its fallacy.

It may be admitted at once that the nationalisation of industry would do away with disputes about the distribution of profit, since all surplus would go to the State, and therefore no jealousy could be felt of any individual getting too large a share of it. But it is worth while to enquire whether it would not at the same time do away with profit itself, and in so doing destroy the mainspring of production.

The advocates of nationalisation argue that workpeople would work for the State at least as well as for a private employer, and indeed better, because they would not feel, as they feel at present, that they were making profits for an individual who had no right to them. The answer to this is that organized production depends not only on the manual workers, but on the whole hierarchy, more or less elaborate according to the particular industry, which directs and supervises and keeps them going. If a man did just as much or as little work as he felt inclined the only effective workers would be those who were working on their own account, and organized industry would be impossible. There is discipline in a factory just as in an army, though of a different kind. This is true of factories which are co-operatively, no less than of those which are privately, owned. The effectiveness of production depends not only on the soldiers of the industrial army but also on the non-commissioned officers and officers. If the former are chronically discontented or mutinous, production will no doubt become difficult or impossible; but it will be no less injuriously affected if the latter do not perform their functions.

But, the advocates of nationalization reply, we will admit the weakness of the State in this matter as against the individual private employer, who manages his factory in his own interest and may supervise and direct his workmen with an energy and zeal not to be expected from an official. But nowadays most large industrial undertakings do not belong to individual owners, but to Joint Stock

Companies. They are controlled and managed from top to bottom by paid officials who may not own a single share in the company. Why should these men serve the State less faithfully or less efficiently than they serve a private corporation? They have no interest in acquiring riches for a multitude of shareholders who are absolutely unknown to them. May they not be expected to feel more interest and to exercise more energy when the result of their work will go to benefit the community as a whole?

The answer to this lies in the consideration pointed out above, that the mainspring of the present industrial system is profit; that it is this which keeps the system together, and the individuals above referred to working to a common end; and that nationalization will either kill this motive, or at any rate so deaden it as to make it practically non-operative. At present every employer of an industrial company, from the general manager downwards, is working to produce at a profit. The higher class of employees, at any rate, are directly conscious of this, and their knowledge not only governs their own work, but also, through them, the work of those whom they direct. The workman knows that if he does not pull his weight he will probably lose his job; that if he wants to improve his position he must show himself able in some way to do rather better than the average from the point of view of earning profits for the concern. The foreman equally knows that if his department gives continuously bad results he will not keep his place; and that if he wishes for a better one, the quickest way of getting it is to show himself able in some way to cheapen costs or to increase production. The manager knows that if he shows a loss on two years' working in succession his salary and reputation will be in danger. From top to bottom and from end to end of the organization runs the knowledge that the industry is carried on for the purpose of making a profit, and that if this end is not achieved something unpleasant is likely to happen to every individual in the organization. It is notorious that in cases where this factor is absent—e.g., where an industrial establishment, or a farm, is run as a hobby—profits are very rarely made, and it is only the outside subsidy that keeps the concern alive.

But when an industry or a factory is owned and worked by the State, the incentive to produce at a profit practically disappears. It matters to no one vitally whether that particular concern makes a profit or not. The apparently bottomless purse of the public is always behind it. If a loss is made, even in a private concern, it is generally easy to find good excuses for it. But in a private concern excuses do not "go" for any length of time. In

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