

the community. It is a permanent producer of goods or a purveyor of services from which everyone benefits. It cannot be taken away. It can be of value to the owner only if it is operated continuously and only if it ministers to the wants and needs of the population. A boot and shoe factory **MUST** increase the supply of boots and **MUST** make them either better or cheaper or more accessible than boots would otherwise be.

The factory in itself is of no earthly use to anyone unless it increases production. It is if regarded simply by itself, of no use to its owners. Its product is what is of value. Its product is the only thing that gives it any value, and the more efficiently it is operated the better for the community. If the owner of the factory never drew anything out of it for himself at all, but kept on always reinvesting the entire profits in improvements and extensions he would obviously derive no personal material benefit from owning it. It would however go on being of increasing benefit to the community.

Almost the whole value of the output of a modern manufacturing plant goes to the community; enough however of the product must, under any system, be retained to cover the cost of upkeep and renewals. Over and above this necessary reserve for upkeep, the actual additional percentage of its products retained by its owners to provide interest or dividends for shareholders is as a rule a very small percentage of the annual product which it supplies to the public, and this percentage under poor management is very easily lost. There are instances of course recurring every day where it is lost, and in such circumstances a change of management generally becomes necessary, if the industry is to be saved. If it were under Government management the chances

are that this small percentage of interest or profit would be lost altogether,—probably more than this would be lost, and no one as a result would be any better off, in fact, everyone would be worse off. There would be no profits or savings to create new capital wherewith to extend the factory or to build other factories. The Government like the individual would in managing general industry still have to make profits, and savings out of these profits, if the whole community were not to become stagnant and to retrogress. But Governments do not save. Saving is a virtue that is utterly foreign to any modern Government. Indeed it is questionable whether any Government would be able to retain profits sufficient for the needs of society.

The difference in principle therefore between socialistic ownership and individual ownership does not hinge upon the elimination of Capital or of Profits, but has reference to the management of the industry and to the percentage of the products which under the present system are retained to provide a dividend for the shareholders. In the aggregate of industries to-day a substantial part of the profits that are annually made, are actually saved and are at once reinvested. That is to say, a substantial proportion of such profit is not spent upon current consumption, but is saved and becomes available capital, which in its turn permits the establishment of new activities and new avenues of employment, and it is at least an open question whether the provision of a percentage upon products does not through the stimulus it provides towards individual industry, enterprise and thrift and in other ways, fully compensate the community for permitting it.

In any case I repeat that if the Government operated all industries,