











**GUILDS AND CO-OPERATIVES  
IN ITALY**



# GUILDS

AND CO-OPERATIVES  
IN ITALY. BY ODON POR

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Introduction by A. E. and an  
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## INTRODUCTION

THE movement whose ideals and achievements are explained in this book has excited enthusiasm among many social reformers. The revolution in Russia by its sensational intensity made the needles of being to veer to it, and the imagination of millions was stirred with regard to it, and turned away from a movement much more intellectual and inspiring. A social revolution cannot succeed without technical competence and administrative ability on the part of the revolutionaries. Nor can it endure unless it fosters some lovable and desirable life. The new organization of Society, which superseded the old in Russia, does not excite affection because of its humanity, or admiration because of its efficiency. Something may yet come of it, but the heart cannot live long on deferred hope. There are many concerned for human welfare as deeply as any revolutionary, and no less desirous of a complete change in the social order, but, being students of history and psychology, they realize the reactions which are inevitable after violent action, and how much of what is finest in human nature perishes during prolonged social disorder. They believe the way of evolution is the right way, and intellectual and moral victories are the only ones which do not leave the victors

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bankrupt and desolate in spirit when the goal is won. The Italian movement Odon Por describes, the most varied, fascinating and intellectually interesting in the evolution of economic democracy, attained its present stature through incessant economic activity. Groups of Co-operators playing into each others hands, concerned first, and rightly so, about the world immediately about them, and unhampered by any complete theory of a highly organized State, developed in endless variety enterprises which excite the enthusiastic interest of reformers. Odon Por might have told much more about the varied character of these Co-operative enterprises if he had not wished to combine the philosopher with the historian. He is probably right, however, in thinking the time has come for some attempt at co-ordination of the associations created by the rich social imagination of Italian Co-operators. As there is a tendency to discount the statements of enthusiastic workers in any movement it might be well to refer to the reports on European Co-operation made by Strickland and Darling. Darling, referring to the Co-operative farm and labour societies, says the Italian achievement is brilliant and beyond anything attained elsewhere. He notes the enthusiasm among the members which he did not find to the same extent among Co-operators elsewhere. Strickland also speaks of the zeal and fire of the men ; and he gives a delightful account of how a suggestion by a stranger in the office of a national federation excited a delirious discussion in which all, from the office boy to the president, took part on a democratic footing, the conclusion being

excellent and unanimous. He describes the evolutionary progress, from the small groups of craftsmen in a shop, and the gangs of navvies who undertake enterprises of increasing skill and grandeur, until the stage is reached where the Guilds employ their own experts, craftsmen, directors and thousands of workers. We are told of Co-operative farming societies where theatres have been built out of undistributed profits, local artists being employed to decorate the walls with frescoes. Both reports might be read with profit by those who desire to know more about this fascinating movement. Reformers in other countries find it difficult to kindle any deep or lasting enthusiasm, and I think this is because they too often begin by expounding social theories too vast and unrelated to the immediate interests of those they would organize. They speak of the nation rather than the parish. To talk about a regenerated humanity or an ideal State is like talking about heaven, and excites a thin and abstract enthusiasm. To make something spring up on the earth around us, to unite those who know each other, to give full play to local initiative seems to be the right way to kindle the heart and bring about the intensive cultivation of human life. I am sure it is right to begin with regional development and leave thought of the State to the last. The parish is more truly the cradle of the nation than Parliament, for it is there national character is begotten. The tendency of State departments is to obliterate character by insistence on regulation and formula to bring all into an unvital harmony. I am a little frightened when Odon

Por speaks about an alliance with the State ; but I am sure he knows what power has already been generated in the Guild organizations, and is confident they can hold their own against the Cæsarism which so easily springs up in administrators and Government officials. Besides I realize that sometime the warming of "the coldest of all cold monsters" must be attempted ; and it can only be done when the humanity of the people is powerfully entrenched in organizations which they have themselves created and which are true expressions of their character. The Italian guildsmen have done so much that they may accomplish the miracle of making the State the kindly big brother of the individual ; and no doubt it will become more efficient by the creation of Vocational Councils through which the thought of the wisest in every branch of national life may converge purely on the State, not muddled by an admixture with non-expert opinion, as it is in democratic assemblies where everybody's finger may legally be inserted in everybody else's pie. •

I hope Odon Por's book will find many readers, and that it may suggest to reformers in these islands the evolutionary route to a transformed human society. If they continue their studies in Italian Co-operation they will find it is not necessary to convert millions first, or to overturn the State in order to get great changes made. Groups of reformers can begin anywhere, gaining experience, which is a nation's best wisdom, and that practical competence in managing affairs, the lack of which was the cause of the failure in Russia. Something is growing under the eyes all the time,

and this excites enthusiasm, whereas the heart grows sad and cynical when it waits for elected majorities of idealists to lay hold of the machinery of government and so reconstruct Society. I think sadly of my own country, Ireland, wrecked by fanatic politicals who have never given the slightest evidence by act or speech that they had capacity to build up any kind of civilization, or even that they understood what a civilization means. I am averse to capital punishment, and I would prefer to imprison all Irish political leaders for a few months, and give them nothing to read except books on the building up of a social order and civilization, such as this of Odon Por's. In all probability they would come out of prison, grateful for a restraint which allowed intellect and imagination to grow up, and take their rightful place among the human faculties from which they had hitherto been exiled.

A. E.





## AUTHOR'S PREFACE<sup>1</sup>

THE evolution of a Guild Organization of Industry in Italy, which is the subject of the following chapters, cannot but be profoundly influenced by the political revolution which has taken place there since those chapters were written. I should like, therefore, to preface them with a few words as to the real meaning of recent events and the social results likely to flow from them, though it is, of course, too soon for any definite forecast.

Mussolini's first act after the formation of his Cabinet at the King's bidding, was to communicate with d'Annunzio and to assure him that there would be no abuse of victory. This assurance and this desire to keep in touch with d'Annunzio gives the key to the present situation.

It is not Fascism, as we have known it in the past—meteoric, violent, reactionary, without program or principle—that is coming into power; it is a Fascism that, having come to an end of its destructive period, which was after all inevitable, has settled down to constructive work, for which it seeks to secure the widest possible basis in the country. The task that lies before it is the building up of a Nation.

<sup>1</sup> The substance of this appeared in the *New Leader* for November 10, 1922.

The early success of Fascism, in spite of the antipathy roused by its methods and of its minority in Parliament and in the country, was due to the fact that it did stand for National Revival, while the elements to which it was opposed, with their communistic ideas and anarchic measures, could fairly be described as anti-national. But as soon as these elements were reduced to silence, or persuaded that they must join in the evolution of a new social order that should be truly national, that they must, in fact, adopt methods fitted to Italian conditions and make use of materials for social reconstruction that were specifically Italian—Parliaments, Trade Unions, Guilds, instead of Soviets—the Fascist attack on them ceased and was even replaced, in some cases, by friendly relations, while it was directed instead against corrupt political coteries, against the Die-hards of Rome and their supporters.

This change of attitude was deeply resented by those who had subsidized and backed Fascism as a White Guard against Labour. A Fascism friendly to Labour and even organizing its own Trade Unions, a Fascism setting its face against profiteers, talking of a radical renewal of the State, and claiming a direct voice in Government, was quite a different matter. They began to feel that it was not with them but against them; that it was no longer, in their sense, for a National Revival, and they withdrew their support. This was an exceedingly critical moment for Fascism. Its only chance was to act, as it did, with promptitude and violence. So long as it had use for them, Fascism used the weak politicians in Rome and the in-

dustrial magnates and landlords in the country; in the end it has dropped them, because it found that they lacked sincerity and that their patriotism failed when their own personal interests were challenged; they had failed to secure for Italy the fruits of victory, to secure stable conditions, to fulfil their promises to the soldiers in the trenches and the workers throughout the country. Fascism turned against them because they were choking the country in the mire of their political intrigues.

The Fascisti Government is not Conservative or reactionary. It must not be judged by the parliamentary record of its various members. Its purpose is Nation-building, and for that end any and all means must be used.

Of Nation-building, d'Annunzio is the great exponent. He is above all parties. His prestige is unprecedented. The leaders of the various political and Labour Movements go to him as pilgrims, and his moral sanction is held to settle vital issues. The whole country, Fascism included, looks to him for inspiration and guidance. His belief is that national construction must be founded on peace within the Nation, peace between the political factions, peace amongst the workers. "Labour," he says, "must finally be the harmonious creator of the greater Fatherland, and its own modest lawgiver." d'Annunzio's ultimate goal is a Guild society; the constitution of the State of Carnaro (Fiume) is based on guilds and represents his efforts towards guild statesmanship; many signs suggest that sooner or later the whole Italian Labour Movement will adopt a guild platform. By turning to d'Annunzio for direction, the Fascisti

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have implicitly accepted what he stands for, and have, in so doing, adopted a clear line of constructive action free from the rash ambiguities of their earlier proceedings. After the Fascist victory he wrote: "One must tolerate, aid and dominate by pure thought an experimental Government, which will defer the elections until next spring, so that the Nation may be inspired by our fervour and helped by us to express itself deeply, bravely and sincerely."

Following d'Annunzio's lead, Mussolini has declared: "Fascism is not against Labour, nor against the masses. Under our Government the most respected rights will be those of Labour. The Labour Movement has re-entered the national camp. . . . What I hope for and desire is Trade Unionism taking the form of a picked hierarchy, Trade Unionism which does not merely level, but allows for the development of intelligence and the action of the individual will. The masses must look to us with sympathy."

This declaration is confirmed by the announcement of a substantial constitutional reform: the creation of Vocational Councils. These will be elected by all grades of producers—by hand or brain—and will deal with all the economic problems of the State, relieving Parliament of many tasks which it cannot perform with competence. These Vocational Councils, similar, in many respects, to those provided in the Constitution of the Irish Free State, may pave the way to a Guild organization of industry. A. E. hails the Vocational Councils to be established under the new Irish Constitution as a means by which a new Guild Society can be built up.

Fascism, so say its leaders, considers itself the heir to those issues that Socialism has raised but left unsolved. Even before its political victory Fascism had begun to make peace with certain Labour organizations against which it had waged fierce war. For instance, the National Federation of Italian Seamen, which has a virtual monopoly of labour among seamen of all grades, from cabin-boy to captain, has formed a national Guild, the Garibaldi Co-operative Shipping Society, which is a powerful competitor to private shipping companies. Misled by plutocratic influences, the Fascisti tried to break up this Guild, and founded another Seamen's Union. d'Annunzio, however, required them to dissolve their own organization and re-unite with the older Guild, and they agreed to do so. It seems very likely that within a short time the Fascist organizations and the old Trade Union and Co-operative bodies will either unite or create a *modus vivendi*, so that there will be an end of the strife between them. Indeed, Mussolini may realize his aim of a coalition between those parties which represent large working masses—the Catholics, Socialists and Fascisti. It would be premature to attempt this in the present situation.

The Fascist victory is a set-back to Socialism, regarded as a party movement and an economic doctrine. It has killed many of our fellow-workers and injured some of our most important institutions; it has wounded us deeply. But Socialism is broader than a party; it is rooted in Labour as a whole, and Fascism desires to respect the social aspirations of Labour. In the interests of

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Labour, therefore, we must cease from carping and make the most of the situation. This we can do with dignity, without forgetting our losses or betraying our ideals. Fascism needs the Labour Movement, which controls the élite of the masses and has created numberless institutions without which no national reconstruction is possible. Labour must meet Fascism half-way.

Fascism does not stand in the way of constructive revolution—that alone is what matters in the long run—it even seeks to bring it about. And it is for us of the Labour Movement to point out the way. But we must recognize that this is a generation of young people—of the young men who suffered in the trenches for the Nation, and cannot forget it, and want now to work, above all, for the Nation; we must recognize that the ideal of Nation and Nation-building is not opposed to our internationalism, but complementary to it. The primitive class-struggle is being transformed into a contest between organized functions within and for the Nation; if Labour can prove itself superior to all other organized functions in service to the State, then the State will be ours. The old methods of the class struggle that are wrecking Society spiritually and institutionally will make place—now, and not in some far away future—for organized and ordered functioning in the public service. And herein we shall only follow the example of revolutionary Russia, where, after a period of confusion, all are being enlisted in the work of Nation-building.

# GUILDS AND CO-OPERATIVES IN ITALY

## CHAPTER I

### CREATE OR DESTROY?

WE live in a time of unrelated thinking and confused action. The period preceding the war seems cut off from the present, and we have acquired the habit of investigating social problems as if they were determined solely by the war or the dismal failure of the attempts to rebuild the world. For these reasons our judgment has not that deeper foundation on which intuition may safely be based. Perhaps by retracing our steps at least to the period immediately preceding the war, in which social tendencies were unfolding with relative comprehensiveness, we may distinguish what is artificial and improvised from what is fundamental and rooted.

For a good many years, perhaps from its very origin, the most characteristic aspect of the Italian Labour Movement has been the determination to render the workers—to-day, and not to-morrow—independent of the employer. Energy and initiative have been expended in starting businesses—some of them now on a very large



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scale—which were intended to secure a place for Labour outside the regular capitalist system rather than in obtaining better conditions within it. The struggle against unemployment has been carried on in Italy more through opening new fields for work than through the various Trade Union or State Unemployment Insurance schemes, which are the rule in other countries. Our great Co-operative associations for the execution of public works and the management of farms, into which leaders and men have put quantities of disinterested work, and the other numberless commercial and productive associations conducted by the workers in practically every trade, have their origin almost exclusively in this tendency. Many of them have grown into safe and flourishing enterprises with an assured place in the markets. They represent in structure the social order of the future, and in spirit the ideology that will pervade it.

For more than a decade past the invading and seizing of land by the landless farm labourers has been going on at an increasing pace: they want to procure for themselves more work through stopping the crime of leaving immense stretches of land uncultivated or badly cultivated. This action has been sanctioned recently by legislation. The control of private agricultural enterprises by the labourers therein employed has been realized in various districts even before the establishment of self-government in industry was put forward as an ideal. "Stay-in strikes," in which the workers remain in the factories and run them, have occurred frequently before the organized seizure on a national scale of the steel and iron

works. Anyone who attributes these facts to the example of Russia proves himself to be quite unfitted to judge and foresee social phenomena.

Our glass-workers, some twenty years ago, inaugurated management by unions in the great industries; an experiment that was watched in England and elsewhere with the greatest interest. The success of the Co-operative Society of our seamen in the management of mercantile ships—the inevitable outcome of the most perfect union organization embracing everybody who works in and around a ship, from captain to cabin-boy—has also attracted widespread attention amongst students of social problems, while the great foreign shipping corporations every now and then circulate the news that this Co-operative Society went bankrupt in order to discourage their seamen from following the Italian example. A good many years ago our railwaymen raised the cry: "The Railways for the Railwaymen," contributing a constructive Guild-policy for the efficient management of railway systems. The National Federation of Postal Workers came out not very long ago with a full scheme for the Guild-management, in conjunction with the State, of the postal, telegraph and telephone systems as the only method of securing greater efficiency and better working conditions in this public service. Our National Federation of Building Trade Operatives has organized, by uniting the numerous local Guilds, a National Building Guild, capable of undertaking vast building works in any part of the country.

There is then, in Italy, a well-pronounced general tendency among the workers, originating perhaps

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in the traditions of medieval guilds, to fight against the sabotage of production by the present economic system, and there is an active animosity against those persons and institutions that are obstructing Labour's emancipation by means of direct labour. This tendency and the schemes to which it leads confirms the fact that not destruction but construction is the motive and method of the labour struggle, that not the slowing down of production, but its intensification is the specific Italian solution of the industrial problem, that the labourers have dignity and a sense of social responsibility and do not seek leisure, or do not turn to charity, but endeavour to procure for themselves creative work free of any kind of thralldom.

How is it possible then—as the extremists suggest—to induce the workers to capture the municipalities and disorganize them, to conquer the control over the factories and reduce their efficiency; to seize the fields and leave them uncultivated? To what artificial arguments shall we turn to convince them to act against their own nature? The so-called “pure communists,” entirely misunderstanding the Russian process, claim “to destroy in order to construct.” This is an entirely impossible method for Italy. “To construct and eliminate and absorb simultaneously” is a proposition that can be understood and acted upon.

Destruction may come in a crash, brought about by uncontrollable general forces; but we cannot expect systematic destructive action from those who work in the enterprises or institutions to be destroyed.

The tendency in Italy is to work and conquer

through extending the fields in which direct labour may be carried on. It is by the continuous development of these new Labour institutions that the old order is going to be submerged. In this lies our hope.

It was not the Communists who destroyed Russia. They found her destroyed, and from the very beginning of their regime they spent their best efforts on reconstruction in order to clear the way for the creation of the new order. What in Russia has to be reconstructed because it has been destroyed, in Italy has to be strengthened and enlarged. In Russia the process of reconstruction and creation proceeds by the reorganization of functions on the basis of ability and professional proficiency. Nothing counts more there to-day than capacity. The man who knows how to do something, who is capable of planning work and of seeing that it is carried out, is the man who takes the lead. The primitive class struggle has been virtually overridden by and transformed into a kind of struggle that is less obvious but more far-reaching, into a contest between different functions all organized for the public good.

The Russians were forced to leap into Communism. When they conquered political power—the State—they found almost everything in ruins and the rest tottering. Having decreed “The New Order,” they had to set to work at once to make it go, and to attempt reconstruction by retracing their steps in various directions. What they had jumped they were obliged to fill up in order to give solidity to their structure. Having secured political power at one bound, they can

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now afford to risk the re-establishing of some of the features of the past where these may serve their present purposes, i.e. where these features are functionally necessary and feasible within their scheme.

The progress towards any new social order cannot be identical in every country. It is impossible to imitate blindfolded in social affairs. We cannot ignore, but we must sift the experiences of other countries. The substantial difference between Russia before the Revolution and present-day Italy lies in the fact that while Russia, as we stated, was already destroyed and the working class unprepared institutionally, Italy is not ruined, and Italian Labour is gradually changing the relations between the economic classes and the institutions that represent them by preparing a functional organization for the Society of the future.

From our unions, which in various localities and industries hold a monopoly of labour, are emanating, as we have seen, the new organs of production and distribution. And it is of immeasurable significance that all parties and movements that cater for the masses—the Catholic and Republican parties especially—must inevitably follow strictly the essential method of Socialist organization, otherwise they cannot hold their adherents. This proves, moreover, that these tendencies follow the main current of national life, which, even if obstructed temporarily by counter-currents, cannot be deflected indefinitely.

It follows that the function of capitalism is in Italy, as that of foreign capitalism is in Russia,

to make investments which will be managed under State control by Co-operative organizations. In Italy this tendency is already evident in practice, while Soviet Russia's future seems to depend upon the possibility of engrafting some such features upon the Communist organism. Before long, too, our middle class, even those who are producers, who are socially useful, will receive no more than is conceded to them in Russia, where their income is based upon their usefulness. Capitalism, by its rapacity, is destroying its own foundations, while Labour, by its own practical efforts, is making even more striking the contrast both in action and in aim by providing freedom and opportunity to work for those whom capitalism would enslave. Under the pressure of these tendencies local and county administrations have lately enormously increased the public services, invading spheres that were hitherto considered as absolutely private, and the State is beginning to devolve certain activities upon organizations, as, for instance, Co-operative societies, whenever they are prepared to undertake them.

All fields of production are teeming with these beginnings of corporate action. It is impossible to record them in detail. To introduce a phase of conscious and premeditated destruction would disturb the process of creation and undermine that constructive mentality which is the result of long and sustained action and the only guarantee of social renewal.

Strangely enough, the mass and its leaders, absorbed as they are in their daily struggle and still to some extent under the influence of the

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Russian myth, are only now beginning to be conscious of the full significance of what they are actually doing.

A synthetic program for concerted action is now shaping itself: to organize and prepare for the management of industry in conjunction with the State; to induce the State, through political action, to adopt as a policy—where it is as yet only an expedient providing an outlet for exuberant energies—the devolution of productive functions upon institutions imbued with the motive of production for use and not for profit.

The "Dictation of the Proletariat," conceived simply as the imposition on the country of the will of a small minority, is not practicable in Italy, and, what is of more importance, it is not indispensable for the revolution. The great majority of the country is convinced that the present regime cannot be maintained, and it is well known that there was a time soon after the war when many intellectuals and professional workers were ready to throw in their lot with Labour. These are not yet disciplined for the new order, but in them, as in the great mass, the sense of Communism—understood as a devotion to communal interests—is diffused, though still latent; made conscious of their place as producers in the present movement as well as in the Society of the future, they will become effective allies of the working class.

Here in Italy the change can spread widely over the whole country, because we possess the required organization, and one that is so varied and multiform that we need not dread centralization which leads inevitably to inefficiency, but may

look forward to a gradual adaptation without any radical change either in method or in ideology.

With us, the revolution has begun. Its methods are constructive, and its theories are nourished by the facts of its own experiences.



CHAPTER II  
CO-OPERATION AS AN ORGAN OF  
GOVERNMENT

I

JUST now, when there are so many signs, in the political world, of the coming of a Socialist Government, or, at least, of Socialist control over Government, we find, in the world of economics, signs equally unmistakable that Socialist theory, its traditional proposals for the structure of the new Society, have entirely broken down.

Everywhere the great State industries, or those in close dependence on the State, show themselves incapable of solving the problem of internal organization and of adapting themselves to the changed conditions of production. In the United States and in England the railways under State control during the war have had to be restored to private companies, although their control might well have served as a step toward socializing them. The German State railways are undergoing a very critical period and the proposal to give them over to private hands is indicative of the state of affairs. In Italy there is talk of converting a large part of the post and telegraph service into private business. In Russia the Government have the courage not only to confess the failure of many State

undertakings, but even to provide means of bettering them by denationalization, retaining only a partial interest and certain forms of State control.

Nevertheless, in spite of the failure of State management, we have learned from the experiences of the war that only organization can save us: that economic forces cannot be left at large, but must be ordered and directed according to pre-established plans: that if the State is incapable of the direct organization of economic forces, they must be organized either by Capital on its own behalf or by the proletariat on behalf of the State—in any case they will and must be organized. The Class struggle to-day is based on the organization of economic force for collective or for plutocratic ends.

The failure of State control may be attributed (though there are other causes, e.g. the evils of bureaucracy) to the refusal, more or less conscious, of the workers to labour for State capitalism—in the case of Russia, on the other hand, to the refusal of the professional classes to work for the Communist State. In both cases there is a weakening of the will to work.

Every type of organization depends for its success not merely on material factors and technical or directive capacity, but upon a certain mentality, interests, sentiments and specific faith. Socialism is not the transference of private business to public control. It presupposes a civic mentality, a diffusion of the motive of service both wider and deeper than any that exists to-day.

It is a tragic fact that Socialism should be called to the responsibility, direct or indirect, of

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government at the most unfavourable moment, not as heir to a super-industrialism, perfectly capable in time of crisis of super-production, but of a shattered capitalism. It must take command of a ship that is derelict.

We must be under no illusion. Besides the failures in the attempts to socialize industry which have dismayed even Socialists, there is the resolute opposition of capitalists involving their refusal to finance Co-operative or State undertakings at a fixed interest, there is even the determination to ruin existing State undertakings in order to absorb them in the world of private capital.

The plutocratic will to consolidate the power of capital is awake and active. The project of an international syndicate for the reconstruction of Europe, including Russia and Germany, is anti-social in origin, but we must admit that the idea of including all the countries of Europe in a single scheme of exploitation is clever enough. Finance, having made good its position in each country singly, seeks now to unify its monopoly internationally. The plutocracy is fighting internationally as well as nationally for the territory already conquered by Socialism or likely to be conquered by it, with the determination to put a stop to further advance.<sup>1</sup>

This scheme of European reconstruction is aimed specially at Russia, but, as a matter of fact,

<sup>1</sup> It is not without significance that Labour monopoly, the strongest bulwark against capitalism, is being fiercely attacked at its foundation—the Trade Unions and Co-operatives—even materially by the destruction of their buildings. These acts of destruction form part of a prearranged scheme.

the propaganda of Russia has almost ceased, and the social myth which is the expression of her spiritual influence has now but little vitality.

The final collapse of capitalism is not to be counted upon. Two things have lengthened its life—the organization of production and exchange still depend on it and it has made its peace with Russia and Germany.

This determination on the part of capitalism to bring all countries under its yoke can be frustrated only by a well thought out scheme of reconstruction which is effectively social. The will of the plutocracy must be opposed by a social will of equal force which will direct national and international affairs into the right channels for the welfare of the people.

## II

### AN ALTERNATIVE TO NATIONALIZATION

What remains for Socialism in the face of these failures when socializing projects are wiped out and "big business" comes in their place? Few delude themselves any longer with the idea that by means of nationalization order will be brought out of disorder and the fountain of prosperity be re-opened. In the face of experience, is there anyone who would seriously propose to nationalize any of the few industries that still function successfully?

Evidently a Socialistic Government, like any other Government, will have to let those who know

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how to work continue to work ; in other words, those who know how to carry on their business must be left in possession, lest the motive, good or bad though it be, should be weakened.

No socializing, then, of private business—nothing has been gained in social efficiency by advocating nationalization. Man's motives cannot be changed by laws but only by contact, by example, by action. It is to the interest of the State to encourage men to productive action even if its motive is the fighting instinct or the love of gain.

The State could not appropriate invested capital ; for by so doing it would put a stop to the business in which it was invested. But it could control capital that was seeking investment, and direct it towards new enterprises. Could not these be made a connecting link between the Society of the present and of the future and at the same time an element of stability in present affairs?

Since a Socialist Government cannot act on traditional lines by nationalizing existing capitalist activity, it remains for it to take as its aim the social reconstruction of the country and to find an organization apt for such a purpose.<sup>1</sup>

The fatal error of the Russian, Hungarian, and other Socialist Governments that came into power before and after the armistice was that they attempted to give productive activities a new order without considering that the whole apparatus was

<sup>1</sup> The term "social reconstruction" must be understood as designating a conscious and co-ordinated attempt to re-establish the material and spiritual equilibrium of Society.

out of gear through the long war and that the spirit of the workers was confused and exhausted. To create collectively the masses must be permeated by the will to create; instead of which, war had permeated them with the passion to destroy. The revolutionary governments thought that they could profit by this passion with a program for the destruction of the capitalist system; they were deluded into thinking they could dig out something constructive and that socialization could be imposed and could function parallel with destruction. They meant to strike at men and they destroyed things—they choked the old fountains of production without opening up any new sources. All that remained of capitalism after the war was destroyed without anything new being built up—and then it became necessary once again to give initiative freedom to the old forces, merely reserving more or less formal control by the State.

If one looks clearly into the turmoil of present economic fact, it will appear that the error of revolutionary governments was determined by circumstances and was the failure of an heroic attempt, a desperate experiment. The failure is not the condemnation of the ideal for which these revolutionaries fought and still fight; it is the condemnation of their methods.

There was no choice for these revolutionary governments but to impose theoretical regulations and ready-made schemes, since there was no living tradition among the people that could serve their purpose, nor any institutions, handed down from an earlier period, in which such traditional aptitude could find expression. Having no Guilds, no

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Co-operatives, no well-organized Trade Unions, there was nothing on which a Communistic or Socialistic structure could be based. Institutions might have been created *ad hoc*, but not the spirit which could alone have made them a success. The experiment failed ; and there was nothing for it but the return of the financier and the private employer.

The principle of socialization is, nevertheless, being maintained in Russia. Land, for example, is nationalized ; but it is granted in lots to the individual peasants with the exception of a few State farms (managed more or less as Co-operative societies) scattered over the country. If such Co-operative societies had existed widely already land nationalization would have taken on a very different aspect. The same may be said of industry. The State wished to take on the big industries only ; smaller businesses, which, in an agricultural country, are the most important, had to be left, under a limited State control, to private initiative, preferably Co-operative. But the Co-operatives would have had to be created for the purpose and would have ranked even then as private businesses and not as an integral part of State executive.

In Italy there are factors which render the situation entirely different. Here we are already provided with a great number and variety of flourishing institutions of a public and social nature, representing a tendency that is deep-seated and spontaneous over the whole country.<sup>1</sup>

<sup>1</sup> Under this heading are included all the various bodies of productive workers who serve the public.

With these for a basis, a Socialist Government has more chance to build securely than in any other country where such institutions are fewer and more limited in scope.

The enemies of Socialism who want to see it in power in order that a speedy failure of the experiment may bring them into power themselves, are reckoning without their host. A Socialist Government in Italy would not need to experiment. There would be no need to destroy nor to impose institutions on the masses which were alien to them, but merely to go on extending the close web of interests and organizations, already in working order, which are suited to the tasks that a Government would be obliged to tackle at once.

In other words, Socialism would follow up tendencies already existing and already producing results. That Co-operation is inherent in the character of the people, and has taken root in our economic system rather than speculative capitalism, seems proved by the fact that in Italy big capitalist enterprises do not get firmly established, and that we do not produce any great captains of industry, while Co-operative societies, great and small, spring up spontaneously all over the country and prosper in every branch of activity under the most adverse circumstances, affording at the same time, both to workers and managers, invaluable training for still greater tasks.

The recent vicissitudes of the big capitalist firms show clearly that "Big Business" does not suit Italy—it is not adapted to the objective conditions of the country, neither to its natural resources nor to the temperament of its people—and that we



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have reached a time when smaller undertakings, co-operatively conducted, will become an integral part of the national economy.

If Socialism realizes that the task before it is social reconstruction by means of existing organizations of a social character, and knows how to direct and use them, it will be able, not merely to remain in power, but to guide the country towards a new order.

It would really be a great advantage for Socialism to get into power, for it would then cease to be the exponent of a special and restricted class, and would become the exponent instead of a tendency deep-seated and widespread over the whole country, and by no means confined to a single political party and the organizations allied to it.

Socialism, in power, might turn to creative uses those social forces which, so long as it remains merely a party, have to be spent in fighting. With a wider horizon and with enlarged capacity it would go far beyond any mere party scheme.

A Socialist Government would be representative of the great mass of the people who either are, or tend to be, organized in Trade Unions or Co-operatives. It would be akin, not merely to the comparatively small number of its own adherents, but to a vast multitude of people spread over the whole country, organized or unorganized and belonging to other parties as well as its own.<sup>1</sup>

<sup>1</sup> It is true that the Socialist Party has at most 100,000 regular members; Socialist electors, however, are to be counted by the million, and so also are the members of Trade Union and Co-operative organizations that have a Socialist character; it cannot be denied that this disproportion is so great that it is impossible to consider the Socialist party as an adequate representative of

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Recent unfortunate experiences show the necessity of keeping facts well in view. Still that does not mean that one should be carried away by that ambiguous saying that the politicians are fond of quoting : " It is no good butting up against facts," which is generally brought up to discourage any attempt at improving things. This tiresome commonplace serves as an excuse with many people for letting things slide. Facts are not immovable. He who understands their nature and their causes can often mould them to his liking.

A true statesman must have a comprehensive vision of reality, must make use of those elements and tendencies which serve for the end he wishes to reach, and so change Society through the development of those living forces which he sees will be dominant in the future ; strengthening, at the same time, by means of these same forces, the actual make-up of the State.

There are elements in the every-day life of to-day which, if they are co-ordinated to a common end, may serve to decide the future of Society.

We are at a turning point of history characterized by the existence of diverse and conflicting economic systems. Social and individual initiative are both at work. The tendency to socialization, is, however, inherent in modern economics and technique ; the forces of initiative are now practi-

Socialism as it exists in fact or in tendency throughout the country. If one takes into consideration the great mass of members of other political bodies who are organized in Trade Unions and Co-operatives, and have therefore interests essentially identical with those of the Socialist body, the necessity becomes even more apparent that Socialism should take its share with the rest of the Labour Party in the responsibility of government.

cally all socialized ; there are very few kinds of business suited to the private employer with private ownership. Many firms, however, or joint undertakings, remain under individual management if they are not necessarily public in character, i.e. if they are not carried on in the interest of the community. Those enterprises only can be considered really " social " which might suitably enter into organic relationship with the State and might hope to find a place in a new order of Society.

The Socialist statesman will know how to make use of those elements, material and spiritual which, although they belong to the present order of Society may exert a determining influence on that of the future. He will seek not to weaken but to consolidate the State, encouraging social initiative and leaving private initiative undisturbed, so long as it does not interfere with the public interest. He will look on unsocial capitalist tendencies as transitional, while he will look on those that are social as valuable aids to the building up of the new social order.

### III

#### INCORPORATION OF CO-OPERATIVES IN THE STATE

A clear program for a Socialist Government of social reconstruction by means of existing social institutions would be a very different thing from a mere policy of collaboration with them when it happened to be convenient. Such a policy would

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mean, in practice, the conquest of power, for it would certainly not favour the immediate interests of all classes, and would be at first in direct opposition to many vested interests, sweeping away economic privileges and all manner of political parasites.

The policy would be, in itself, an acid test that would separate sound elements of reconstruction from those that were unsound ; and would apply to men, measures, parties, programs and methods. It would be a test of selection, but at the same time a means of organization.

True social reconstruction must be based on the needs and capabilities of organized Labour and on a sympathetic understanding of the constructive impulses and social sentiments that inspire it. It must depend, in the long run, on those aptitudes, opinions and interests which can neither be suppressed nor altered. It is not a policy of shifty expedients ; no mere question of collaborating first with one group and then another. It is a new departure in economics ; the power of the State is strengthened by the adoption within it of institutions, which have worked hitherto outside it.

• It would be a collaboration, not on a basis of a political party, but of a whole country, and party feeling would disappear because the wider field would afford an ample and secure outlet for the activity of all. In order to call out the creative energy, the will to work of the people, you must secure to them a function that is permanent and responsible, and this can best be done by bringing them into an organic relation with the State.

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A Socialist Government will not need to discuss schemes of reform and select a program ; it will be able to start at once on the practical work of administration and to give at once a new direction and a new rhythm to organized communal activity. Nor is there any danger that it could be considered as an act of favouritism towards one section of the community thus to bring together the forces now scattered over the country and guide them on a new road to a common end.

Socialist collaboration in the Government will not be and ought not to be a party consideration—the way out of a political situation—but should be considered as an attempt to solve a great social problem, to build a framework for the whole Labour Movement and lay the foundations of a new order.

It is not to be considered as a temporary measure, a transition to normal conditions—whatever that phrase may mean—but as a lasting and well-considered course of action giving active expression to the various tendencies that point to a better Society. We do not propose to accept the State in its present form, nor to let the institutions that have been built up by Labour be absorbed by a capitalist State, but to alter the whole structure of the State, making them an integral part of it.

This incorporation within the State of a network of Labour organizations—a system of State administration by Guilds—would mean the prompt execution of all urgent work and the full use of all latent resources under collective management. A structural change of this kind is not a thing that could be upset by Parliamentary hysterics or

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public demonstrations. It represents a process that we may see developing in other countries, Russia and Ireland, for instance.

Governments may change, but if this new departure is once made, these institutions once adopted, they can never be given up; they will permeate with a new spirit the whole machinery of the State and alter its nature.

Amid the endless confusion of desires and interests at the present time, there are signs that we are moving in the direction of what may be called a Guild society. We see such signs in the various forms of Co-operative activity, in the tendency of the Trade Unions to undertake production on their own account, and in the action of Local Authorities and of the State, when they seek, directly or indirectly, to get work done on a Guild basis. There is a vital impulse towards harmonizing and consolidating collective activity.

In this period of fierce class war, often merging into civil war, one finds in both camps a tendency towards co-operation. It arises at first within the contending classes, but it will prove, later on, stronger than their differences and will unite them in common activities and common interests.

Class war is sterile: nothing permanent has been created by it. Even while it lasts, the only results of any significance have been due to co-operation.

It rests with our statesmen to recognize and to promote this method of employing the best characteristics of our countrymen, material and spiritual, for the remaking of Italy.

Objectors may say that the scheme we have

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sketched is a "castle in Spain," that a Government has no power to make such an innovation, that the mass of the people are not ripe for it and that social evolution must be from the base upwards. But there are answers to these objections: it is true that a Government is powerless to advance when it has to maintain equilibrium by a system of dexterous counterpoise between contending parties, but by making use of constructive forces, and smoothing the way for their development, it can strengthen the basis of the State, which should be its first object, while paving the way for a new social structure.

To-day, for the first time, the opportunity arises for the State to avail itself for national ends, for maintaining the equilibrium of Society, of the civic virtues of the people and of the institutions that those virtues have created. To-day, for the first time, it is possible to tap this perennial source of energy and to turn it into this new and fruitful channel.

Is it possible to determine beforehand when any class is ripe for rule? Judging from history, one might say that no class ever was fit for power at the time when it attained to it. The violence with which power has been defended is no proof that the wielders of power were fit for it.

Classes may be said to be ripe for power when the State needs to take over their functions in order to make good its own position and, on the other hand, those classes may be said to be decadent whose functions are injurious to the welfare of the State. It is as fitting that the former

should be made use of as that the latter should be suppressed.

Just as a wary statesman will not wait until a class, or a course of action has done its utmost injury to the State before he attempts to restrain it, so also he would not put off the moment of claiming the services of an organization that might be useful until it has formed itself into a State within the State, but will hasten to adopt it as a going concern and make it part and parcel of the Government. By this means he avoids the danger, lest the old State should be suddenly and violently supplanted by the new one that has grown up within it.

The new organization, on the other hand, will not be the loser by the adoption of its organs into the State, for it will retain a full opportunity for the realization of its ideals while avoiding the waste and suffering attendant on revolutionary action which would be bound to diminish its social efficiency.

#### IV.

#### THE TRADE UNIONS AND CO-OPERATION.

A Socialist Government in league with Co-operation would behave much as would a Bourgeois Government in league with capitalist Trusts; just as the latter could not ignore Co-operation, so the former could not ignore the organizations of capitalism. Obviously, too, it ought not to take heed only of Socialist Co-operation, or even to



give it a preference, but ought to confide any given function to the Co-operative best fitted to discharge it, whether Catholic, Republican or neuter. It would, in short, make use of the whole Co-operative Movement and of all associations akin to it, basing its action on the common ground of this deep-seated tendency which it would seek to co-ordinate.

Under a Socialist Government, Co-operation would enter a new phase; its problems and its position taking on a different aspect, no longer one of training and experiment, but of executing and administrating public work in the collective interest.

Co-operation once incorporated in the State would lose its corporate character because its members, invested by the State with a public function and responsibility, would have a personal interest in the destiny of the nation.

It goes without saying that Co-operation would have to prepare itself for this new function. Its present organs, local and limited in scope, would have to adapt themselves, as Government organs to wider and more general purposes.

It would lose, as we have said, its corporate character, as serving a group, and this change would involve a corresponding change in the position of the Trade Unions which are its base. With Co-operation as a State organ of Industrial Self-Government, Trade Union action would be superceded.

As a matter of fact, the Trade Unions are already joining with the Co-operatives in undertaking those very functions by means of which they are destined to alter the character and constitution of the State. This is a new phase of the Labour

Movement just as it will be a new phase for the State. Trade Unions, as long as they acted alone, had certain narrowly defined functions, and so also had the Co-operatives, but they are now united by a common impulse towards the assumption of wider functions and the acceptance of a higher responsibility.

A new unity of aim and action in the camp of Labour springs spontaneously from the new connection between the Co-operatives and the State. The *rapprochement* between the Trade Unions and Co-operation puts an end to the isolation of the latter, and it becomes a channel for the whole force and fighting strength of the mass of the workers. This unity of purpose gives a new impetus to the entire movement.

When the work of the Unions is merged in that of Co-operation the cycle of transition will be closed, for Society will have attained to a Co-operative structure.

There is a two-fold tie between the two movements. The trade which aims at a monopoly of labour, and can attain power only by that means, finds itself to-day in great straits; on the one hand it is at grips with the forces that directly threaten its monopoly, on the other hand it has to fight unemployment, another enemy of Labour monopoly, though a less direct one.<sup>1</sup>

<sup>1</sup> To-day, the attack on Labour monopoly is not quite so open as it was. Some ten years ago, during the agrarian agitations in the Emilia and the Romagna, *Agria* (an association of employers) made an open attack, even invoking legislative intervention from the State, against the leagues and Co-operatives which in that region had actually achieved, to all intents and purposes, a monopoly of Labour.

Co-operation, extended and strengthened by its connection with the State, would become a safety valve to the Trade Unions, for, by dealing with unemployment, it would stabilize Labour monopoly.

It is, then, to the interest of the Trade Unions to bring the whole strength of organized Labour to the support of Co-operation because it is the cardinal point of the whole position. Once gained, it will involve a change in the whole economic structure of capitalism.

So that Co-operation, co-ordinated to State ends, is a means of defending and securing Trade Union action, which had become incapable of guarding the ground it had already gained and, still less, of extending it by its own weapons. It is evidently in the field of Co-operation that Trade Unionism may hope for new victories, and it is to that field that it should transfer its chief forces.

It is true that Co-operation will meet with the same hostility as Trade Unionism, and even more, but from the point of view of the general public, its function is more vital. It will gain support from the masses of people who derive benefit from it.

The two forces acting together will defend and make good the monopoly of Labour, for even if they have not yet obtained complete control of industry and the means of production, they have got control over the chief factor, Labour. Thus the Trade Union will be strengthened to face private employers, and will be enabled to stabilize that Trade Union control from within which will provide a bridge from the private business to the

Guild, a means for the gradual transformation of the one into the other.

The moment when Co-operation and Trade Unionism unite in joint action with the State, Wage Slavery will receive its death blow. Private employers will no longer be able to buy Labour at a daily price, and this will be fatal to the anti-social basis of their power. Labour, on the other hand, will gain liberty and the power of giving actuality to her social impulses, which are leading towards a general Guild system of industry.

Trade Unionism will lose its old characteristics and take on new ones. Already it tends to merge into Co-operation and to emphasize that function of control which it has begun to elaborate in various forms, such as workshop committees and Trade Union control over each industry. This will become eventually its chief function, for it is one that will be needed in the Guild Society of the future just as it is needed in the Co-operative societies of to-day.

The alliance of Trade Unionism and Co-operation will bring about essential modifications not only in production, but also in consumption. The Unions will bring all their members into the Consumers' Co-operatives, which will tend to monopolize the custom of all workers and of the classes allied to them.

Co-operation of consumption, in its turn, in close connection with that of production—especially agricultural production—will be able, with the help of the Unions, to organize departments of production for working up agricultural products into the articles required for sale by the Co-operatives.

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By this means friendly relations will be established between the peasants and organized industrial workers.

Under such circumstances private firms would have to compete with institutions which were really social, and the dangers arising from private trusts would be brought under control. The Unions and Co-operatives would acquire full information as to the best conditions of production, and as they would be acting obviously in the public interest, they would have a stabilizing effect on prices.

The influence of the Guild spirit will not be confined to the control of industry, productive and distributive, but will also invade the field of finance.

The old function of property as a source of gain will gradually come to an end, and the new motive of service and production for use will have to depend for the capital it needs on new forms of property.

These new forms will be found by capitalizing the resources of Labour and of those that are latent in the country. All these resources go to form a collective capital, effectively social because it is invested and administered in the interest and for the service of the community.

Besides the tendency towards new forms of nationalization on a collective footing, there is also a tendency towards nationalizing the profits and the capital of the Co-operatives. For instance, the Agricultural Co-operatives make a practice of investing all the profits derived from their farms in the acquisition of additional land. The new relations between the Trade Unions and Co-opera-

tion will serve to bring all the savings of the working class into Co-operation (either directly or through the Co-operative Bank), thus augmenting its capital which is, practically, a form of collective property.

Just as the coming of the Guilds will break the monopoly of private employers in the labour market, and consequently in the field of production and distribution, so also it will break the monopoly of the capitalist banks in the money market. These private banks, too, will be forced to make loans to the new social institutions. They will sell their money where they have the best guarantee. Private enterprises, unsupported by willing Labour, and hindered at every turn by competition and by regulations, will no longer provide a safe field for investments. Finance, when it realizes that the period of speculation is at an end, will once more seek modest and safe investments, and will turn to the State and the Guilds.<sup>1</sup>

This co-ordination of the Trade Unions and the Co-operatives and their internal reorganization is a foretaste of the results which will accrue from the adoption of Co-operation by the State. Without this prospect it would have been impossible to initiate a regrouping of forces capable of defending the life of the Co-operatives. The Labour Movement and its institutions depend above all

<sup>1</sup> The bank rate was an attempt on the part of industrial speculators to establish a control over finance. It has not succeeded. Finance is still dominant over industry; but when private firms can no longer carry on their business satisfactorily, the bankers will either refuse to finance them (as they have already refused in some cases) or will require them to give a new form to their business and what form could it be but that of a Guild.

on their relation with the State, and their position becomes much more secure when the State recognizes their functions and makes use of them. If the State adopts a definite attitude with regard to these functions, it will have an excellent effect on Labour affairs all over the country, and not merely on the relations between the Trade Unions and Co-operation.

When the State recognizes its social functions and sets itself resolutely to discharge them, social forces spontaneously fall into line in its support, and organic relations of mutual aid are established, while those forces that are anti-social find themselves out of favour with the Government.

The adoption of social functions by the State tends to produce the organization and unification of all elements for good within the Nation, and has all the suggestive power of an ideal.

## V

## TOWARDS THE GUILD STATE

The State, strengthened by its alliance with a healthy and active Co-operative and Trade Union Movement, and with private business well under control, would find it easy to trace a program of action leading towards a Guild Society. The Government would indicate, in general outline, the work to be done, the problems of management to be solved, and the means at its disposal. It would be for Co-operation to study details and methods of execution. The executive organs will

thus be placed in direct relation with the needs and the means of the State. The State will be well informed as to the extent of the executive power it can count on, and Co-operation as to the work there is to do. They will study each problem together and share the responsibility of every fresh undertaking.

The State, as a rule, will not oust private enterprises, nor directly undertake new ones. It would not be wise to do either.<sup>1</sup> It will guide and promote the formation of Guilds and will give them recognition and status. There is no danger that Co-operation will be subjugated and absorbed by the bourgeois State, nor that the plutocracy will make use of it to retrieve its own position. As soon as Co-operation, based on the Trade Unions and on Labour monopoly, becomes an integral part of the State, there must ensue a definite change in its constitution, function and outlook.

<sup>1</sup> As the State should not nationalize flourishing private industries, so also it ought not to burden itself with those that are in a bad way, for their financial embarrassment is by no means always the result of ignorance or dishonesty, but often of irremediably unfavourable circumstances. Co-operation has no right to prolong the life of languishing industries that have no real base in the country, the liabilities of which can be met only at the expense of the community. They must advance cautiously, acquiring private businesses by purchase where this is feasible and transforming them into Co-operatives. It is far better that the private firms should wind up their affairs themselves. The alliance between the State and Co-operation will chiefly aim at finding new opportunities for Labour in production and exchange; new fields of activity will be found and new markets; the financial burden of the State must be made lighter, not heavier; State capital must not be tied up, but must bring a good return. Above all, they must not bolster up tottering bourgeois capitalism by giving heavy indemnities but lay solid foundations for a Guild State.



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It is not possible that Co-operation, considering its position in the Labour Movement, should be accepted by the bourgeois world, which is so entirely opposed to it in spirit and in practice. In the change that is going on in society, Co-operation represents a determining factor, to which all others must give way.

In Italy the instinct for Co-operation seems inborn. Men turn to it because it fulfils their social needs. It brings into their daily lives not only production in common for impersonal ends, but also mutual aid and the sacrifice of individual gain for the welfare of the community.

Already Co-operation has strengthened social instinct and modified the relations between man and man, and when it becomes the economic basis of the new order of society it will give an outward and visible form to the spirit of civic brotherhood.

The statesman who succeeds in turning this sentiment to collective ends will have incorporated in the State a vital principle of social growth, a great motive force in the work of social betterment.

We begin to see clearly what will be the characteristics of the period of transition to the new social order. There will be a variety of economic and financial processes going on, but behind them a deliberate progress towards a Guild constitution.

We shall see a development of workers' control over production to which financial capital will have to submit, and the Government which identifies itself with that control will know how to enforce

the submission. A new public opinion will be formed that will sanction coercive measures against those who take no heed of the interests of the community.

## CHAPTER III

### REGIONALISM

BIASSED as we are against State action and bureaucracy, we run some risk of losing sight of the core of our problem and of exaggerating the importance of circumstances which are in a sense accidental. We all agree that a centralized State cannot act with efficiency, and that its services are too costly; we cannot deny, however, that such services are needed by the community, and that they ought to be publicly performed.

We must take care not to confuse the real tendencies of the modern State with those characteristics which result from errors of organization, separating clearly the failures due to unwise management from those which are inevitable from the nature of Government action. Above all we must beware of considering the war and after-war periods as if they were entirely detached from normal times, and we must try to fit them in to their true place in contemporary history. One may almost say that the war has created nothing new, that it has merely rendered more acute the phenomena that existed already. The modern State had been tending already for a long while to become a universal centre for the performance of

public services, and during the war activities of every kind became, or were looked on, as public services. It was the only way in which the numerous and peremptory tasks imposed on the nation could be fulfilled. State control over all activities was a necessity. The work was done; that was the essential point; the cost of it to the community was a minor question which might be settled by the experts in organization.

During the growth of State control over production and parallel with it another "will to control" was developing, that of the workers to exercise control not only over the distribution of the produce, but over their own labour. From the earliest Trade Unions and Co-operative Societies, right down to the workshop committees of today, all forms of Labour organization were, and are, more or less consciously an affirmation of this desire for control. The failures prove nothing; it is enough for us to point out that in the Trade Union the means and method of workers' control are being elaborated.

These two tendencies may seem at first sight to clash, but there is between them a real affinity. Since the ultimate aim of each is social—the service of the community—they are bound in the end to come to an understanding. There is, however, a third tendency which clashes with both of them—the will of the plutocracy to monopolize, in a few hands, the whole apparatus of production—raw materials, manufacture, distribution and finance. This third "will" is anti-social, and has nothing in common with the other two, its sole motive being the thirst for money and power.

This plutocratic will to power sets itself firmly against any alliance between State control and Labour control, using all means, open and secret, to prevent their joint action in the public service. It aims at weakening both the State and Labour, and then, by exploiting their weakness and their necessity, paving the way to an undisputed dictatorship over both. Such a policy consistently pursued has every chance of success.

The result is that the work of national reconstruction is not even attempted. A public service on a scale so colossal could never be undertaken except by the united action of the State and organized Labour. Whereas the plutocracy enslaves both for its own ends.

It is at this point that Regionalism comes on the scene. Here we have yet another "will to control," the subjects of control being all the activities in a given locality, which is homogeneous with regard to natural resources, present activity, and the character and traditions of the people. This "will to control" is eminently practical, not theorizing from a distance, but well-informed as to local needs and possibilities. And its aim is the good of the community and the efficient reconstruction of industry within the region.

Regionalism is making way because it arises out of the growing conviction that modern industrial civilization, as we know it, cannot hold the field much longer. This conviction has gathered strength from the experience of the last few years, but we find evidence of it in the aspirations of the past.

Here we have the central fact of Regionalism.

To oppose it by talking of international politics and the future of Italy in the conflicts that are likely to take place, though such arguments may sound weighty, is really beside the point, because what we have to consider is the very existence, economic and spiritual, of the nation. For what we must realize is that this so-called civilization has committed a twofold suicide; once when, to gain dominion of the world, it aimed at strengthening its position by war, and succeeded instead only in destroying its own foundations, and secondly when it decided to centralize all initiative and the entire control of production, and, in so doing, inhibited the will to work in the great mass of producers, agricultural labourers, artisans and professionals.

This disinclination for work is often attributed to life in the trenches and to the lying promises made to the soldiers, but, though these things may have served to aggravate it, it was in reality latent long before the war, and is the most convincing indication of the decay of the present system, and at the same time an indication of the way to replace it.

As this relaxation of energy grew out of our industrial system, and was rendered acute by its bankruptcy, so it is only by a revival of the will to work that the new system can come into existence. The new society must arise out of the ashes of the old.

When the worker regains control over his own labour, he will once more be interested in it.

Regionalism follows closely the instinct out of which it arose when it aims at raising man from

the abyss into which industrialism has plunged him, when it seeks to reinforce his enweakened instinct for work by giving him a life which will bring his whole personality into effective action.

True, other movements have this same end in view. Regionalism, however, is sharply distinguished from them by the fact that it is not of any one party or class, that it appeals to the individual, pointing out to him the nearest field of action, and calling upon him to do things for himself instead of waiting for other people to do them for him, to take his fate into his own hands.

This does not mean, however, that Regionalism contemplates a state of affairs where each individual or each little group will follow its own devices. While accepting the fact that in the modern world the interests of any individual or any group are bound up with those of Society as a whole, it maintains that social action and social interests should begin at home, and that the area over which they should develop must be determined by practical considerations.

Regionalism recognizes that most people feel their dependence on the community, and are quite ready to work for it; they fall instinctively into groups for acting in common, and they submit to the group because they can themselves control it. This joint control cannot possibly exist in the case of the State, and therefore there is always reluctance in the submission of the individual to its orders, although he will obey readily enough those of his Trade Union, his Co-operative Society, his Commune or his "Region," wherever, in short, he is conscious of exerting direct control.

He will prefer the Region to the State because the State is too vast a field of action and escapes from his control, and he will prefer it to the province because that does not give him space enough and does not contain the variety of elements that are needed to make it a suitable unit of area, whereas the Region can furnish all the conditions, objective and subjective, for collective action, and can have a life of its own where aims and methods are well under the control of the inhabitants. For technical and financial reasons, the town and the province are no longer sufficiently extensive in view of the innumerable functions rendered necessary by the complexity of modern life, while the country is too vast and too vague. The Region, which is founded on a basis of material resources and industrial affinities, affinities of custom, is a new unit within which new interests and new sentiments may crystallize and new forms of activity may come into existence.

Regionalism, being no affair of party or of class is, in effect, nothing but a method of dealing with the problems of modern society, problems which are in substance the same which have to be dealt with by the Nation, and since the Regionalist makes no attempt to cut himself off from the Nation, his solution of these problems must be along the lines of national development. The Regional spirit, then, is in no sense opposed to the Nation (though people who think in political, military or geographical terms, may think so), but seeks to build up the structure of the Nation on a solid foundation of efficient work. So also, Regionalism does not in any way oppose the State,



but only any inefficiency or unfairness to Labour in its administrators; nor does it quarrel with the position held by the Trade Unions, but only with the party spirit which lessens the service they might render to the community at large. While depending for help on the State and the Trade Unions, and making use of the organizations of both for Regional ends, it will wage war against plutocracy.

The aim, then, of Regionalism is to bring the State and the Trade Union into harmonious action in the execution of their several social functions, and thus to lay the foundation of a real transformation of Society.

To resume, Regionalism derives its driving force from the needs of the workers and their desire to work for the supply of those needs, and it operates by means of synthesizing the various existing tendencies that are in harmony with it, and eliminating those which are hostile. Thus Regionalism helps to revalue and define social functions as well as to organize and redistribute them. In virtue of performing these services, and as a centre of control and direction, the Region will become a vital organ of the State.

It follows that Regional action must be something more than the creation of a new and larger unit of public administration, that its scope is not merely to decentralize a democracy, but to discover local needs and local possibilities of service and to bring them into touch with the State. It is not so much a question of constituting a new administrative unit—a thing all parties have pledged themselves to do with lying promises—as of making the Region a living reality.

You cannot destroy bureaucratic control merely by reorganizing the bureaucracy, still less by widening it. If public administration is to be placed on a new and sounder basis, it can only be by giving a wider field to voluntary activity. The staff of citizen volunteers is a factor of enormous latent possibilities. To-day it is neither made use of nor taken into account. Its permanent social value, which was shown so clearly during the war, is now completely lost sight of. Has anyone, since the war, made a serious estimate of the strength and ability of that staff of volunteers, those countless women and men who rendered incalculable services to the Nation without the smallest expectation of any recompense? I am not speaking here of people who were in the limelight, but of the great multitude of those who served the country modestly for their own satisfaction or from a sense of duty—sometimes, too, urged on by a new public opinion that was growing up around them requiring that every man should serve his country to the full extent of his ability. The growth of this public opinion ceased, unfortunately, when the war came to an end; we may hope, however, that it will be roused once more when the public are called upon to perform new services for the national welfare, and that it may become even stronger and more disinterested than before.

The Regionalist, who looks for a spiritual revival, and believes that without it political and economic changes can be of little use, must rely on this latent spirit of voluntary service which is essentially constructive. If the Region is to under-

take functions that have been hitherto centralized, it must be by substituting the citizen for the bureaucrat. The parasite and the profiteer must be replaced by the voluntary worker. The national need called forth a band of devoted volunteers for local work ; the greater the need, the greater their devotion. Just as readily will they answer to the call of the Region, which will be just as truly a call to national service.

In time of peace it will be easier for civic volunteers to work together, within Regional limits, towards social solidarity, than on a field so wide and unmanageable as the whole country, where, indeed, at present, solidarity has no existence. If this impulse, which is at once civic and constructive, is to be made use of, we must place before it a definite task within assignable limits.

It is of the utmost importance, then, that the formation of the administrative Region should be begun at once. But where are we to begin? It is clear that a sudden and complete decentralization, political, financial and administrative—that is to say, a law constituting the Regional unit as we desire to see it—would encounter great opposition. We must be content to make a beginning at the point of least resistance, where a desire exists already for local action and some nucleus of functional organization. The construction of the Region might begin either by Regionalizing existing local undertakings for one or more public service which would benefit by a less restricted area, or by Regionalizing certain private undertakings which might more suitably be run by a

public authority. From the start, however, it is most important that the interests of the Region should fall into line with those of the Nation in order to secure the support of public opinion and of the State. The point is so to develop the industry and the resources of the Region as to benefit the Nation.

Are there not cases where districts, by entering into partnership, could run a given industry to far greater advantage than they could each run it separately, or where a scheme might be carried out on a large scale for some local improvement which, on a smaller scale, would produce little or no result—a central power station, for instance, to electrify a large zone by means of water power or a local coal-bed? Or again, might not all the public institutions that spend money, and all the Co-operative stores in town and country, unite to form Regional associations of consumers, and enter into an agreement with the local productive societies, thus bringing urban and rural production into direct relation with the needs of town and country? In short, are there not many activities, actual or possible, which could be run Regionally, to great public advantage?

But are there not also great possibilities of Regional development outside the field of economics—in culture, education, art or recreation? For instance, might not the work of afforestation become a healthy alternative occupation for lads at school, and an attractive one, and at the same time a good preparation for public service? Since these activities and many others that are suitable for Regional development are of national importance,

they would receive the financial and legislative support of the State.

The Region would have disinterested support from many groups and corporations that were in sympathy with its aims, not, of course, from those who were out for profit, but from the Trade Unions, the Co-operatives, and many professional associations who were tired of serving profiteers at the expense of the community. In further support of the Region, these various bodies would form a joint organization for production and distribution which would serve later as a basis for a decentralized socialization of land.

Something has been done already in this direction. There are Regions where Communes have entered into partnership for land improvement or for public services, and Government has encouraged and even required such partnership. There are also inter-provincial federations of agricultural and industrial Co-operative Societies which have an excellent record, and there are public or semi-public bodies in which political parties of different shades of opinion work together for a common end. The well-known Co-operative Societies of Ravenna have already offered to hand over their land without indemnity, and all that they possess, to form a Regional agricultural demesne, provided that other local bodies would do the same, and that the State would confer upon it all unreclaimed, uncultivated or ill cultivated land within the Region.

To follow up this beginning, Regionalism should become a recognized method to be followed by any group resolving to form a Region. It does

not signify at what point Regional activity begins, what is important is that it should make a start with some definite task or public service of real use to the Region and also to the Nation; the function chosen will create for itself a suitable institutional setting.

What is most needed, however, is not merely the discussion of the problem, nor even the formation of Regional groups in order to foster and diffuse a Regional spirit. The spirit is there already; what is needed is to form a definite scheme of Regional activity. Public opinion will crystallize not round a barren theory, but round definite tasks, thought out and planned for Regional performance. There will be plenty of volunteers ready to undertake such tasks. You cannot expect to rouse public spirit or to find willing unpaid workers unless the machine of Regional activity is ready for action.

It is a tactical error to start with determined opposition to the State and the bureaucracy. The Region cannot spring suddenly into existence. It is far better that the administration should be already equipped and functioning, that there should be bodies, either public or private, doing the work that is to be taken over. From such bodies will be formed the functional structure of the new unit. They will be no longer Co-operative Societies or bureaucratic Government departments, but true Guilds. That is to say, the Co-operative Society will be transformed from a business, limited and local, into an institution open to all workers, whether manual or intellectual, which will form a part of the public service under Regional adminis-

tration. In the Guild every member will have the assurance that he is working for the community, and that he will be able to control the result of his labour. Thus reassured, he will feel himself to be a citizen volunteer, and will be able to exert himself to the utmost in the public service. Around a central Guild structure certain activities which, though in no way anti-social, have necessarily an individual character, will group themselves in friendly relations with the Guilds and often stimulated by them.

If the Region is to be of real value as a social unit, it must be so constructed that it can maintain a high level of morality and efficiency in every field of Regional life. This, as we have seen, implies the Regionalization of existing public functions and of those likely to become public, and the bestowal of public duties and responsibilities on existing groups of producers. If it be true that, without these measures, you cannot form a "Region," it is also true that without them you cannot reconstruct the Nation, for you would lack that new creative impulse, that will to work, which can be roused only by the call of new responsibilities, and can come into action only through new forms of association.

Regional activity of this kind would, of course, imply changes in the position and function of the State, which must, if it is to retain its supremacy, fall into line with the new system. It is, however, very much to the interest of the State that the Region should come into existence, and should take over the heavy burden of functions which the State cannot discharge satisfactorily, and

which serve only to lessen its prestige and to hinder the performance of its essential task.

Regionalism is then a new synthesis of all the forces operative within the Region. By bringing them into relation with one another, and by emphasizing the social purpose underlying their work, it will increase their efficiency and will produce an atmosphere of goodwill and public spirit in which defects of organization or individual weakness will easily be remedied. It will bring new life to the people by setting before them a task which numbers of them will be eager to perform, a task whose performance will create new standards of value and will give rise to new forms of solidarity and a new interest in the stability of Society. Regionalism must begin with action, not theory. The Regional spirit will find its own sphere of action, and will gradually build its own constitution.<sup>1</sup>

<sup>1</sup> With above chapter c.f. G. D. H. Cole, *The Future of Local Government*, Cassel, 1921, which deals with the expansion of the areas and functions of local authorities from the point of view of a Guildsman. From the study of this book, one gathers that Italy is far better supplied than England with organizations which could be made use of if the country were regionalized.



## CHAPTER IV

# HOW SHOULD THE STATE INTERVENE IN PRODUCTION ?

### A. THE STATE AS SHAREHOLDER.

IT is not impossible that the State, instead of giving a subvention to private industries or taking part in them simply as a shareholder who has paid money for his shares, may claim after the war that shares should be conferred on it as an equivalent for its services in facilitating the development of the enterprise. The Economist, Emanuele Sella, reminds us of the fact (in this connection), that capital is the sum of the goods and services destined to be used as means of production ; that technical and organizing ability or a genius for business, patents or monopolies of any kind, inventions, concessions, goodwill, etc., are reckoned in practice as capital, for which shares are assigned in payment, which carry all the rights and privileges of those which have been paid for in cash. It would, therefore, be quite reasonable that the political organization of the State, since it secures the basis required for economic life, should be considered as capital.

The State might insist on this new right, founded on its politico-economic functions, not merely for

the sake of the tribute to be derived from it, but also for reasons arising out of its experiences during the war; it can no longer permit the national resources, fiscal facilities, concessions, State technical services, etc., to benefit exclusively certain groups at the public expense, or to be irrationally wasted; as, for instance, that business firms should waste their resources by competing against one another, or that a riskily managed business should seize the profits of a national industry. Since the State, for the first time, perhaps, in its long history, has acquired a national conscience and has undertaken really national functions, it ought to make sure of some regular, practical method of control over the management of private enterprises in order to safeguard the general interests of the public; it ought to see that each business is properly and efficiently carried on, that its needs are supplied, and that each has a sufficient sphere of action within suitable limits.

To take an example: the paper industry is suffering to-day from a scarcity of cellulose, an indispensable raw material, which in normal times is imported in enormous quantities. If the State had a share in this industry, it would have an interest in fostering the manufacture of cellulose on a large scale, which it could do far more easily than the private paper manufacturers, since it would have some control over agricultural enterprises (especially those recently started, such as reclaiming and afforesting), and would have at its disposal the services already organized for agriculture. The State, being thus in touch with agriculture, could easily arrange for the cultivation

on suitable land and at a moderate cost, of as many poplar trees as were required for cellulose. It would, indeed, be forced to do this, not being able to maintain for long the heavy protective duties on paper injurious to culture, nor by suddenly abolishing them to ruin a flourishing industry.

Being in the swim of business as are ordinary investors, the State will be in a position to examine each enterprise, to estimate its value to the Nation, and to decide to give assistance where necessary, not only by rendering its ordinary services, but by advancing capital. This new departure of State partnership and Co-operation in the development of all industrial undertakings would put a stop to favouritism, of which it is now, too often, justly accused.

It would be very difficult for the State, so soon after the war, to provide capital, either its own or borrowed, for private businesses; but if instead, it were to assume the rights and functions of a shareholder on the strength of the services it renders, regarding them as capital, and were to continue to help by every means in the development of the business, it might afford assistance of far more value than a subsidy.

The proposal that the State should take part with private firms in industries of national importance has never met with any serious consideration from the Government, owing, no doubt, to a fear of possible risks and losses, the result being that no adequate action is taken with reference to one of the most characteristic phenomena of the present economic situation—the fact that the State is necessarily interested in all great industrial

undertakings and necessarily shares their risks, without, as things are at present, any opportunity of sharing their control.

There exists no business of any moment which is not in close relation, direct or indirect, with the State. If, for instance, for some financial reason, smelting works are closed down, the State is doubly hit, first by the mass of discharged workers, who are an element of disorder, and second, because in any manufacture where iron or steel is required, work is retarded or brought to an end. It follows that Government must grant every possible facility to existing iron works or to those about to reopen. The State *gives* always, even if not directly by means of orders or subsidies, the facilities, services and guarantees which it affords represent a very real capital, and one over which it exercises no control. It is capital invested at a loss.

To take an example: the State grants a concession for the development of a coal-bed, and gives facilities for the extraction and transport of coal without reaping any profit, often losing in the transaction, and yet it exercises no control over production, prices or distribution of the product, and has no means of ascertaining whether the facilities it has afforded will bring gain or loss to the country at large.

The State employs its service—capital, and even its cash, as recklessly as the most incompetent investor, who puts his money into any new enterprise of which he really knows nothing, at the bidding of company-promoters, who bring into fashion one industry after another as if they were

dealing with ladies' dress. The business may go well or it may go ill; we are at the mercy of the financiers.

The bureaucrats will tell us, of course, that the State does exercise control, and it is true that they issue any number of regulations, but the scandals with regard to Government supplies and war-profiteering show how much confidence is to be placed in them. What is important to the public is not the possibility of suing a fraudulent contractor, but that a given enterprise should be successful. For this end it should be possible to exercise control from the moment when State capital is, in any way, involved, and this can be effected only by the usual business methods. It should be understood that services rendered by the State to business undertakings are the equivalent of so much capital, and should carry the same privilege—the right of representation on the Board of Directors.

Of course the shares may be a source either of loss or of gain, but possible profits are of less moment than the new position which the State would hold in industry, and the power of taking part in its development with a view to the public interest, which ought to be served by every business enterprise.

Difficulties would not be wanting in the introduction of this new element into the elaborate machinery of modern industrialism. The first would be that of selecting the most suitable industries to begin with. It would be wise to choose the most essential, banking, transport, metal-working, and the various Co-operative Societies;

all those industries, in fact, which claim to serve the public most effectively. No one would dare to complain of an interference in management, which would carry with it constant assistance and collaboration. We should soon see how much truth there was and how much "bluff" in the protestations of disinterested service. "Cards on the table, Gentlemen!"

In exercising these novel functions of partnership in industrial and commercial undertakings, the State will acquire the technical and financial knowledge which will enable it to supervise the whole industry of the country. It will gradually assume the task of regulating, stimulating, and often initiating industrial undertakings, and of bringing the various private businesses into relation with one another and with the needs of the country. Such regulation will have great value in safeguarding industry from the shocks due to the present disorganization of production and distribution. Only by means of this close association with production can the State fit itself to understand the general interests of the country and supply what it needs.

Against nationalization are to be alleged all the evils of bureaucracy, while the granting of subventions to private undertakings is opposed to the public opinion of the day, which does not approve of certain groups benefiting at the expense of the community.

Not till some future time, when the State has become really well informed as to the economic situation, would it be safe for it to assume the initiative and to create new undertakings, calling

upon Trade Unions, professional associations, or even private capitalists to collaborate with it.

It may be objected that we should be bringing into existence a new monster of bureaucracy. True, if the State continues to be the political State of to-day. The new function presupposes a change in the whole aim and character of the Government. We do not believe that such a change would be impossible. It is a question of discovering the right men for the work, and inducing them to undertake it. The war has shown us how this can be done. It was not only that competent men were commandeered for special technical services, but numbers came forward voluntarily, often giving up huge salaries in order to devote themselves to the public service. There was no social class where men were not to be found—professional men, technicians, manual workers—ready for the most disinterested service, and able to find the right field for it. What is needed is that this public spirit, this readiness to serve, should be valued as it deserves. To be of real use to the community should be in itself a source of honour.

The presence of such men as representatives of the State would, in many cases, suffice to put an end to corruption. Could it be supposed, for a moment, that the so-called "Patriotic Banks" could continue to ruin the country by their speculative gambling, if they had such men on their boards of management? How many abuses would disappear without the need for any special legislation, or any of those special enquiries that serve only to shut the door after the horse is stolen!

With such representatives in the various industries, the State would become a kind of industrial observatory from which the whole wide field of production, consumption, exchange and finance might be studied in a manner that has never yet been possible, nor even conceivable. The State would become the organizer of national industry, and would prepare the way for the Trade Unions to take over the management of industrial undertakings under State control. It would, in fact, achieve the position which is aimed at by the "Supreme Council of National Economy" in Russia.

It must not be supposed that we are proposing to patch up the present system, to effect a reconciliation between Labour, Capital and the State. On the contrary, we are proposing to create, little by little, a new social structure, and one towards which economic Society is visibly tending already, a reform which is in truth a revolution.



## CHAPTER V

### HOW SHOULD THE STATE INTERVENE IN PRODUCTION? (*continued*)

#### B. THE STATE IN ASSOCIATION WITH THE TRADE UNIONS.

SOME Italian Trade Unions have closed the first phase of their development. Two principal features characterize this situation:

(1) They have become industrial Unions, covering all trades engaged in their respective industries, and becoming, in some cases, blackleg-proof.

(2) The struggle for higher wages and better working conditions has reached the limit within which the capitalist mode of production can operate, or high profits can be made.

In other words, the very existence of capitalism is now menaced. A further step by the Unions and capitalist management becomes impossible.

No wonder, then, that organized capitalism has passed from defence to attack, and is attempting to break up the unity of working-class organizations. Factories are being closed down and workers locked out, under the pretext that raw materials are scarce and too dear, and that the old markets cannot absorb production, only to be reopened after a short period with offers of entirely new wage-scales made directly to the individual

worker. The plan is to negotiate with the workers over the heads of their Unions, to wipe out collective bargaining, to break up the Unions . . . . in short, to take the workers by starvation.

This situation obtains in every country. The capitalists know much better than the workers, where the workers' strength resides, and while the workers were not ready to strike a final blow at capitalism when they were at the height of their power—because they were not aware of their power, nor of the weakness of capitalism—the capitalists cleverly choose this critical period of high prices and insecure industrial conditions to wrest from the working class what it had conquered, and to undermine its organizations.

Unless Labour will rise to the occasion, capitalism will come out victorious, and though this victory will be a temporary one—for it will not overcome those forces which are tending to destroy capitalism—it will be a set-back for Labour. Some thinkers have long ago predicted that we must ~~raise~~ the labour struggle to a higher plane by means of blackleg-proof industrial Unions or else, at best, working conditions will remain always at the same level. The higher plane visualized by these thinkers was the direct employment of labour through Guilds. The Guilds were to become Labour's new stronghold, capable of resisting any attack. They were to break the monopoly of employment now held by the capitalists.

It is significant that Guild Socialism has developed in Great Britain and Italy independently, without mutual inspiration. In Great Britain,

after widespread propaganda, some building Guilds were created in various localities, and now they have merged into a National Building Guild, which has the backing of the building Trade Unions. The outstanding feature of the Italian Guild Movement is that in this country the Guilds were created, first, to relieve unemployment, secondly, to provide an outlet for the overflowing energy of blackleg-proof Unions. A summing up of their long experience and its examination in the light of theory is still lacking.

All the Italian Guilds are closely connected with the Trade Union Movement. For instance, the constitution of our National Federation of Building Operatives (N.F.B.O.) enumerates among its objects "the creation of Guilds of Production and Labour," and sets down that "the Guilds of Production and Labour, which in their own localities have rendered the Unions non-effective and have superseded the open labour market, must affiliate with the N.F.B.O. through its district unions."

The last congress (1920) of the N.F.B.O. passed a resolution affirming that "in order to overcome the underproduction of houses and the profiteering in rents and building materials it is indispensable that the building industry shall be declared a national service which shall bring its activities into harmony with the real needs of the consumers, devolving most of its functions upon the municipalities and entrusting the actual work of construction to the building Guilds, which have repeatedly proved their efficiency and honesty, and their ability to beat in competition the private contractors."

The same congress has instructed the Federation to co-ordinate the numerous local Guilds into a National Federation of Building Guilds, to be a section of the N.F.B.O., inasmuch as "the Unions have reached a stage in which, besides concerning themselves with problems of resistance against the employers, they must engage in actual production." This National Building Guild is already at work, constructing a long railway line for the State railways.

Briefly, the National Building Guild is based on local Guilds. Each member of the local Guilds must subscribe and pay up at least one share, the price of which is 50 lire, and no member may own more than 100 shares. On shares no dividends are paid. From the profits of the Guilds, 25 per cent. goes to the workers in the proportion of the wages they have earned; 25 per cent. to mutual aid funds, and the remaining 50 per cent. goes to the sinking fund.

All local Guilds are affiliated to the District Guild, which takes over the work in its own district and distributes it amongst the local Guilds. The District Guilds federate with the National Guild, which is responsible for the large scale works, especially public works, that involve the interests of vast zones, and distributes them amongst the District Guilds; it is also the financing agency for great constructions, and takes over and manages subsidiary industries, such as quarries, brick, cement and lime factories, workshops which prepare building materials from wood, iron, stone and so forth.

The National Building Guild, backed by the

200,000 members of the N.F.B.O. is on solid ground; it controls Labour and the labour market; it is capable of national action and of engaging in any kind of construction work, from road and bridge building to the building of the finest palaces in any part of the country. Tremendous work had been done already by its affiliated Guilds. During the last two years most of the reconstruction work in the war area has been carried on by building Guilds. Thus the National Guild is the consummation of a long and valuable experience. It has an expert staff and a well-disciplined rank-and-file. It is not out for profits, but for the elimination of the contractor profiteer, and it will save great sums to the community, thus enabling the State and the Municipalities to go into extensive building.

In short, the National Building Guild creates the organs, and realizes the principles that will make it possible and feasible to transform the building industry into a true national public service, free of red tape and working in conjunction with the public administration in the interests of the community. With the Guild Movement a new cycle is being opened in Labour's struggle towards complete emancipation.

THE EXPERIMENT IN TRADE UNION CONTROL WHICH IS BEING MADE BY THE "FEDERAZIONE ITALIANE OPERAI TESSILI"\*(F.I.O.T.).<sup>1</sup>

Long before the war, production was being controlled not by demand but by the capacity to

\* Italian Federation of Textile Workers.

produce, and this capacity increased so rapidly that a moment arrived when it became a matter of life or death to all industrial countries how to dispose of their goods. There followed a fierce struggle for markets culminating in the war. The war, however, failed utterly to restore an economic equilibrium and merely aggravated the situation; in belligerent countries, industrial plant being increased, and in neutral ones new industries being brought into existence which rendered them independent of foreign manufactures. The result was overproduction and underconsumption in the victorious countries, and underproduction and underconsumption in the vanquished countries and unemployment in all. The cycle of expansion was closed and that of contraction had begun. The only sound policy for a Nation in order to recover its equilibrium was to aim at becoming independent of foreign markets. This involves the intensification of agriculture, bringing with it the expansion of the home market for industrial products. In other words the limitation of manufacture to those goods for which there is an effective demand within the country and the working up of the raw materials that exist in it.

Adjustment to these new conditions will not be easy, chiefly because we do not realize the new cycle of contraction which is beginning and still make useless efforts to get back to the former situation which, even before the war, was becoming intolerable. A symptom of the situation is that instead of producing more and consuming less in order to have goods to export, which was preached at first after the war, it has proved necessary,

everywhere to reduce industrial production, rationing labour and wages, and to make every effort to stimulate home consumption. Nothing is done, however—by way of an enlightened agrarian policy—to increase agricultural production. There are plenty of indications of what is happening, but no deliberate line of action has been taken. As yet the cycle of contraction is not openly manifest, the various factors of consumption and production being still unprepared for the new economic order and even unconscious of it. As production for profit was the characteristic of the phase of expansion, so the organization of production for use will be the determining motive in the phase of contraction. In this direction lies the only hope of a new equilibrium.

It must be observed that even a revival of trade, home and foreign, could serve only to get rid of the accumulation of goods. It could not re-establish the pre-war equilibrium because of the changes that have taken place in the international factors of production.

The first step towards the building up of a new system ought to be—as guildsmen point out<sup>1</sup>—the establishment of fixed prices. It is true that the ideal is a just price rather than a fixed price; but this can be realized only gradually. The fixed price is a preparation for the just price, which will come in the end because people will never be satisfied with a fixed price which is not at the same time a just price. The difference between them is obvious. Fixed prices are uniform and are not determined by competition. But these are not necessarily just, as many prices fixed during the

<sup>1</sup> A. J. Penty, *Post-Industrialism*. G. Allen and Unwin, 1922.

war were not just. A just price should bear a certain definite relation to the cost of production, measured by a unit of labour. Fluctuating prices displace labour and put it in the hands of speculators. The determination of prices through competition leads to injustice. In case of scarcity, the maker exploits the customer, in case of abundance, the consumer exploits the producer. Bureaucratic control of prices satisfied no one. It often succeeded in restraining speculation, then the consumer suffered; often, however, it fixed so low a price that the producer would have lost on them, and in those cases they disappeared from the market; often, on the other hand, they were fixed to prevent a precipitate fall of prices, and in that case the consumer was not pleased.

Anyway, that experience does not weaken the principle of fixed and just prices. It only proves that a system of control from without does not answer, and that it is necessary to devise a system of control from within. It is impossible to impose prices against the will of the producer.

The final solution of the problem will come only with the Guilds, which will embrace not merely those in a position to exploit an industry but everyone connected with it, so that all will have a voice in its management and will be interested in making it satisfactory to the public. From this point of view, the attempt made by the Federation of Italian Textile Workers has a significance far beyond its actual results, as an experiment in Trade Union control and an attempt to initiate a new system of production. At the time of the



crisis, the "Fiot," which includes the whole body of textile workers, took action in the interest of their members. They took their stand on a principle, almost unheard of in industry, declaring that they were not going to make any profits. They thus gained the confidence of the various classes of consumers who had suffered so much from fluctuating prices, and even of the merchants and manufacturers who were at first unwilling to have any dealings with them, but became gradually reconciled and increasingly willing to supply them with the machinery and raw materials that they needed. They put fresh life into home and foreign markets, so that many firms started full work again without any reduction of wages.

How did this come about? The Trade Union, understanding the whole process of production, was certain that a reduction of price was possible, provided that profits and general expenses were brought to a minimum. It was necessary, therefore, to suppress intermediaries and to establish a more just price which, if not a fixed price nor even an absolutely just one—for at first it was essential to make sure of selling and not possible therefore to take count of the losses that might be entailed on manufacturers, tradesmen, and Co-operative societies—was yet approximately just.

At present no other organization would be capable of doing what this Trade Union is attempting. Co-operatives and consumers' organizations are not so near the source of production and have no means of influencing their workers; often, too, they are bound to recoup themselves for big

investments and to sell at a remunerative price goods produced under adverse conditions.

The Trade Union is to-day the best interpreter of the needs of both producer and consumer, even though consumers have organized themselves into Co-operatives. But the present tendency is towards a guildization of industry, on the one hand, the whole body of producers uniting in the conduct of the industry, and on the other hand, towards organization of consumers by means of Co-operatives and of public bodies, so that demand and supply are both beginning to be organized on a national scale. It follows that the ruthless pressure of organized demand leads inevitably to the just and fixed price which constitutes the guarantee of a stable market. The two groups, producers and consumers, which necessarily interpenetrate one another and are brought into harmonious agreement by the just price will make short work with the profiteers.

The Trade Union, the chief sufferer from the crisis, is the pivot of the situation. It is quite right that it should take an active part in it. Without invading the province of the consumers' organizations, it should point out the right path to them. It will gladly give up to them the task of distribution when once it is convinced that they are prepared to act on a national scale. This is borne out by the fact that F.I.O.T.'s most important market is to be found among the Co-operatives, the Municipalities and other organized bodies of consumers, while it attacks, and quite rightly, the private merchant as well as the private manufacturer.

It squeezes out the middleman and sets free the producer from his clutches. In a word, the tendency is to transform the whole industrial system into a public function, the function of producing for use and not for profit.

Government attempts to lower prices will never give permanent results because they fail to touch the strategical points of production and distribution; they do not set up any internal control of industry nor any strong framework of national organization.

The action initiated by F.I.O.T. is not going to put an end to the crisis by bringing about a return to normal conditions. It is a crisis of our whole social system. But this instance of "direct action" shows how production might be organized on a basis of just and fixed price. There would need to be action of this kind in all industries, co-ordinated action, which would drive home the lesson that it is only on production for use and the just price and not on speculation that a stable economic equilibrium can be based.

At all events, the Trade Union control over industry, so much objected to, established in this case not by Government but by the Trade Union itself, has rescued an industry from destruction. If only this fact can be brought home to the minds of workers and consumers, it may rescue our country from the ruin that seems imminent and inevitable.

In starting new enterprises, and especially those requiring extensive capital and which should be considered as public services, it is easier to employ

new principles of organization than it is in private businesses since there are no vested interests to consider and fewer prejudices and animosities to deal with.

Let us take an actual case as an example. It is obvious that in the immediate economic interests of the country as well as for political reasons, it would be well to form a new national fleet for the transport of things that are indispensable, such as coal, corn, and other necessities. Judging from past experience, few competent people would be inclined to confide to the State the task of managing this most vital industry. It was proposed as a temporary measure to form a new company with a large State subvention, for the development of a national mercantile fleet. But other subsidised navigation companies had failed to develop the business of transport in accordance with the needs of the country or to guarantee fair conditions to their employees. A series of strikes had resulted to the great detriment of foreign trade and of the national wealth.

A new fleet of fifty 10,000-ton steamers is urgently required at the present time in order to exert a steadying influence on the freightage and sale of coal and cereals and to withdraw them and other products from mercantile speculation. This fleet will cost at least 59 millions. But it is also necessary, if the enterprise is to succeed, to secure first-rate seamen for the ships, to reorganize the work of loading and unloading, to install machinery for unloading, to appoint agencies for purchase and sale at home and abroad, etc. Another 10 millions would be needed for plant

of various kinds and another 15 millions at least for circulating capital. In all a sum of 75 millions would be required.

If we are unwilling to intrust a huge enterprise of this kind, and one of so much social importance to private companies bent on speculative profit-making, and if we dread the incapacity of a bureaucracy, what solution remains?

Who is there possessing the necessary technical and organizing capacity that can carry on such an industry, not in the interests of speculation, but for the public benefit? "The National Federation of Workers on the Sea" (F.N.L.M.) stands out at once as the only organization possessing the necessary requirements, technical and moral, for undertaking such a task in conjunction with the State. It is the most progressive professional organization that exists in the world, for it embraces every kind of worker on a ship from captain to cabin-boy and has already given many notable proofs of solidarity by the defence of its members from the oppression of employers. By way of adapting itself more completely for its industrial office, it has entered into alliance or merged itself with the Federation of Workers in Ports, and has started branches for other kinds of work connected with sea-going, so that it has under its control every kind of labour connected with steamships from their loading to their unloading.

The idea is that the State should supply the ships and circulating capital, and, in agreement with the Federation, should fix a "Standard" wage for each category of employment; decide on a minimum of annual voyages, and reserve for itself

a control over the general management of the company, over the drawing up of balance sheets, the fixing of prices and of freights, etc. It would delegate its powers to a commission of experts, preferably from the higher ranks of the Army and Navy, men accustomed to the direction of labour on a large scale, and the purchase of goods, and accustomed, too, to consider not private interests, but public welfare. In the great enterprise of cutting the Panama Canal, when private capitalist firms had completely failed to accomplish the work, was it not a Colonel of Engineers of the American Army, together with the Colonels of the Army Medical Corps and of the Commissariat, who made it a triumphant success?

Our Federation, then, would execute and direct the whole work of the company and would share in its profits. There would be no difficulty in finding all the workers required of every grade since the Federation already includes within its organization almost all Italian sailors, all the men in technical trades connected with shipping, and all officials, whether employed on deck or below.

In its own interest, the Federation would, of course, do its utmost to insure the success of the Company; it would lower tariffs and prices as much as possible and seek for profit, not in speculation, but by increasing the efficiency of the labour, eliminating every possible cause for strikes, increasing the annual average of voyages, keeping the ships and all plant in first-rate order, avoiding all waste of material and, in short, by securing honesty and regularity in the whole service.

Every member of the working staff, realizing the

responsibility of his position as a worker in a great national enterprise and one in which he was personally interested, would feel professional pride in his work and do his part in upholding professional discipline. We should have once more the old Guild spirit, which watched jealously over the quality of the product for the honour of the Guild and in the interest of the community. The workers would feel that they had exchanged the humiliation of wage-slavery for the dignity of officers of the State. A sense of equal citizenship would combine with loyalty to the Trade Union in the conscientious management of this great national enterprise.

The State, on the other hand, would be saved from the creation of a fresh hive of bureaucrats, and from the failures due to the constant menace of strikes and sabotage. A mere subvention to existing shipping companies, even though combined with obligatory profit-sharing, would not solve the bureaucratic problem nor the more serious problems of Labour. It is only the Trade Union (in our case the F.N.L.M.) which has at its disposition the whole body of workers, skilled and unskilled, that can select from among its members those suited to the new service. Whereas the State, if it undertook the work directly, would have to get together a new body of workers and organize their labour, acting, of course, on the usual bureaucratic lines and with the usual unsatisfactory results which would not be prevented merely by the added stimulus of profit-sharing. The Federation, be it noted, would be interested in making a success of the business it managed for the State, not only

for the sake of increasing the salary of its members, but also in order to increase its own prestige, by augmenting its funds and extending its functions, especially towards direct industrial action.

The profits ought not to be distributed among the individual members working for the company, but ought to remain the common property of the Federation, i.e. of all its members. The Federation would, therefore, have the greatest immediate interest in reducing as far as possible the number of employees, not centralizing responsibility, but spreading it so that each worker should feel that he had a hand, directly or indirectly, in the management. The creation of an immovable, privileged salariate would thus be avoided, as also the jealousy between different ranks of workers and all other evils of a bureaucracy, the most serious of which is, perhaps, its unwillingness to admit any changes of system which might undermine the established hierarchy and its functions, or the introduction of new machinery which might diminish the number of workers and increase their responsibilities. The Federation would feel bound, for its own standing and the good of its members, to keep methods, plant, and management up to date.

In a word, this new partnership between State and Union, with its free, untrammelled organization and wide field of action, would offer to the ambition of every one of its members a stimulus and an opportunity to develop any ability that he possesses without risk of oppression and injustice,

The State, besides achieving its purpose of



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fostering the general interests of the country, would secure, without increasing its cumbersome bureaucracy, a better return from labour and new sources of wealth for the Nation. It would, moreover, have initiated a new order of Society, for, by applying the same system to other nationalized industries and to State departments, it would gradually shake itself free of bureaucracy, and would create a new and better type of public service.

## CHAPTER VI

### CO-OPERATION AND THE STATE

THE political mind, warped by party feeling and business interests, is incapable of approaching the great problems that affect the lives of the people with an unbiassed judgment. A clear vision of these problems would be at least a step towards their solution, but such a vision is impossible through the cloud of competing interests. No statesman, worthy the name, can arise in such an atmosphere ; those who might become national leaders being stifled by the bonds of party and class.

Thus it comes to pass that Co-operation, a phenomenon at once so striking and so widespread in the social life of Italy, receives but little attention. It is not thought of and valued as an institution that has arisen spontaneously out of the special characteristics of our people, it is thought of merely as a means of promoting the interests of the reds, the whites, or the yellows. The fact that the various new parties and groups organize their followers into Co-operative societies is looked on, not as an indication of a deep-seated tendency among the masses towards associated labour, but as an attempt to compete with the coalition between the Socialists and Republicans.

From the genuinely spontaneously character of

this phenomenon politicians fail to learn the obvious lesson that the only means by which the mass of the people can be permanently attached to any party, or cause, or to the State, is by giving them definite work and an organization outside capitalism and distinct from it, and by inspiring them with an ideal, not of higher wages (higher wages are rarely given by the Co-operative societies), but of class emancipation.

Our intellectuals may think of the Co-operative society with smiling contempt, but to the workers it opens up the prospect of a new and wider life, and for this prospect they are willing to make sacrifices. Behind Co-operation there is a feeling of brotherhood, an intolerance of social disorder ; one may claim, too, that the sentiment is national, for the aim of the workers is to extend the regime of Co-operation over the whole Nation ; nothing short of this will satisfy them. If Government, therefore, ever becomes truly national, representing the interests of the whole community, it will find in Co-operation an invaluable ally.

Our present rulers,<sup>1</sup> since they are for the most part hostile to the tendency and aims of Co-operation, favour alternately the red or the white among the societies as the wind blows, but this policy of favours is merely an expedient for curbing the energies of certain groups among the workers and for binding them to support the Government. Notwithstanding these occasional favours, the State has no real permanent policy with regard to Co-operation. Failing to see it as a constructive tendency inherent in the character of the people, it

<sup>1</sup> Oct., 1921.

fails also to derive from it the important advantages which it is capable of bestowing on the community. The system of favouritism merely humiliates and discredits the societies, weakening them in spirit and in position by giving them the appearance of State parasites.

Having no clear idea as to the meaning and function of Co-operation, the Government cannot put it in a position of authority, nor give it its due share in the work of "national reconstruction." But what does this precious phrase "national reconstruction" really mean? It is nothing but a dodge for steering the ship of the State through the cross currents of conflicting interests towards the goal of "trade revival" and "normal conditions."

But is such a goal possible? Can the wisest of economists define for us "normal conditions"? The fact is that the work of production cannot be taken up just where it was interrupted by the war, and, therefore, who is to say what is and what is not "abnormal"? It is out of the question to return to pre-war trade conditions, which were based on the balance of imports and exports, on the margin formed by foreign investments and the remittances of emigrants.

For many reasons the chance of our holding our own in international competition is problematical (and this holds good for countries far better equipped, such as England); emigration, as it used to take place, towards rich countries, is paralysed; our foreign investments are for the most part sold; and our diminished production has so much lowered our exchange as to hinder the

acquisition of raw material, and thus raise the price of our manufactures at home and abroad ; the day is not far distant when we shall no longer be able to buy corn and coal and other daily necessities: this will mean unemployment and famine.

Notwithstanding these incontrovertible facts, people go on insisting that we are in a period of transition and refuse to admit the real tragedy of the situation. They go on patching things up with temporary expedients. The Government is itself the result of a compromise representing divergent interests and is therefore incapable of acting effectively. Unemployment, looked on as a symptom of a transitional period, is met merely by temporary measures, whereas Labour, willing as it is to set the workshops going and to absorb the ranks of the unemployed, might be so coordinated as to lead to a new economic structure of society. In the same way, labour unrest is met by patching up a truce between Labour and Capital ; no attempt is made to go to the root of the difficulty and to pave the way to a lasting peace.

So the struggle goes on, and, strangely enough, the Government suppresses the one force which might break the vicious circle. For Co-operation brings into play the full resources of the Nation, that will to work which has never yet been called upon to act consciously, and with a full sense of responsibility, for the restoration of Italy.

The overwhelming strength of the national appeal was made clear by the war and it was easy to see what great results might be obtained by the same appeal in time of peace, calling forth

the will to work of the whole people in its own chosen method—Co-operation.

If these great national resources are really to be made use of, the policy of petty expedients must come to an end. Where negotiations are impossible, there is nothing for it but a breach. The Government must become the State, and the State the Nation. Thus, and thus only, can the State get into touch with the real needs of the country and bring into play its true resources, spiritual and material. By assuming the direction and organization of these resources, the State may hope to form a peaceful community out of the various groups that are now tearing each other to pieces. We cannot expect this all at once, but we may hope that a State thus renewed will stimulate its citizens to put aside selfish aims and work together for the common welfare. It would then have the full right to insist on any change in the structure or management of the Co-operative societies which would make them more useful to the public ; it might require the fusion of those which now waste their resources by competing together or by re-duplicating services, and might insist that they should employ enough workers to enable them to execute without delay any work required by the public. Having obtained from them a full guarantee of efficiency, it might assist the societies in\* obtaining full equipment, and might transfer to their service all the technicians and managers who had been till then directly employed by Government.

Such a change of policy would soon prove to the Government that unemployment is not a mere symptom of transition which will disappear with some hypothetical return to normal conditions, but is the result of an economic revolution which is substituting industrial contraction for industrial expansion; unemployment cannot, therefore, be cured by any artificial stimulation of existing industries, but only by the creation of new and permanent employment.

A careful review of our natural resources and of the latent resources of our population would show that this can be done only by intensifying agriculture, by fostering those industries which depend on it and on mining, and by the rebirth of the arts and crafts.

A far-reaching policy of this kind cannot be initiated by half measures. The Government would need to seek for support wherever it was to be found, and to suppress with a firm hand the opposing forces of private interest.

It is clear that the present crisis has accentuated the tendency for industrial and financial power to be concentrated in a few hands. The victory remains with "Big Business." Whether this is due to default on the one side or force of will on the other, we may be quite sure that behind that will there exists a plan of action for deriving the utmost advantage from the victory, an advantage which will not be in the general interest of the country. Dissatisfaction with this state of affairs is wide-spread; there is not only an industrial crisis but a spiritual crisis. There are many who have the welfare of the country at heart, but they

know not where to turn. The will to serve the country has, as yet, found no outlet. The plutocracy knows no such hesitation; it is perfectly clear as to what it wants and how to obtain it. Its line of action is on a scale not only national but international, and has, undoubtedly, at this moment, when everything is in the melting-pot, an importance even greater than its immediate results. Their opponents have no such precise and disciplined will, but only a general repugnance to their methods and ideals. If we want to bar the triumphal march of plutocracy, we must find means to transform this vague opposition into determined action.

It is from the National Co-operative League that such action ought to come—the determination to withstand the self-seeking of the plutocracy and bring about a new and better society. If only the Congress would subordinate every aim and purpose to this great task, Co-operation would become the centre of mighty forces, material and spiritual, which would unite with it in the great work of social reconstruction.

Co-operation has, by this time, penetrated into almost every district of Italy, and there is not a single problem of production or distribution that it has not tried to solve. Not only is it the most wide-spread organization in the country, but it is also the embodiment of that innate tendency to associated labour which is the special and most valuable characteristic of our people. But notwithstanding the enormous recorded achievements of Co-operation, Co-operators themselves fail to realize its possibilities because they see only their



own immediate surroundings, and have no synthetic vision of the movement as a whole. They do not recognize its power, nor its superiority to Co-operation in other countries, and they cannot rise to the conception of action on a national scale.

It is now clear that if the Italian people are ever to come into their own and exercise a decisive influence on their own fate, it will be by means of Co-operation, towards which they have an instinctive tendency. The leaders of the movement should realize that they are responsible guardians and administrators of unlimited resources.

It rests with the National League, the oldest and strongest of Italian Co-operative associations, to make the utmost use of these resources. Being the strongest and most mature, the League should be also the most generous. Having undertaken the great task of national reconstruction, it ought to rope in all Co-operative societies, of every political colour and of every creed. We all know that the greatest hindrance to Co-operative action on a national scale is not want of credit or want of men so much as dissension between the various organizations. Disagreements, often on minor issues, are the real reason for the relative inefficiency of a movement which might work miracles. A mere appeal for harmony is useless; it is only a definite national task, meeting with public support and approval, that can produce unity of aim and harmonious working. We have no wish that the societies should betray their allegiance to Church or to party, but the principles of Co-operation must also claim their allegiance.

Co-operation, by its very essence, is bound to collide with vested interests. Those who range themselves under its banner must be prepared to fight. The greater the cause, the fiercer will be the struggle. It may seem paradoxical, but the desire to do good to all is certain to meet with strenuous opposition. There is no hope of surmounting it unless disputes are swept away by the inspiration of a common cause and a noble ideal.

It is no new thing for societies to unite for a common purpose, and they do so without any injury to their political or religious character. There can be no serious difficulty in co-ordinating them for a far more urgent and important purpose. Trade Unions cannot oppose such a purpose, nor such united action. If they did, they would be setting themselves against the very tendencies they had themselves created. They are bound to recognize that Co-operation has a life of its own, that the societies are not merely instruments in the class war, but the real organs, already existing, of that structure of society which the class struggle is seeking to bring about.

Trade Unions have an intermittent life. They make themselves felt chiefly at exceptional moments and in response to external events. Co-operative societies, on the other hand, are always active, shaping their course according to their needs. If they aim at revolution, it is only by intensifying and widening the work they are actually engaged on already.

It is in the Co-operative societies, and in them alone, that could be found a spirit of service ready

to answer to the call, and, in addition, some technical aptitude for the task. There would be, of course, many services unprovided for, and, in others, many imperfections of technique and of administration, due chiefly to inadequate capital; but these deficiencies are of little importance. The point is that the Government would, on the one hand, find its own true function and, on the other, would discover that it is only by means of Co-operation that the worker can realize himself, and can therefore render full service to the community. There would be an end, once for all, of the foolish plan of granting occasional favours; and the State would instead call upon Co-operation to join as an equal in the work of national reconstruction.

Just as the State relied during the war on private industry, giving it every assistance, moral and financial, so now it ought to depend on and to help Co-operation. Private undertakings, stimulated on their most responsive side—profit-making—acquitted themselves effectively in furnishing war materials, though at a mighty cost to the community; but after two years they are still unable to adapt themselves to low profits, and have shown themselves incapable of meeting the needs of peace. It is, then, inevitable that the State for peaceful reconstruction must turn to those productive organizations which have other motives than the desire for profits, a character in touch with the times, for public opinion is beginning to recognize that profit should belong, not to the individual, but to the Nation.

If this is to be their future, it is not enough

that the societies should so alter their internal management as to increase their local efficiency ; they must be co-ordinated for common action. The task is national, and must be undertaken on a national scale.

Scattered and isolated, the societies can produce but small results. This is why, in the past, single societies, although efficient and although they enjoyed Government favours, were nevertheless confined within so narrow a field of action. If the State would adopt a far-seeing policy with regard to Co-operation, the societies would assume much wider functions that would necessitate corporate action on a national scale (not necessarily involving any loss of local autonomy), enabling the separate societies to pool their resources, machines, equipment, staff, and to undertake in common certain activities which would be required by all.

But even this big-scale organization is not all that would be required. Great tasks involve great responsibilities, which cannot be properly realized if the work is merely temporary. It is, then, of vital importance that Co-operation should be called upon, not merely to carry out improvements or to execute special contracts, public or private, but that it should be responsible for Labour administration on a large scale ; that it should have power to create and organize industrial undertakings in the interests of the public, which would be the property of the State, but under the management of the Co-operative societies or of other similar bodies formed by the association of workers, manual and intellectual.

In a word, Co-operation must be recognized,

consumers and producing an immense effect in stabilizing national trade. Consumers have lost faith in prices, and this has brought about an artificial condition in the demand for goods, which has contributed largely to the crisis in production.

Hide-bound economists are beginning at last to see that prices are not really decided entirely by the so-called "law of supply and demand," but to a great extent by speculation. In other words, prices are influenced by the mental and moral calibre of those who fix them. Powerful bodies in alliance with the State, able to control both raw material and finished article and to meet the varying demands of the market, would produce for use and not for profit, and would fix prices that were honest and just. And the members of such bodies, both artisans and professionals, would recognize that wages and salaries are not mere bits of metal (or worse still of paper), but drafts on the common stock, and that a shilling is worth far more where prosperity is spread through the whole community than in a country where a few are rich and many poor. They would therefore demand just wages as they would demand just prices.

Have we not often seen in the Co-operative societies that men will be content to work for quite low wages if the society can hold its own and gain ground, and that managers will accept salaries that private employers dare not offer them? It is not always profit that urges a man to work. Work for an idea or an ideal will often induce him to make efforts which he would not make for money.

Sound quality and a just price were the rule

in the ancient Guilds. The same regulations will prevail in these new corporations and a new public opinion will be formed by them. No severe legislation will be needed against profiteers intent only on gain; such people will be banished automatically. They will soon wish to become members of the new Society, inspired by the spirit of service.

State control over the life of the Nation will operate in harmony with a control exercised by the workers themselves, a control not from without but from within, derived from a voluntary participation in labour and in responsibility, creative rather than inhibitive.

Here the question arises: "Should this control act through the Trade Unions, or through the Co-operative societies?"

Trade Union control would tend to hamper future developments, for though it would be founded on industries as they exist at present, rather than on the new conditions of self-government, yet its tendency would be to alienate at once the present holders of capital and to prevent further investment, because it would be looked on as a method of preparation for Co-operative ownership. The Trade Union is at present merely a regulator of conditions of employment, and may be considered as a transitional institution. Why, then, should we stereotype it by assigning to it a permanent function, and one which would tend at once to prevent any advantage which might otherwise be derived from private industry, and might in the future do harm by exerting internal pres-

sure to keep alive artificially industries that are no longer needed?

We are all of us interested in true national prosperity, but not in gaining higher wages for certain kinds of work, and not in artificially fostering certain kinds of industry. We are opposed to all vested interests that are injurious to the community, whether held by capitalists or by groups of workmen. We must take wide views. If certain groups succeed in securing artificially permanent employment and higher wages, it is only at the cost of other groups and of the general consumer. There is no longer any doubt as to the true function of the Trade Union: it should strive to promote direct industrial action, but it should exert its influence, not merely in the factory, but through the whole field of production; it must not be bound up in the fate of any single business or craft, it must identify itself with the whole economic life of the Nation.

To bring into existence a Trade Union parliament, just when the Trade Unions are tending to transform their own functions, would be most unfortunate, because it would arrest that very transformation. It would mean creating a new institution which would need at once to be substantially modified. A Co-operative parliament, on the other hand, would have from the first real work to do, and would besides have the great advantage that it would imply the recognition of the Co-operative Movement as an ally of the State. Such a parliament could, of course, quite well admit representatives of those Trade Unions which had accepted the new system of direct production.

A Co-operative parliament would organize Labour in the interests of the Nation, and would encourage solidarity among the various productive agencies that would unite to form a new social economic system.

The time has come, then, to graft Co-operation on the State. The system has behind it many decades of experience, and it embodies the aspirations and the energies of millions of workers. By incorporating it in the State, this new source of wealth, which alone affords hope of a sound social readjustment, will be secured for the Nation. The State, fully conscious at last of its national function, would expect every citizen to become a worker for the Nation, and would at the same time be responsible for providing the necessary conditions for such work.

There is, in truth, no other way of escape from the terrible position of the State at the present time than that of an alliance with the movement which comprises the best energies and the noblest hopes of the people.

#### CO-OPERATION IN AGRICULTURE.

Agricultural Co-operation has made great progress of late. Some years ago, after a prolonged study of the subject in Lombardy, Emilia and Sicily, I came to the conclusion that the system of "Collective Leases"<sup>1</sup> had a great future before it, a future on which that of Italian

<sup>1</sup> The "Co-operative di Lavoro" (self-organized labour gangs which let out their labour or take contracts, usually working on



agriculture largely depended. My view was looked on as optimistic; but it is being justified by the event.

The excellence of the administration has been proved by increase of production, and this is of the greatest importance, as it affords the best possible ground for claiming control over State land and for demanding legislation favourable to Co-operative agriculture.

I am inclined, for several reasons, to think that large farms are what we have to look forward to in the future. There is already a company in Puglia which intends to cultivate about 70,000 acres of land. It is difficult to conceive of any rational development of agriculture in Sicily, Sardinia, or other districts of Italy without very large holdings. But there is nothing to prevent Collective Leases from rivalling the great industrial trusts in size and importance.

If, for technical reasons, big farms are inevitable, it does not follow that they must be capitalistic. By means of the National Federation of Agricultural Co-operatives it would be possible in either of two methods to achieve the industrialization of Agriculture :—

(a) By taking up very large holdings and cultivating them by the most approved modern methods. This will become more and more practicable as Co-operation becomes more certain

materials provided by the contract giver) are often employed on land which they take on lease. In some cases the land is distributed at once among the members, each being free to make use of his own portion as he chooses; in others, the work and ownership are strictly collective. These last are called "Affittanze Collettive" (Collective Leases).—TRANSLATOR'S NOTE.

of Trade Union support and as the Trade Unions attain a more complete monopoly of labour. With that monopoly they can fix what price they choose for land and capital.

(b) By creating an understanding between a number of Co-operatives with regard to the production of certain kinds of produce which could be marketed or transformed into marketable goods by the Federation.

It is necessary to think beforehand and on a national scale about this industrial aspect of the problem in order to prevent big capitalist firms from taking possession of the field.

To put it more plainly : The Federation, having at its disposal troops of agricultural labourers, a whole army of competent workers, and thousands of acres under cultivation, and being in close touch with the Co-operatives engaged in reclaiming land—is, to all intents and purposes, a vast farm, although its land is not in a single block. It may indeed be called a great national farm just because its branches are spread over the whole country. It possesses already the indispensable basis for the unity of plan and direction, that co-ordination of production under organized supervision which makes it possible to carry out a permanent and coherent scheme of production. It possesses already the advantages of large-scale agriculture, and it should make full use of them.

Doctor Campanini, in his weighty report on the management of the agricultural Co-operative of Santa Vittoria, says that the Co-operative has planted about 25,000 Canadian poplars along the

dykes, ditches, and roads, and several rows round the reservoir; the number will soon reach 40,000. "These do not appear in the balance sheet; they are not inventoried, and should constitute an additional reserve against unforeseen losses." This is an excellent move from every point of view.

But instead of constituting simply a reserve, it might well serve as a regular source of income. The Canadian poplar is, as every one knows, used in the manufacture of cellulose. Now there is no manufacture of cellulose in Italy. Italy imports every year thousands of cartloads of cellulose, and paper is costly because the material for making it is imported. The poplar takes only six years to become fit for use.

How many poplars would be needed to keep up the supply for a big cellulose factory? And how much capital would it take to start one?

Should it not be the business of the Federation to study this problem? It could easily, through its federated Co-operatives, have millions of poplars planted, enough to supply such a factory. And the Co-operatives would gladly pledge themselves to produce the quantity required if they could be sure of a regular market.

It could, without any difficulty, obtain capital, not only for the factory, but also for the Co-operatives from the paper-makers who would buy the cellulose. But one may go further. The State is always on the lookout for establishing lucrative monopolies. It might rake in several millions from a monopoly of cellulose. For this purpose it might enter into an alliance with the Federation, granting land to it on the under-

standing that it should produce a certain number of poplars, and it might also entrust to it the carrying on of the whole industry from the cultivation of the poplar to the manufacture of the cellulose.

There is no lack of other similar examples. What I want to bring out is the intrinsic value of a national organization. Latent in the fact that the Co-operatives are organized nationally is a real capital value which is brought into play every time a new business is started by them.

The thing is, then, to exploit to the full this advantage due to national organization by taking up new functions which might lead to undertakings even more important and advantageous, and a more extended credit, so that in the end the Co-operatives might acquire the exclusive management of all public land.

In short, the Federation might succeed in providing collectively what private enterprise has failed entirely to provide, to the great loss of the country: I mean that close and constant and organic relationship between industry and agriculture, which would furnish existing industries with those requisites which might be obtained by means of a rationalized and intensified agriculture. Italy might produce many raw materials not yet produced here for lack of co-ordination and a guaranteed market—the reciprocal stimulus between industry and agriculture. Existing industries would be able to produce more cheaply and new industries would come into existence.

The constitution and character of the Federation lays it under an obligation to think out a program

of industrial agriculture, not speculative, but permanent. Such a course of action would have many good results, but above all, it would improve the position and status of the Co-operatives.

Nor could the State remain indifferent in the face of so valuable a work of organization. The tendency of the modern State is to stabilize its control over production—nationalization, but not bureaucracy. The only alternative is that the State should hand over the management of the various industries to associations of producers. Under these circumstances the State is bound, from sheer necessity, to avail itself of organizations of production which can guarantee technical efficiency, integrity, and public spirit. In the discharge of its first duty, the maintenance of the various public services, it could not possibly find a better ally than Co-operation.

It would not be difficult to show that the Federation of Agricultural Co-operatives is quite capable of functioning as a "Public Service" in agriculture. And this should be its aim. The State will be ready enough in its own interests for such an alliance. From that moment a great career will begin for agrarian Co-operation.

The objection will probably be raised that the Federation is not yet ready for so vast a sphere, and that its affiliated societies are still few in number and have relatively but little land under their control. But in the life of every movement there are two phases. The first is that of youthful enthusiasm, of early experiments and early successes, of simple tasks and general theories. By degrees, as the organization grows stronger,

the necessity arises for readjustment, concentration, and new relationships. Then comes the time for building up the forces acquired through past experience into a new organization with a more defined aim, a clearer ideal and a wide and inspiring program. This second phase is characterized by a change of direction. The movement marches towards its new goal with quickened pace. New organs are created, and new functions assumed through the inspiration of a clear and definite program.

The Federation represents this second phase of the movement. Its birth proves the maturity of its members and their fitness for action. If suitable work is not found for them they will deteriorate. But, as happens always, new functions bring new organs into existence. "Mutation" is the law of nature and of Society. The success of the Federation depends on the discovery of a program suitable to its powers. By calling upon its affiliated Co-operatives to undertake greater tasks, national instead of local, it will prevent their becoming petty businesses of no social importance, will give them the stamp of public service and separate entirely from all speculative concerns, so that the State will have no choice but to enter into alliance with them for the redemption of Italian agriculture.

## CHAPTER VII:

### CO-OPERATION IN ITALY: PRESENT CONDITIONS

THE Co-operative Movement in Italy has grown so rapidly during the last few years that a comprehensive survey of its forces and activities is impossible. According to latest official statistics we have, in the various branches of production and distribution, about 15,000 Co-operative societies, the 3,000 or more rural Co-operative credit societies excluded.<sup>2</sup> This great number of single bodies is explained by the fact that those political parties in Italy that draw their support largely from the working masses—the Socialist, Republican, and Catholic (popular) parties—are obliged to organize Trade Unions and Co-operatives. It is only through such bodies that the Italian masses can be kept together permanently for social action. This is to be accepted as axiomatic. Thus it happens that locally, regionally and nationally—

<sup>1</sup> This chapter appeared in the January 1923 issue of the *Irish Economist*, and is here reprinted by the kind permission of the Editor.

<sup>2</sup> The laws under which Co-operative societies are registered contain many loopholes, through which many spurious Co-operatives have slipped into recognition; the long-established and representative societies do not accept the above figures; and demand from Parliament a more exact definition of the law and a more severe control of Co-operatives.

and often in the smallest villages—we have a number of Co-operative bodies founded by and catering for different groups, and divided, not by functional, but by party lines.

In the past this situation has stimulated the growth of the movement and has created a healthy spirit of competition; but now, especially, because the Co-operatives have become vast enterprises of a public character, their great number engenders confusion and overlapping, and weakens their capacity to deal with great industrial and distributive tasks.<sup>1</sup> At present there is a great demand for reorganization on functional lines, and in many localities the various Co-operatives are pooling, if not actually amalgamating, their forces

<sup>1</sup> The public character of Co-operatives is shown both indirectly and directly: indirectly, inasmuch as they exercise functions usually exercised by the State, such as the relief of unemployment by relief-work, not of immediate necessity (in the Co-operative farms), the execution of public works on a non-profit basis, and so on; directly, in its tendency to assume public services for the State. As an example of what is happening, the principal railway lines in Italy are owned and managed by the State, but there are several thousand miles of so-called secondary railways, owned and managed by private companies; these are giving an intolerably bad service, and the State is obliged to get rid of them and to take over their property. But the State cannot and does not want to increase its railway bureaucracy, nor is it willing to repeat its disastrous experiments with private companies. It therefore encourages the "Co-operative Society of Secondary Railways" with the intention of devolving upon it the management of the lines which it is taking over. This Co-operative society, which is to all intents and purposes a Railway Guild, is already organized and includes the whole staff—manual, technical and managerial; it would assume the management of the lines under certain agreements with the State, but quite independently of its bureaucracy. The State, however, as representative of the consumer and as owner of the line, would quite justly retain a control over it. This system is partially at work in the shipping trade.



and working together. It is hoped that a "united Co-operative front" will be established against the middlemen, and especially in relation to the State through which and for which Co-operation is about to take over great national functions.

It is just this evolution towards State service that distinguishes Co-operation from Guild Socialism, though both are moving in the same direction. We are now in Italy in the very midst of this phase of Co-operative and social transformation.

Though it is not possible for us to survey here the whole Co-operative Movement as organized by the different political parties, the Trade Unions and the ex-soldiers' societies, we may cast a glimpse on a particular section of the Socialist Co-operative Movement.<sup>1</sup> A good opportunity for this is afforded by a recent conference held in Rome (end of June, 1922) by the National Federation of Co-operatives of Production and Labour (N.F.C.P.L.), which forms a section of the National League of Co-operative Societies. The latter embraces all kinds of Co-operative societies that are connected with the Socialist Movement. In January 1922 there were affiliated to it about 8,000 single Co-operative bodies, divided into the following categories: 3,600 Co-operative stores,

<sup>1</sup> Significantly enough, even the very "Fascisti," who are, in many localities, destroying the buildings of Co-operative societies, "because they are the headquarters of revolution and belong to anti-national parties"—the Socialists, Catholics and Republicans—have to organize Trade Unions and Co-operatives in order to secure some foothold for their propaganda. As we have said, Co-operation is in Italy an unavoidable form of organization and action; its social nature can be easily exploited for a short period of time by unscrupulous people for their own private or class ends.

2,700 Co-operatives of labour, 700 agricultural Co-operatives and 1,000 mixed Co-operatives. It is the oldest and strongest Co-operative body (founded in 1868 with 68 affiliations); it is doing chiefly propaganda work; it studies the more general problems and formulates the general demands of the movement, defining its issues and bringing pressure to bear on Parliament and on the Government for the enactment of laws in the interest of Co-operation.

The N.F.C.P.L. is an economic body, associating the Co-operative combines of the various provinces (counties) and co-ordinating their work nationally. Forty-two combines or federations sent about 800 delegates to this conference. These combines are provincial (in some cases inter-provincial or regional) bodies, embracing Co-operative societies in all branches of industry, agriculture, and distribution, some of them having 100 or more affiliated bodies. Their activities do not usually extend beyond the boundaries of their province. The N.F.C.P.L. links them together and gives to their activity a single direction. It deals chiefly with technical and financial problems that concern them all, and assumes directly certain Co-operative functions of great or national importance.

The Co-operative societies of production in Italy are, in practically every case, products of Trade Union action, and therefore form a part of the general working-class movement. They represent, as one Co-operator has cleverly remarked, the perfect product of the sole raw material with which Italy abounds—labour force. They were

born of labour struggles, and it is through struggles, obstacles, and sacrifices that they have grown and consolidated.

In some cases black-listed Trade Unionists founded a Co-operative society in order to provide work for themselves; in others, the Trade Unions, as bodies, created agricultural Co-operatives in order to relieve unemployment, provoked to do so by the unwillingness of landholders to invest money in agricultural improvements that were not immediately profitable; in others, again, unions or bodies of workmen founded Co-operatives to obtain, reclaim, and cultivate waste land owned either privately or publicly. More often, however, Trade Unions went into Co-operative enterprise in order to eliminate the middlemen contractors for public works and make an end of their exploitation alike of Labour and of the State.

The early experience of the Co-operative societies of production and of labour has served as a stimulus and a lesson to those that followed them, so that while in the past a group of Co-operatives needed ten years or more to consolidate itself, we have now examples of several groups that have attained to efficiency in a couple of years or so. From the simple work of digging canals or raising dams, the Co-operatives of single localities have passed to constructive work of a simple kind. Later on, when they undertook technical tasks that were much larger and more complicated, they felt the necessity for grouping themselves into higher organizations or "Combines," which have been recognized and regulated by law (1911). These combines have become such competent bodies as

to be able to compete with the biggest and best equipped private enterprises. In some provinces they have actually wiped out the private contractors and are practically controlling productive activities, doing work for the authorities and for the public alike.

Hundreds and thousands of workers are directly interested in these Co-operatives that have now made good their position in every branch of production. They are building bridges in brick and steel, public and private palaces and whole garden cities; they are constructing roads, railways and ports; they are digging canals; they are manufacturing machines of all kinds; they are building sailing ships, cargo boats, liners and warships; they redeem and cultivate rationally vast stretches of land; they are active in shipping and transportation; they have rebuilt, within a short period of time, whole districts where the war wrought havoc. In the Arts and Crafts they are numerous. As the workers work willingly and with enthusiasm for these their own enterprises, and as the Societies are able to shift organized bodies of labour from one end of the country to another when required, they are able to execute works hardly realizable by private enterprise, which can never obtain the whole-hearted co-operation of hired labour. These activities are, of course, menacing many vested interests, and it is no wonder that Co-operation has numerous enemies; the profiteers have launched an army of hooligans against the Co-operatives, and many of their buildings have been burned down; the kept Press accuses them of exploiting the Government and

of anti-patriotism. Nevertheless, the Minister of Public Works had to declare recently in Parliament (May 15, 1922) that the Co-operatives had done well and deserved praise, while "I had to deal with cases in which private contractors had sought to exercise undue influence over public bodies and had entered into secret and incorrect relations with one another" in defiance of the public interests as represented by the authorities.

In the introduction to a recent Government Bill on Co-operation it is explicitly recognized that the Co-operative Movement is the most fitting means of regenerating the economic forms and institutions which have proved themselves inadequate to cope with the problems matured during the war; that the army of middlemen and profiteers that has sprung up during the war and has infested all activities can be kept in check only by the Co-operatives, which by their very nature exclude all profit making. The rapid and skilful execution of the public work entrusted to them, making practically no profit on it, is one of the chief features of these Co-operatives, and therein lies their great future. Even now, when the capitalist class is lined up against them, the Parliamentary Commission on Public Works—on which capitalists are represented in overwhelming majority—was forced to declare its decided preference for them as against private contractors.

It is the function of the N.F.C.P.L. to discipline and direct this vast multiform activity and to represent it in its relations with the State. When a combine wants to contract for work outside its province, the National Federation examines the

situation and authorizes the contracting only when the local organizations agree to it. In other cases it is the National Federation that contracts for big works and distributes them among the single combines, if the local combine is not sufficiently equipped to undertake the work alone. Again, it is the National Federation that takes contracts in districts where Co-operatives do not exist and organizes local Co-operatives to execute them.

The National Federation organizes among the federated combines the exchange of machines and other plant, thus providing for their full and continuous use and facilitating the assumption and carrying out of big contracts without new investments in machinery and plant.

In almost every province there are public works to be carried out, and in many of them there are combines well equipped to undertake them; but wherever the combines are lacking or insufficiently equipped, the National Federation is able to meet the State's demand for labour, plant, and organizing ability.

The commercial office of the National Federation buys machines and raw materials for the affiliated groups, and being a large customer, it is able to obtain fair prices. It has recently signed a large contract with the Italo-American Oil Company for furnishing oil at good prices; the same office is organizing the sale of the products of its affiliated bodies, and is about to erect central warehouses in various parts of the country. To buy on reasonable terms and to sell at good prices is vital to these Co-operatives, and the bulletin of prices and commercial information, published

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by the National Federation, is of great use to them.

The technical department of the National Federation provides technical assistance to the affiliated bodies, and its business management facilitates in every way the financial and business transactions of the single combines with banks and with the State.

The National Federation has already its own brickworks and quarries, and intends to extend its operations in these fields in order to obtain good material at fair prices.

Thus, while the single combines represent, regionally, industrial bodies of the most modern type—doing any work from the roughest to the most artistic—their National Federation constitutes a formidable force affecting the whole industrial life of the country.<sup>1</sup> At the Conference the accusations against the Co-operatives that they were anti-national, and that they were guilty of exploiting the State, enjoying State favours as against the "legitimate" interests of private contractors and landlords, were repulsed with scorn by the delegates, who emphasized their will to serve the State and the community. From all parts of the country came the same story. In one

<sup>1</sup> In order that the reader may realize how national the function of Co-operation is in Italy, we repeat that the non-Socialist Co-operatives have, locally, provincially and nationally the same forms, the same ends and functions as the Socialist ones; if they are less numerous and strong, it is because they are of a more recent formation; relatively they are of the same public importance, and the Conference—of Socialist Co-operatives—has recognized this and has advised the functional, if not formal, union of the whole Co-operative movement in order to make of it an irresistible means of social progress.

large district the agricultural Co-operatives had devoted themselves during the war to the "intense" cultivation of "controlled" products, such as rice and corn, while private landowners, unconcerned with public needs, were trying to raise chiefly such crops as would fetch high prices in the open market; in other districts, where deadly malaria prevails and private landowners and contractors will not work, they have rapidly reclaimed thousands of acres and put them under cultivation, anxious to meet the national demand for increased output. This is their way of conceiving patriotism.

The Co-operatives are constantly trying to save the authorities time and money. A recent occurrence may be taken as an example. A new State railway line is under construction between Pisa and Leghorn; a well-known private firm contracted to remove earth at 165 lire per one m., stating that this high price was due to high wages and labour unrest. At the next competition the N.F.C.P.L. agreed to do the same work through its affiliated local organizations at 7 lire per m. The difference is enormous. As such cases in all industries are very frequent and oblige the contractors to compete with the Co-operatives, we can see that Co-operation saves hundreds of million lire annually to the State. If it were out to exploit the State, it could easily do so by agreeing with the private contractors upon the prices to be charged.

In this connection it is to be noted that the profits eventually made by these labour enterprises are virtually never distributed amongst the



members in form of dividends, but go to the sinking funds or are used for mutual assistance, educational and propaganda purposes. Many Co-operatives could pay annually a couple of thousand lire and more to each of its members, but the individual shareholders (workers to whom these sums represent a considerable amount), prefer to reinvest this, their legitimate profit, in their institutions, and in the last analysis for the benefit of the community.

In answer to the accusations that they are exploiting the Government, that the State is financing them through the semi-State Bank of Co-operative Credit, the delegates have brought to public notice the fact that they have always paid and are paying more than the regular bank-rate—the official bank-rate is to-day under 6 per cent., and they pay 8 and  $8\frac{1}{2}$  per cent. on all money lent by the said bank. Even the agricultural Co-operatives are obliged to pay the same sum when every expert knows that to-day no private farmer can pay more than  $3\frac{1}{2}$  per cent. or 4 per cent. interest on money invested in agricultural improvements or in new agricultural enterprises. But the Co-operatives are buying money even on these hard terms from sheer will to work and to extend their activities, paying the interest out of the personal and individual sacrifices of their members.<sup>1</sup>

<sup>1</sup> When a Co-operative society needs money, the workers take only half the wages due to them for the work they have done for it and leave the other half in the treasury to be withdrawn in better times.<sup>2</sup> In other cases the workers get half of their wages in "social money," to be exchanged for goods in the Co-operative stores (many Co-operatives of labour have consumers' departments). Some Co-operatives have a banking department, to which members and workers generally entrust their savings.

The State spends annually thousands of millions with private enterprises, but these latter are so jealous of the Co-operative Movement that the 300 million lire capital of the semi-State Bank of Co-operative Credit is a thorn in their eyes; they fear the possibilities latent in Co-operation. In fact, however, these 300 millions are absolutely insufficient for financing the enormous business done by Co-operation, and the Co-operatives never have enough money at the right moment, while the State owes them large sums, and pays its debts to them in instalments, and very slowly.

It is remarkable that out of the thousands of Co-operative societies very few have failed during the present industrial and financial crisis, while numerous gigantic private enterprises have gone bankrupt. This proves their stability and the efficiency of their managers. Nevertheless, the Co-operatives are suffering from the crisis, for they cannot obtain sufficient credit. The conference, therefore, asked the Government to provide funds at advantageous terms for the financing of Co-operative activity, which coincides so manifestly with the interests of the State.

But the Co-operative Movement is not waiting for the intervention of the State. Various banks have been founded by the Co-operatives themselves, and are successful. A few weeks ago a Co-operative bank was founded in Florence, most of the shares of which have been subscribed by local Co-operative societies in the name of their members, and are paid for in instalments from the wages due to the said members. The representatives of Co-operative banks at the conference

have founded a Federation of Co-operative Banks which will pool the financial resources of the Co-operative Movement and use them rationally where they are most needed.

The conference has demanded from the State the execution of great public works, afforestation, reclamation, canalization, construction of ports and railways—that would not only relieve temporary unemployment, but would open up hidden national resources and enlarge the basis for the economic development of the country. The Federation is negotiating big loans with foreign financiers to be invested in these public works, and the conference has asked the Government to guarantee them with State Bonds, as in every instance they represent permanent public interests.

In order further to relieve unemployment and extend Co-operative activity, the conference has approved the initiative taken by the Federation, together with other Labour bodies, to undertake Co-operatively great reconstruction works in France and Russia in agreement with the Labour organizations of these countries, and under the control of their Governments and that of Italy.

Thus we see that Co-operation is "invading" fields of initiative hitherto reserved for the bureaucracy. This departure is of the utmost importance, as it involves, in the long run, a redistribution of State functions, a devolution of tasks from the bureaucracy to functional bodies.

The conference passed a resolution asking Parliament to define and limit the term "Co-operative Society" to bodies which by their nature and scope are anti-profiteering, hoping thus to

prevent unscrupulous people from hiding under the Co-operative form of organization, as they have done of late, abusing, by this means, the prestige that honest and long established Co-operatives have acquired during the last forty years. It demanded further an efficiently organized State control of Co-operative societies and the right for brain-workers, technical and managerial, to join the Co-operative societies as regular members.

The conference claimed as a right that Co-operative societies should be preferred for the execution of public works or the sale of their products to public bodies as against private enterprises.<sup>1</sup> Finally, it demanded the exemption from all taxation of the profits of all Co-operative societies that are not distributed as dividends but are assigned to reserve funds, mutual aid and educational purposes.

The demands formulated by the conference represent actual needs felt by all sections of the Co-operative Movement irrespective of party colour; their realization would mean the elimination of many obstacles to a still wider development of the movement; they will no doubt be realized precisely because a number of political parties will support them.

<sup>1</sup> This claim is justified, inasmuch as the Co-operatives have already proved that the quality, quantity and price of their services correspond to what the authorities ask for and cannot obtain from private firms; it is, therefore, not necessary to put the Co-operatives in competition with private firms. It is, moreover, to the interest of the State that their capacity for communal service shall be preserved and even increased by the assurance of continuous work and a continuous market for their products.

It will be quite clear from what has been said already that the Co-operative Movement in Italy has outgrown its primitive forms and functions, that what used to be a class or party interest is becoming an effective social factor. We may say, in short, that the Co-operative societies are becoming Guilds, i.e., autonomous functional bodies serving collective interests in conjunction with and under the control of the State or the local authority, bodies that assume public functions and responsibilities and that exercise already an indirect control (which may soon become direct) over all productive and distributive activities; that, in short, enforce a criterion of public service—a just quality and price of all goods and services—even upon private firms and individuals.

This gradual transformation of Co-operatives into Guilds is due firstly to the public spirit of the movement, and secondly to its aptitude for public work. Its history shows that with the enlarging of function goes inevitably a broadening of outlook. The Co-operative societies began as small groups of producers or consumers for the production and distribution of various goods. Though they were always influenced by some social ideal, they were virtually closed corporations intent on corporative interests, on their own business success, concerned only with the interests of the working class, and not with those of the State. Slowly they have enlarged the sphere of their activities with the aid of men who have joined them of the technical and managerial class and have assured their success. Now they are paying less and less attention to profits, knowing that their

further success depends not on profits, but on their capacity for service. Therefore they tend to recruit all organized workers, and also to enlist as members, brain workers and professionals. Their object is to make an ever-increasing mass of workers acquainted with the mechanism of economic life, and infuse in them that sense of reality and social responsibility which go to make the true citizen.

To-day, the vast number of workers in the Co-operative Movement and their excellence, the extent and variety of undertakings, the technical and managerial experience vested in them, form such a solid block of interests that the problems connected with its efficient and undisturbed functioning constitute a national problem. Co-operation must live and grow undisturbed if the economic life of the Nation is to proceed regularly and progressively.

These vast institutions, distributed all over the country, command attention not merely by virtue of their technical equipment, organizing ability and business capacity, but especially by virtue of their manifest will to work, not for profits, but for service. Their will to serve the community is a motive that the community, besieged as it is by profiteers, cannot afford to overlook. I was moved to hear, at this conference (because it foreshadowed a nobler future Society), how all problems that appeared, at first sight, as mere business propositions, were brought into line with the interests of the country, how those very speakers and obscure organizers who had been accused of being anti-patriotic and of having only narrow economic interests, were anxious above all that the decisions

taken by their conference should coincide with the general interests, or should render the Co-operative Movement more fit to work for the welfare of the community. Not one resolution was brought forward in the exclusive interest of a single class of citizens or of a single political or professional category.

Co-operation has thus reaffirmed its preparedness to assume public functions; it has offered itself to the Nation as a public service. It is now up to the statesmen to make use of it and to give it those forms which will allow it to unfold its utmost capacities for national service.

With the ripening and diffusion of the Co-operatives, their primitive spirit of mutual aid is expanding into a will to aid and serve the whole community, and not merely a single category of citizens or a single locality. When a Co-operative Movement thus sets itself a social task, not in the way of a far-away and nebulous Utopia, but in the form of daily services to be rendered to the community, then obviously new relations must be formed between it and the community. If the State and the consumers fail to establish such new relations, Co-operation will revert to its narrower function at the expense of the community. It desires to become a public service; it has proved its fitness, but it awaits public recognition. The functions that it tends to assume depend upon factors that are beyond its control on other groups and bodies, and it must be brought into functional contact with them. Left to itself, it will become a State within the State, and consequently a disintegrating factor; embodied into the social

structure it would be a source of strength and security.

Left alone, it can go on working for itself, but cannot do more unless Society meets it halfway. The next step must be on the side of the community and the Government that represents it.

Watching this movement and comparing its results with those of the recent "revolutions" in Europe, we have come to the conclusion that social transformations can become effective only when the struggle between classes or political parties gives rise to such a mentality, to such capacities, to such institutions and functions as anticipate materially and spiritually the Utopia for which the struggle is waged. It seems paradoxical, but it is nevertheless true that a class struggling for social ends must cease to be a class before it can attain those ends; and this occurs when the struggling class evolves functions and institutions having a public character, for these functions and institutions lift it out of its class position to a higher level, and transform its class bias into a broader mentality.

It is not possible to form a preconceived idea, less still, a set scheme of action as to the precise method by which these anticipations may become a social reality, the actual process by which the new elements will be embodied in the State. It is not for us to choose one method or the other, the violent or the constitutional, for the full realization of the Co-operative commonwealth. The choice depends to a large extent on the attitude of those classes which have no direct and immediate interest in its establishment. The task



which lies before those who do desire to bring about a Co-operative commonwealth is to foster the growth of those public functions and institutions of which we have been speaking, and to make them indispensable to the community. By the very process of growth, a situation may be created in which the incorporation into the State becomes unavoidable, becomes necessary for the continued equilibrium, and even existence of the State itself.

RAVENNA, *July 1922.*

## CHAPTER VIII

### PRODUCTIVE GUILDS IN MODERN FLORENCE<sup>1</sup>

IN Italy, capitalist large-scale industry has never been stable, and has always been on the verge of collapse. The reasons for this are various, but the most obvious is that she is lacking in raw materials—iron ore and coal especially—that are indispensable to modern industry. Her basic industry is agriculture; but even agriculture is dependent for some of its raw materials—mineral fertilizers, for instance—on other countries; and agricultural implements and machines—whether produced at home or imported—are usually dearer in Italy than in most countries.

It is not always possible, especially in the metal, engineering and shipbuilding industries, to make up for the high prices of raw materials by scientific organization and specialization. In fact the only industries in Italy that have some sort of permanent prosperity are those where highly skilled workmanship is combined with efficient management in producing some particular goods, as is the case in the automobile and electrical industries.

<sup>1</sup> Reprinted, by permission, from the *Millgate Monthly*, October 1922.

But perhaps the determinant reason why great-scale enterprise in industry and agriculture is unsuccessful in Italy may be found in the deep aversion of the working and professional classes for everything that might be summed up by the term "industrialism." The concentration of industrial and financial activities in few hands, the autocratic capitalistic control and management, are all and each diametrically opposed to Italian traditions and temperament.

The Italian working man hates to be bossed and bullied and to serve as a mere cog in some gigantic capitalistic machine, and he is always scheming how to get out of it and become a free producer. Anybody who asks an Italian working man why he labours patiently at some hard work will usually get the answer: "Because I get some fun out of it." This may sound simple enough, but it articulates an underlying sentiment; and in any survey of economic and social phenomena sentiments should be carefully weighed.

Moreover, the sense of community is latent with him: he lives an intense communal life, and he refers all his economic, technical and spiritual problems back to the community. In other words, he conceives his work as by and for the community, and cannot understand the crazy race for profits, the incentive of industrialism.

Touched at this sensitive point, he unlocks voluntarily and generously his inexhaustible store of goodwill and his spirit of social service. Inasmuch as industrialism is an unstable base for the Italian State, the problem before her statesmen is how to engraft consciously these eminently

constructive traits of the vast majority of their people into the State; how to make of it the base and backbone of the State.

The positive elements in Nation-building on such lines are the well-nigh innumerable institutions already existing, which incorporate the people's spirit of social service. I have in mind those private institutions that function virtually as public services—the productive and distributive Co-operative societies and the unions of the working-classes; and those public and semi-public institutions in which these classes are already interested, and which can come under their direct control and management—the municipal services, the socialized industries, and so forth.

These are as yet isolated, but with a tendency to link themselves together. It is the task of the statesman to co-ordinate them and open up to them a wider sphere of action, to give them opportunity and means for the full realization of their latent resources and capabilities. A mighty task, indeed, to which the best and ablest statesman might think it worth while to devote himself, a task the accomplishment of which will bring stability and order, where there is to-day chaos and collective prosperity, in place of selfish grab. It is a task for lofty statesmanship, and not for politicians; a task for the young idealists of our generation.

A concise description of the structure and work of the Federation of Productive Guilds of the Province of Florence—F.G.F.—will illustrate these tendencies towards a Guild society. This Federation is the most important organism created by

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Co-operators in Tuscany, where, within the last few years, Co-operation has spread rapidly over all fields of activity, and while it was due originally to Socialist initiative, it is now adopted by all the different mass movements as a method of organization.

The F.G.F. was founded in 1915, at the beginning of the war, by four Co-operative societies, which, for a decade or two, have carried on business successfully in their respective trades, training their workers and preparing them for larger ventures. These were the Plumbers' Co-operative Society, the Carpenters' and Cabinet-makers' Co-operative Society, the Marble Workers' and Stonemasons' Co-operative Society, and the Building Operatives' Co-operative Society. The new initiative was encouraged by the National Credit Institute for Co-operation, a semi-State Bank. At present the federated Guilds number 74, employing about 15,000 workers, who are all members, i.e. guildsmen. The F.G.F. is closely allied with the Labour Exchanges in the Province of Florence, Trade Union local centres, and the Tuscan Federation of Consumers' Co-operative Societies, embracing 251 local distributive bodies: it is affiliated with the National League of Co-operative Societies—uniting about 8,000 local Guilds—and the National Federation of Productive and Labour Guilds, as well as with the General Federation of Labour. It is interwoven into the texture of the whole Labour Movement.

It embodies a great variety of Guilds from all branches of production, and this variety of functions renders it fit for any kind of activity and labour.

There are 21 local Co-operative societies in the Building Trade, 2 Sculptors' Guilds, 1 Marble Workers' and Stonemasons' Guild, 2 Plumbers' Guilds, 1 Transport Guild, 1 Stucco and Artificial Stoneworkers' Guild, 16 Labourers' and Road Construction Workers' Guilds, 1 Varnishers' and Painters' Guild, 1 Cement Workers' Guild, 1 Engineers' Guild, 1 Forest Workers' Guild, 1 Textile Workers' Guild, 1 Electricians' Guild, 1 Glass Workers' Guild, 1 Employees' Guild, 20 Mixed Guilds and 2 inter-District Guilds.

These different Guilds make it possible for the F.G.F. to contract for the most complex works. Thus, for instance, it can assume the construction of great buildings, and execute them directly and entirely, from the foundations to the door-keys, including furniture, electrical and plumbing installations, decorations, and anything else that may be needed to render a house and home perfect. Moreover, this form of organization provides, through its united management, for the greatest rapidity and economy in the execution of the work.

This multiform organization is subdivided into various departments, according to trade—building construction, engineering and so forth: it has an auditing and legal department, and a section for Co-operative propaganda, mutual assistance and a school for young Co-operators. Its Board of Directors is elected by the affiliated societies. The managerial and technical staff is selected and appointed by tests of professional efficiency; and it is well worthy of note in this connection that though the F.G.F. is distinctly Socialistic, some of its most important functionaries are Catholics,

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renowned for their honesty and spirit of service. This is a fine example of tolerance in the progressive ranks.

At the very beginning of its existence, the F.G.F. was confronted with the difficulties arising from the state of war and the necessity of transforming its engineering shop into a war plant. It has met all these difficulties successfully by re-equipping its shop with new machinery, and producing many aeroplanes for the Flying Corps, to the entire satisfaction of the military authorities. Now these shops, transformed again into peace works, and capable of employing about six hundred workers, are busy places, in which the Plumbers', Engineers', Carpenters' and Varnishers' Guilds are engaged at various tasks.

The F.G.F. has great timber and construction material yards, many miles of small-gauge lines, mechanical elevators and mixers, and a number of camions ; in short, it is equipped with all the modern machinery and materials that such a great enterprise continually needs. All this forms the collective property of the affiliated Guilds, and is managed by the F.G.F., and distributed amongst them according to need.

Given this complete technical organization, it is easily understood why the F.G.F. and its affiliated Guilds could bid for, get, and carry out most important building, hydraulic engineering, reclamation, road construction, and industrial works amounting to about 40 million lire. In all and each work it has been successful, and the administration of the Province of Florence has allotted to it, in open competition with private contractors,

the most important public works, largely for the reason that it has offered economic advantages and secure guarantees of good and fair work.

Now the F.G.F. is engaged on the construction of the new National Library in Florence; the Sculptors', Marble Workers' and Stonemasons' Guilds, which have an established reputation for the artistic work done by them for the new Post Office in Florence, are doing specially fine work on this monumental palace.

The F.G.F. is about to finish an undertaking that is most important socially—the construction of a large block of houses with 630 rooms, halls, school, and Co-operative store, for the Institute of Peoples' Houses in Florence. It gave such proofs of efficiency and rapidity in conducting this undertaking, that it is now building another group of houses, with 800 rooms, for the same Institute, and a third one—53 cottages—for the Railway Workers' Housing Co-operative Society. About 1,000 building workers are engaged on these constructions.

These two blocks of houses for the Institute represent about 13 million lire; about 10 million lire are represented by various road and bridge construction works carried out by the F.G.F. for the Provincial Administration and a number of municipalities. Besides these special works, the F.G.F. has applied for, and obtained, the regular task of maintaining the provincial roads in proper condition, employing at this work hundreds of labourers belonging to the affiliated local Guilds that are spread all over the Province.

Important hydraulic engineering, reclamation



works, and river regulation works, conducted by the F.G.F. for the public administrations, are occupying numerous labourers.

Nor are the industrial activities of less importance: these represented the first successful attempts of the F.G.F., and will certainly develop on an important scale. The Carpenters' and Cabinet-makers' Guild is producing artistic modern furniture, good imitations of antique furniture, common furniture and industrial carpentry; their shops are furnished with modern machinery and apparatus for wood-seasoning and bending. The Plumbers' and Hydraulic Workers' Guilds are highly specialized and have done work, within a short period of time, for more than 5 million lire. The Hardware and Electricians' Guilds are flooded with orders. The Sculptors' and Marble Workers' Guilds are executing numerous orders for Italian and foreign customers.

To back this intense activity the Guilds have lately decided to found a Regional Co-operative Bank, the capital of which is being subscribed by individual workers—who pay for their shares in instalments retained from their wages—and by their Guilds, as well as by other Labour bodies. This Bank will help to break the "money monopoly" held by private banks, and will integrate the activities of the semi-State Co-operative Bank.

Before the F.G.F. can fully extend its activities it must break the hold of another nefarious monopoly, that of the Trust of Building Material Producers, which earns a net profit from 30 to 40 per cent., and at the same time is limiting the building activities, especially of the State and

the local authorities, that can spend only fixed amounts on construction. To overcome this obstacle the F.G.F. is hoping to extend Guild ownership and management to some brick and cement works, in order to reduce the price of building materials, and thus stimulate private and public building activity. The Stonemasons' Co-operative Society, which owns rich quarries, and is successfully competing with the private ones, is an encouraging example for the F.G.F.

The internal organization of the F.G.F. is very simple. Its constituent Guilds maintain their legal, administrative and technical independence. The F.G.F. contracts for the work from the public authorities, from private bodies or individuals, and distributes it amongst the special Guilds. It contracts, however, only for the more important works: the single Guilds are free to accept smaller orders and execute them independently of the F.G.F., which, in such cases, watches only that no competition should arise between the various Guilds.

The federated Guilds are obliged to pool their machines, plant, workshops, etc., into "a collective domain," which is managed, as we have noted, by the F.G.F. For the work the single Guilds execute for the F.G.F. they must charge only the net cost, increased by 7 per cent., to cover overhead expenses and interest on their capital.

The members of each Guild must be working guildsmen, organized in their respective Trades Unions or professional bodies,

The F.G.F. buys all necessary materials, etc., and provides all the working capital. Its own

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capital is subscribed by the constituent bodies, which pay into its funds 35 lire for every member, and 5 per cent. from their own capital. The Board of every Guild sends delegates to the Assembly of the F.G.F., which is the supreme deliberative body of the F.G.F., and elects the Board of Directors of the F.G.F.

From the earnings of the F.G.F. 20 per cent. goes to the reserve ; from the remaining net profits 5 per cent., and not more, to the affiliated Guilds in proportion to the shares paid up by them ; 15 per cent. goes to a Mutual Aid Fund ; 5 per cent. to the Education and Propaganda Fund. The remaining profits go to the single Guilds in proportion to the wages paid to their members for work executed for the F.G.F.

Thus, while the single Guilds are autonomous, and directly responsible for the work entrusted to them by the F.G.F., the latter aids them at every step in order that their work shall be done efficiently ; it audits their business books, keeps their correspondence, disciplines and inspires their work, in short, it co-ordinates them into a strong and united body, capable of assuming productive functions of social importance, and on a great scale. It links them up with all the other vital Labour organizations, and is thus able to bring pressure to bear upon public opinion and public authorities.

It fully provides the advantages of great-scale capitalist industry—united management, saving of raw materials, saving of overhead expenses, efficient use of plant, etc., without its disadvantages—autocracy, bureaucracy, bossing, and private profits.

It truly functions as a public service, for it provides work where, without it, no work would be done; it educates and trains the working masses, and gives them the new status of free producers; it provides cheaper and better work for the community.

This institution is, then, very near to a true Guild. It is not a national Guild, but a provincial or regional Guild; but while a national Guild is necessarily limited to one trade, a regional Guild may embrace, as it actually does, a great variety of Guild activities, and harmonize them into a united movement. The F.G.F. has no agricultural department, because farming in the Province of Florence is not yet organized on a Guild basis, as is the case in numerous other provinces where bodies like the F.G.F. have agricultural departments, and form a complete Guild nucleus of virtually all trades and occupations. Neither are the private consumers represented, for the reason that they are not organized directly as consumers, of houses, machines, furniture, and so forth, while the State or the Local Government bodies are not yet ready to participate actively and directly in the work of a Guild, as representatives of the consumers of public buildings, roads, bridges, etc.

These regional Guilds are not opposed to national Guilds; and the existing national Guilds, in some trades, such as building and engineering, are co-ordinating the work of the local and regional bodies on a national scale, and are linking them up with the State.

The next phase of Guild development in Italy

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will be characterized by a conscious effort to weave the existing productive, industrial and agricultural Guilds, consumers' Guilds, Guild banks, the Local Government bodies and the State into a Guild Society.

## CHAPTER IX

### GUILD SOCIALISM IN ENGLAND: ITS ORIGIN

THERE is a sense in which it may be said with some truth that the war created those very conditions, psychological and actual, called for by every school of idealism as the best soil for the growth of civic virtue.

The English working class, inured to collective sacrifice, full of the hope of a new social order when national service would be the accepted motive, both in industry and in politics, and conscious of having contributed generously to the national cause, justly demanded the recognition of a status in accord with the responsibility it had undertaken—a status, political and economic, which would afford scope for its own free development.

So great, indeed, were the services rendered by the English Trade Unions, and the sacrifices made by them to the national cause, that the upper classes and the Government were forced to recognize them, not merely as representatives of special Labour interests, but as equals and fellow-workers for the public welfare.

The assistance given in recruiting, in organizing industry for intensive production of munitions, in the exemption tribunals, in the committees for

public insurance and war pensions, all these functions undertaken for the Government by the working class and their organizations, brought Labour to a new social level.

This was no case of a temporary phenomenon, brought about by the war, and passing away when it ended. The rise of the working class was due neither to the stress of war conditions nor to opportunist concessions made by the upper class or by Government. The working class reached its new social level, thanks to the aspirations, the ability and the sense of social responsibility, which had been ripening within it before the war. The war, with its demand for the utmost strength of every citizen and every organization, offered a fitting opportunity for hastening the development of these forces, which were already in existence, and proving their value. It was obvious, therefore, that the working class was not likely to let go the new conditions which it had fought for and won; on the contrary, it strained every nerve to consolidate them. There followed, of necessity, a displacement of social strata; an alteration in the whole order of Society.

In view of the urgency of those after-war problems which confronted the State—even more formidable than those of the war itself—the consolidation of these new working-class conditions was of the utmost importance to the State, for from that class alone could come the economic and spiritual energy necessary for their solution.

Among the younger and more enlightened English economists there was already a small group who were watching these new tendencies and new

developments in the psychology of Labour, and were trying to find for them a theoretic expression. It was thus that Guild Socialism came into existence.

It is a new and valuable discovery—a cross between Syndicalism and Socialism. The aim of Syndicalism is, of course, to take possession of industries, and to carry them on under the direct control of the Trade Unions. It assigns but little importance to political action, or to the State as a political and economic organization, and would have the Trade Unions absorb nearly all its functions. The aim of Socialism, on the other hand, is to seize the State with a view to nationalizing industry. The revolutionary movement springs, for the Syndicalist, from professional consciousness; for the Socialist, from political consciousness. Like the Syndicalist, the guildsman recognizes that political power depends on economic power; like the Socialist, he assigns specific functions to the State. He admits the force of spiritual motives acting along with economic facts—the conception of liberty, of dignity, of professional responsibility, as the source of citizenship and honest work. His ideal is the control of industry both by the Guild and by the State.

Guilds are national bodies, comprising all the workers in an industry from managers down to apprentices. They stand for the substitution of harmony and co-operation for antagonism between the different kinds of labour—administrative, executive and immediately productive. Guilds cannot be local because industry is no longer local. They are bound to act on a national scale; they



cannot be sectional, because all branches of an industry are bound each to each by common interests. Their duties, both to producer and consumer, require that they should function over a very wide area.

Existing Trade Unions form the natural bases for the Guilds, but they must aim at becoming wider and more powerful, so as to possess a complete monopoly of labour in each industry. It is by this means that labour will cease to be merchandise, and that the degrading wage system will disappear.

The State, owning the means of production and representing the interests of the community, will hand over to the Guilds, with certain reservations, the duty of carrying on industry, thus avoiding both the cumbersome methods of bureaucracy and the evils of private management, and securing at once technical competence and the inspiration of public service. In place of either salaried State officials, indifferent and inert, or, on the other hand, of workers intent only on their own petty profit, there will be public workers directly interested in the success of a truly national undertaking, bound to the State and responsible one to another.

National Guilds, each representing a single industry, will unite together in a congress which will be virtually responsible for all economic activity, and better adapted than any other authority, for carrying on the work of production and distribution, thus setting the State free from all economic functions. The State, co-operating with the Guilds, as representative of the community, but relieved of all economic responsibility, technical,

financial and administrative, will devote itself to those higher functions that are civil and cultural : national defence, education, public health, foreign relations, in a word to those larger decisions which express and reflect the heart and mind of a great Nation.

A social scheme of this kind might well appear a mere ordinary Utopia but for the fact that it is rooted in vital reality. Labour and Capital in England, in the years just preceding the war, were engaged in a mighty struggle before which the Government was powerless. Revolution in the near future seemed to many thinkers almost inevitable. This struggle was thrown into the shade by the war and the sentiment of nationality which it called out, but any attempt at post-war reconstruction, which does not take it into account, is doomed to failure.

Those strikes which took place in the three years before the war had quite a new significance. In each of the industries concerned, the Trade Union possessed practically a monopoly of labour, so that they were in a position to bring the whole industry of the Nation to a standstill. Their resort to direct action was marked by a growing scepticism with regard to the political Labour Movement, which had failed during ten years of increasing trade prosperity, to obtain any sensible improvement in the condition of the workers. The struggle was not wholly economic. A new spirit lay behind it. The workers, while energetically demanding higher wages and better conditions, aspired, though still somewhat vaguely, after ruling their own lives and controlling their own labour.

Fired by a more valiant spirit, and strong in its growing solidarity, Labour gained at a single blow more, both in money and in legal status, than it would have gained through many years of political action. This goes to confirm the Syndicalist dogma that political power springs from economic power, and that parliamentary action is an illusion.

Certain independent writers, the aforesaid "national Guildsmen"—Penty, Orage, Hobson, Cole and others—explained the meaning and the importance of what was happening, focussing the vague aspirations of Labour in an ideal of Guild Socialism, they elaborated a practical scheme of social reconstruction. They agreed in condemning the wage system, and showed, by their analysis of it, that the formation of a Labour monopoly is not merely a result of a reasoned determination of the working class, but is imposed on them by the technical development of industry, which obliterates the dividing line between the crafts, and forces the workers of different grades to unite in industrial unions on a national scale, and to make the struggle with Capital no longer one of groups or crafts, no longer local, but national.

They showed, too, that Labour monopoly, by putting an end to the purchase of labour as a commodity, would set it free from its subjection to the law of demand and supply, would endow it with a new economic power, and would call forth that sense of social and professional responsibility which will enable men to realize the end they are fighting for.

Thus did they demolish the economic theory—

the very basis of the present social and economic system—that wages are the price paid for labour valued as a commodity, that the function of the worker is to furnish labour at the market price  $x$ , thus making it possible for the employer, by selling it at  $x + y$ , to secure for himself that large margin which permits him to pay rent, interest and profit.

Under the present system, say the Guildsmen, labour, once sold, becomes the property of the buyer. To him belongs its entire produce, the seller of labour having renounced any claim whatever to the surplus value which he has created, and any right to interfere in the control of his own industry; whereas, in truth, labour is more than a commodity in virtue of that human element which is—to use a Mendelian expression—a dominant element. A social system, based on the commodity theory of values, cannot withstand modern analysis; it is bound to collapse sooner or later. A man's strength is of the essence of his personality; the labour of the wage-earner is his life, and life is sacred.

Here, then, lies the problem of the status of Labour. In industry, as in Society, there should be equality of status. Every reasoning being should be in a position suitable to the function he fulfils and should be directly responsible for that function. The Guild scheme, though intimately associated in its origin with industry, and influenced in its conception by the course of industrial development, is no less concerned with the organization of Society, with the spiritual tendencies of man and his cultural needs. Labour

will be subject to the laws of production, and to these alone; it will not have to submit to the control of any person or group of persons who are not themselves engaged in production. It will be free from servitude, either private—of the employer—or public—of the State—and will be inspired by that spirit of public service which exists in every free man who lives in a free Society.

Guildsmen believe that the first step towards this new organization of society lies in the determination of the Trade Unions to gain a monopoly of labour and to extend Trade Union control; in other words, to strengthen their economic power, and to acquire the morale and the skill needed for carrying on industry.

The transition to a Guild system will mean an entire reversal of industrial relations. Organized capital, which to-day employs organized labour, paying it wages, will be converted to national service. In other words, organized labour, under State control, will employ organized capital, paying a fair price for its use.

Guild Socialism, the new aspiration of the British working class, is another proof of the intellectual independence of the English. They have been accused, either through ignorance or through ill-will—and not only in Germany—of an exclusively mercantile spirit, the accusers shutting their eyes to the fact that all our modern social ideas and conceptions have their origin in England. Seeing that neither Continental Socialism—State-worshipping and rigid—nor Syndicalism—doctrinaire though impulsive—will ever really lay hold of the English working class, they draw the erroneous conclusion

that that class must be conservative. The English, it is true, do not love abstract formulæ, which claim to enclose within their own rigid mould all the endless variety of life and history; they are apt to be impatient of theory and of ideals carefully tabulated and arranged.

Guild Socialism, characteristically English, rooted in the deepest human instincts, vital and plastic, is a fruitful source of inspiration, and of all existing forms of Socialism is at once the most ideal and the most practical. Few theories have had such good fortune. Within five or six years it has made its way into every field of social thought and action. There is no project of social reconstruction since the war that does not take into account its principles. And since its chief claim—the alteration in status of the working class, organized Labour becoming the intelligent and responsible partner of Capital—is finding acceptance more and more even among capitalists (either from honest conviction or from fear of worse things), so that one may say that it is on the way to realization, it seems likely that the "Class War" may be transformed into a struggle at once deeper and more complex, into a rivalry in the selection of definite functions to be harmoniously exercised for the public welfare.

This likelihood is increased when one considers that the third social partner, the State, is almost certain to intervene in the hope that such a readjustment may put an end to the grave menace of class-conflict. The recognition of the new status of the working class, implying new responsibilities for Labour and a deeper realization of collective

interests, would be of immense value to the Government in the task of reconstruction. The experiments in Socialism made by the State during the war, not always with happy results, might lead it to a more decisive step, viz., to ceding by degrees the duty of carrying on industry in the public interest to the Trade Unions and, while still retaining a suitable control over them, devoting itself principally to cultural and political functions.

These problems and their solutions, at which we have merely glanced, are treated at length in the literature of Guild Socialism. This should be most carefully studied by the statesmen and economists of Italy, because it would make clear to them the meaning and tendency of many of the Labour organizations of Italy and the attitude of mind of many of our workers. In no other country are to be found Labour organizations more fitted to undertake superior functions. Our great Co-operative societies of production, both agricultural and industrial, have given indisputable proof of technical efficiency and of public spirit, and it is strange that, although they have already formed the subject of legislation, both general and local, yet they have not yet obtained the position that should belong to them either in the Labour Movement, in industry, or in the State.

The Co-operative Congress of 1918, for the first time, showed signs of according a wider recognition to productive Co-operation, removing it from the narrow circle to which it had been restricted, and assigning to it functions of great importance in post-war reconstruction. The real scope of

its possibilities, however, has by no means been recognized.

The Trade Union Movement, because productive Co-operation seems possible in only a few industries and among a few groups of workers, considers it premature and injurious to the whole movement ; fearing that it may lead it astray, with the illusion of dangerous experiments, from the simple and immediate tasks which ought to be at once undertaken (wages, hours, etc.). The mistake is in not seeing that the idea and the example of direct production would stimulate enormously the tendency towards solidarity, and would be a great help in the task of organizing the great mass of unskilled workers who are still unorganized. In other words, the Trade Unions, hypnotized by State Socialism, do not yet see that to undertake and carry on industry on their own account is the natural outcome of their attempt to acquire professional efficiency and institutional control. They are apt, therefore, to consider Co-operative production as an artificial phenomenon, and not as the forerunner of the future system of production.

The Co-operative societies, on the other hand, though they do not forget that their origin was in the Trade Union Movement, are apt to overlook the fact that it is only as an integral part of that movement that they can maintain and develop their position against the more powerful capitalist organizations ; that it is only by their alliance with the Trade Unions and their monopoly of labour that they can fight the capitalists with their monopoly of capital.

The Socialists, in short, with their political bias,



refuse to believe either in Direct Action or in Co-operation as of real efficacy in the work of building up a new Society; that is to say, they do not yet see that the new Society is being created through the conquest of industry by means of these productive organizations; and, therefore, they do not consciously direct their political action towards facilitating that conquest.

Guild Socialism, which looks to Labour monopoly as the source of the forces destined to secure the control of production, and to free the State from industrial functions, not only offers invaluable hints on post-war methods of organizing and enhancing the latent resources of Italian Labour with its dignity, its high personal character and its public spirit, but also furnishes the fittest platform for the various attempts made by Labour to develop and co-ordinate its social activity.

## CHAPTER X

### SOME RECENT ASPECTS OF ENGLISH GUILD SOCIALISM

GUILD Socialism is not a social theory with a fixed body of orthodox doctrine, nor is it a rigid scheme of social reconstruction. As the name serves to show, it draws its inspiration from the chief institutions of the Middle Ages. It takes its place in the tradition of social thought, English and Continental. Ruskin and Sorel, Marx and Kropotkin have all contributed to its ideals. There is no movement from Chartism to Russian Communism from which it has not reaped experience; it is, in short, a social theory in process of elaboration.

In the wide basis of the Guild Movement and in its readiness to draw inspiration, not merely from economic theory, but also from motives of morality, from the experience of the past, even from religious sentiment and the history of the Church, resides a great part of its fascination for many English students who are attracted by the hope that it may furnish the solution of various social problems.

The founder of the movement has also contributed largely to the ideas that underlie it. He

is not a party man, nor, by training, an economist, scientist, or philosopher, but an architect. He has not written much, but any volume that he does publish is sure to throw light on some problem until then obscure, and to open discussion on it. He belongs to that class of intellectuals, artists and humanists, of which there have been many in England, who have sought to give strength and reality to the cause of reform by broadening the range of its interests.

In February, 1906, Penty published a volume, *The Restoration of the Guild System* (now out of print and unobtainable), in which he attacked collectivism and proposed to substitute Guilds for bureaucracy as a method of organization. He conceived this idea while seeking a solution for the economic aspect of the problem of architecture. Tracing this problem to the disappearance of medieval corporations and finding that architecture had flourished under their regime, he came to believe that any widespread revival of architecture was bound up with the restoration of the Guilds. But since architectural problems are special and interest only a limited number of people, he came to the conclusion that any restoration of the Guild system was possible only on the assumption that the principle could be given a wider application. Instead, therefore, of attempting a restoration of Guilds in the building industry, he addressed himself to the problem of a general restoration of Guilds as a part of the solution of the social problem.

This book aroused much interest at the time of its publication. A. R. Orage, a brilliant

publicist, was the first conspicuous convert. He began a propaganda on behalf of a restoration of the Guilds, and in June 1907, he contributed an article to the *Contemporary Review*, under the title "Politics for Craftsmen," in which Guild ideas were advocated. But it was not until 1911 that the cause made much headway. In that year the Labour peace came to an end. The Dockers and Transport Workers came out on strike, and their success gave rise to a strike fever, which spread to the railwaymen and many unskilled trades, and continued intermittently until the outbreak of the war. The newspapers attributed this unrest to Syndicalism, of which, to tell the truth, very few either of the intellectuals or the workers at that time had heard. But the boom in Syndicalism thus created served a useful purpose, for it turned the disappointment with the performance of the Labour Party in the House of Commons into a reaction against collectivism, and this created a political interest, that Orage, who had in the meantime become editor of the *New Age*, an independent Socialist weekly, succeeded in turning in the direction of the idea of national Guilds.

The national Guild theory was formulated by S. G. Hobson in collaboration with Orage. It differed from the Guild idea of Penty in many ways. The most fundamental of these, and that on which the other issues turned, was the difference in its attitude towards industrialism. Penty had maintained that our industrial system was bound to break up, and did not believe in the existence of a single and uniform remedy for all our social ills. He therefore remained apart. Opinion among

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reformers at the time, however, supported Hobson and Orage. And, indeed, this is not surprising, for the national Guild theory was launched at the right moment. It crystallized the thought of the moment, giving form and substance to the ideas of Socialists who had been shaken in their belief in collectivism and had become vaguely interested in Guilds, but had failed altogether to perceive the anti-climax in which the war showed that our industrial system was destined to end. These mental changes or psychological conditions having served to prepare the ground for the policy of national Guilds, it held its own among the currents of collectivism, of Syndicalism, and of local Guilds, from which it derived its elements. It presented itself primarily as a program of action, but at the same time the theory went on being gradually modified and elaborated.

Although Penty considered the advocacy of national Guilds as good propaganda, insomuch as it carried men's minds in the right direction, he was not very happy about the program of action which did not appeal to him as practical. In 1914 he was invited to write a series of articles for the *Daily Herald*, which later on saw the light in the volume *New Worlds for Old* (1917). In this book he gives a qualified support to national Guilds, suggesting modifications of their structure and insisting throughout on the need for local autonomy.

The task of reconciling the rival claims of local and national Guilds was largely the work of G. D. H. Cole and the National Guilds League, who came to interpret national Guilds as local

Guilds nationally federated instead of as highly centralized institutions. The National Guilds League had been organized by Cole, Reckitt, Mellor and others, and held its first meeting on April 21, 1915. It met with great success, and has exercised considerable influence. With the coming of conscription it suffered in membership, and many of its branches disappeared. Nevertheless, it succeeded in remaining alive while the war made proselytes for Guild Socialism and for the League, chiefly because people who had never before come into contact with bureaucracy made acquaintance with it during the war and became profoundly disgusted with it. Nowadays the idea of Guilds has penetrated everywhere. Both the Labour Party and the Liberal Party have come under its influence and have accepted the "idea of control," which has a guildist origin. Even the Fabian Society and Mr. and Mrs. Webb have been obliged to incorporate some guildist principles in their scheme of social reconstruction; organizations of professionals and workers have accepted the idea of control and have formulated programs for transforming themselves into Guilds. Miners, railwaymen, engineers, postal and telegraph workers, and teachers are all in the movement.

The Guild idea is making headway all over the world. It is discussed in France, Germany, India, Japan, America, Australia, and elsewhere. Many programs of reconstruction in France, America and also in Italy bear its impress. Lenin requested that a guildsman should accompany the delegation of English workers to Russia.

As for putting the idea into practice, we may

perhaps claim that we have gone further in Italy than anywhere else, for our Co-operative societies, agricultural and industrial, are all of them nuclei of Guilds, though no theory exists in Italy which would give a synthetic vision of their function as such, or a decisive impulse towards concerted action on a national scale. It has been hoped that these studies may help Co-operation and the Italian Labour Movement in general to conceive such a vision.

In England there exists already a National Building Guild which works with success in the general interest. In other trades, too, such as furnishing and clothing, Guilds have been founded, and there is also in existence an Agricultural Guild in connection with the new Garden City at Welwyn. But the English Movement will meet with grave difficulties in those industries which require enormous plant and fluid capital. Experience shows that if it is not impossible, it is undoubtedly very difficult, to graft Guilds on industrial society, and it is in part because Italy is a less highly industrialized country that there seems some chance of their taking root there.

The want of success in the attempt to extend gradually an effective Labour control over industry has given rise in England to divisions in the guildist camp. Many of the younger members, fascinated by the Russian revolution, call themselves to-day Guild-Communists.

Penty is of opinion that the lack of success of the policy of encroaching control and the difficulty in creating Guilds is due to the attempt to superimpose them on the industrial system, and

believes that the next step is to examine industrialism and show its incompatibility with Socialism. A few months ago (May, 1921) he published a small book, *Guilds, Trade, and Agriculture*, where he attempts to throw light on this situation by examining the problems of exchange rather than those of production. He proposes the problem of prices, till then neglected by guildsmen, who had been preoccupied chiefly by those of production and Guild-organization, as the central issue for guildsmen.

This book deserves to be examined in some detail because its arguments refer to the serious post-war situation, and are in many ways applicable to the study of Italian problems from a guildsman's point of view. In it Penty accepts the general conclusions at which J. S. M. Ward arrives in his book, *Can Our Industrial System Survive?*<sup>1</sup> which deduces the break up of industrial civilization from the general tendency of the rates of exchange in Europe to fall since the armistice, and shows the revival of agriculture to be a necessary corollary of any stabilization of the exchanges, finally suggesting to guildsmen the necessity of losing no time in building the new social and economic system before the existing one breaks down completely. It is the foundations of our Society that are giving way, and our politicians have no idea how to face the situation, because, having lived on certain phrases and shibboleths all their lives, they are without the mental equipment that a great crisis demands. They do not know what they really want to do, and there-

<sup>1</sup> Published by W. Ryder & Sons, Ltd. 2s. 6d.



fore cannot go resolutely forward. Out of the thousand facts and practical problems they are required to solve, they are unable to distinguish such as are fundamental from those which are not. Like all opportunists, they live from day to day.

“So it will be until we can establish a social theory that will give such an explanation of the facts as will serve as a guide. For there is no such a thing as a purely practical problem, inasmuch as behind every practical question is to be found a theoretical one.”<sup>1</sup>

The reason why all our social and economic theories have collapsed is that they were all founded on the conviction, till lately universal, that our industrial system is imperishable. We find it in the economies of Socialism just as much as in those of capitalism. Socialist theory has taken it for granted that a time would come when the workers would be able to take possession of capitalist industry as a going concern. “The consequence is that Socialist and Labour leaders are as much perplexed as capitalists themselves at the sight of the system crumbling to pieces. The possibility of this dissolution had never occurred to them, and they have no idea how to stop it. And this is no wonder. For their belief in the permanence of industrialism was so absolute that it led them to reject all ideas that were incompatible with the industrial system; and as all ideas of a fundamental nature inevitably came into collision with the industrial system, it meant in practice that they refused to recognize any fundamental ideas whatsoever, so they are

<sup>1</sup> *Guilds, Trade, and Agriculture*, p. 14. G. Allen & Unwin, Ltd.

consequently left stranded without an idea that has any relevance to the present situation."<sup>1</sup>

A new social theory, if it is to suit the present situation, must be based, according to Penty, on principles antithetic to industrialism. Such principles can be deduced from the informal philosophy of the Socialist Movement, which are altogether distinct from those which are officially accepted by it.

"The formal theories of Socialism based upon the permanence of industrialism are now happily discredited for ever. But the informal philosophy of the movement stands unimpaired, for it is based upon something far more fundamental than any economic theory—the permanent needs of human nature. On its negative side it is a moral revolt against capitalism; on the positive side it rests on the affirmation of the principles of brotherhood, mutual aid, fellowship, the common life. These are the things that the Socialist Movement finally stands for, and they grow by reaction. In proportion as existing society becomes more hopeless, more corrupt, more unstable, men will tend to take refuge in idealism; and this idealism the informal philosophy of the Socialist Movement supplies. Such people have hitherto accepted the economic theories of Socialism as convenient formulæ to give shape to their moral protests, but intellectual comprehension was rare. The situation to-day shews them the inanity of these theories which they accordingly reject, but without abandoning Socialism as an ideal.

"The deduction to be made from all this is that

<sup>1</sup> *Guilds, Trade, and Agriculture*, p. 14.

Socialism is finally a moral rather than an economic movement. It is because of this that it has gathered strength in spite of the discrediting of its successive theories. It is this that we must build upon. Our aim should be to bring economic theory into a direct relationship with this informal philosophy."<sup>1</sup>

After these preliminary remarks Penty proceeds to examine the various economic problems that assail us. Discussing wages and exports, he shows that the accepted philosophy of Socialism is against reduction of wages, because accepting a mechanical interpretation of the relation between Capital and Labour, it not only expects, but justifies a continual rise in wages. Experience, on the other hand, shows that this is not possible where industry is dependent on foreign trade, in spite of the enormously increased productivity of industry, because the manufacturer is bound to compete. To compete successfully it is necessary to produce at the lowest possible cost, and this involves low wages. If the workers will not put up with this—and there is no reason why they should—there is no alternative but to change the present system, for it will be impossible to prevent the tendency for competition to reduce wages so long as the present system exists.

To change the system, however, involves something more than a change of ownership: for if the workers were to succeed in taking possession of the industries they would be obliged to submit to the same economic laws which dominate private employers, because they would be required

<sup>1</sup> *Guilds, Trade, and Agriculture*, pp. 15-16.

to run the same machine. To emancipate industry from these economic laws it is necessary to make industry as independent as possible of foreign trade. This involves the necessity of intensifying agriculture as the one and only method of re-establishing and developing the home market. If industry were made dependent on home markets, it would be possible to control the conditions of industry and to alter fundamentally the position of the workers. "It becomes apparent, therefore, that if the position of the workers is to be improved they must take longer views. There is no such thing as 'Socialism now.' But there is such a thing as Socialism in ten years time if the workers could be persuaded to follow a consistent policy over such a period of time. The trouble is that the workers, as indeed most people in every class, think of the social problem in the terms of their own jobs. . . . It is natural, perhaps, but none the less impossible, for it disregards the action of those world-wide economic forces which dominate all nations in proportion as they become dependent upon foreign trade." <sup>1</sup>

It is absolutely necessary, then, to look ahead and to get rid of the narrow professional point of view. Modern industrial activities are essentially transitory in their nature. Sooner or later—quite apart from the war—the situation that exists to-day must have arisen for the existing arrangement, whereby goods are produced at one end of the earth and food at the other, does not possess within itself the elements of permanence. During the war many of the countries that had been producing

<sup>1</sup> *Guilds, Trade, and Agriculture*, p. 20.

raw materials started factories for turning them into finished products. This tendency which is growing tends to limit more and more the market for the industrial products of England. The importation of food will become more and more difficult and costly, as there will be little or nothing to export in exchange. It is an urgent necessity, therefore, to produce as much food in the country as possible; that is to say, to intensify agriculture. By no other means can the balance of exchange be restored, since the price of food determines the price of everything else.

So grave is the situation in England, that even with agriculture developed to the utmost, it is questionable whether she could support her present population. The only remaining resource is emigration on a large scale to the great tracts of land still uncultivated in the colonies; but even the colonies have now their own unemployment problems—a paradox which serves to show the absurdity of our economic system and the lack of imagination in our statesmen.

The immediate cause for this state of affairs is to be found in the widespread tyranny of big business. The pioneer who in the past was the advance guard of civilization, the founder of new colonies, the opener-up of new markets, has been strangled by those large mercantile organizations which are, by this procedure, threatening the very foundations of their own existence by preventing the extension of markets. The pioneer, wherever he goes to-day, finds himself at the mercy of some big trust or syndicate that is in a position to bleed him white, and does not hesitate to do

so. When this treatment is reported, men of enterprising spirit, those who in past times founded colonies, no longer go forth with the proverbial half-crown in their pockets to embark on some new enterprise with a feeling of assurance and confidence. It was thus that the initiative and enterprise that made colonies was strangled, the creation of new colonies and new markets has come to an end, and old colonies have their own problems of unemployment and super-production.

"A generation ago it was the custom to belaud these large organizations; to assume that because they were successful they represented a higher form of industrial organization; and, on the grounds of social evolution, to condone the immorality of their methods as inevitable in a time of transition. It was supposed that by suppressing competition they were laying the foundation of the communal civilization of the future, and that when their great work of amalgamation and centralization was completed they would pass into the hands of the people. To-day we realize that this was a vain delusion. We no longer justify them as the fittest to survive. We have begun to ask the question as to whether they can survive at all."

Another marked effect of large organizations is the destruction of a sense of responsibility among those in their employ, and the growth of apathy and indifference. The workers lose not only all initiative, but all interest in their work; this leads to open rebellion, for they have no wish to work solely for other people's profit. But this

is not all: large organizations interfere with the normal demand of the consumer by concentrating wealth in a few hands. Until now it has been believed by capitalists that demand could be increased automatically by lowering the cost of production. But this does not follow, for a reduction of wages curtails purchasing power, which in turn undermines demand. In the last analysis, demand depends on the distribution of wealth. The attempt, therefore, of financiers to concentrate wealth and at the same time to intensify production is inconsistent, for they are proceeding in opposite directions; centralization of wealth tends to diminish demand, while intensification of production presupposes increase of demand.

Until to-day, the normal tendency, notwithstanding periodical depressions, has been towards continual expansion; now that this process has reached its natural limit, the tendency towards contraction begins, which will become normal and general, although there may be occasional periods of improvement. Nothing but a complete change in the spirit and conduct of industry, involving a return to simpler and more elementary processes, can offer any escape from the situation, which becomes graver every day.

“What then,” asks Penty, “is the policy for Labour?” First of all the old machine must be patched up so that it may last a bit longer and allow time for constructing the new one and getting it to work before the old one breaks down completely. Exportation to Russia, and credits to the countries of central Europe, would be excellent expedients for selling superfluous products, but

such measures could bring only temporary relief, for when the Continental nations begin to recover they will begin also to compete, and if, on the other hand, they do not recover, they will not have any surplus wherewith to buy from us. If these facts are faced, and the necessary means taken to meet them, there is nothing to fear. The danger is that people will go on believing that things can go back to what they were before the war, and will not realize that the economic *cul-de-sac* is no temporary result of the war, but an organic evil inherent in the present industrial system.

Penty has the courage not to follow the accepted economic theory, but to maintain that we must go back somehow or other to the realities of life. At the present time we are reaping the reward of centuries of injustice, usury, and Machiavellian politics; safety lies in the return to those principles of justice, honesty, and uprightness upon which civilization rests.

“Reduced to its simplest terms, the change needed is well defined in the formula :—‘the substitution of production for profit by production for use and service.’ The first step in that direction will be taken when we begin to establish a system of fixed prices throughout industry. For though the just price rather than the fixed price is the ideal to be attained, yet it can be realized only by stages. The fixed price is to be regarded as a step towards the just price, because people will never be satisfied with a fixed price that is not a just price.

The difference between a fixed and the just



price almost explains itself. Fixed prices are those that are uniform, and are not determined by competition; but such prices may be anything but just, as many fixed prices during the war were anything but just. A just price would bear a certain definite relationship to the cost of production, measured in labour units. If production for profit is to give way to production for use, it will be necessary to readjust all selling prices so that the price in each case may correspond to the actual cost of production, since until prices are so adjusted no change in the motive of industry is possible, for, with prices determined by competition, the producer must think primarily in the terms of profits if he is to remain solvent." <sup>1</sup>

The present system of prices is demoralizing. It strangles all creative impulse in the craftsman. Simple, useful things are sold at a very low price to create a market for sham ornamental things at a very high price, with the result that the public loses all sense of value, and since profits are to be made only by producing sham ornamental work, simpler types of design are not encouraged. The workman who receives equal pay for two types of work and knows quite well which of the two is really good and artistic, seeing his work so little appreciated, loses his love for it. "The reason why the commercial motive is for the most part absent among professional men is precisely because the price of their services is fixed; and it will tend to disappear from industry once prices are fixed. The professional man is able to put his best into his work because he has

<sup>1</sup> *Guilds, Trade, and Agriculture*, pp. 47-8.

not to worry about how much he is to receive for his services, and it will be the same in industry when the same conditions obtain. Uncertainty as to price dislocates industry and hands production over to the speculator. It is possible for a man to plan ahead only when he knows where he stands. The farmer, for instance, must plan four years ahead to arrange for a rotation of crops."<sup>1</sup> We know what heavy losses he has incurred of late years owing to the uncertainty of prices, and how the community has suffered in consequence. Economic uncertainty diminishes productivity, for if the farmer has to be for ever thinking about prices, of when and where to sell, he will not make the best use of his land. It is hardly necessary to point out how much instability of price contributes to labour unrest.

Further, the determination of price by competition leads inevitably to injustice. In the event of a shortage the producer exploits the consumer; in the event of a surplus the consumer exploits the producer. During the war fixed prices obtained, but the bureaucratic control of prices failed to satisfy everyone; sometimes when it succeeded in restraining speculation the consumer rejoiced, but often it fixed prices so low as to cause a loss to the producers, with the consequence that the goods in question disappeared from the market; on the other hand, when after the war the contrivance of control prevented prices from falling, fixed prices became unpopular.

These facts, however, do not invalidate the principle of fixed prices. What they do show is

<sup>1</sup> *Guilds, Trade, and Agriculture*, pp. 50-1.

that a bureaucratic system of control from without that is empirical is unsatisfactory, and that it is essential to think out a system of control from within that would fix prices as part of a methodical plan. It is impossible to fix prices against the will of a trade. The only real key to the problem is to be found in the Guild, a body embracing all who are employed or interested in the industry (not merely the few persons who are in a position to exploit it), who have, all of them, a voice in its control, and all an interest in carrying it on successfully for the benefit of the community.

The fixed price should be also the just price. Here Penty enters on an extremely interesting analysis: "The just price in the Middle Ages was primarily a moral idea. By that I mean that it owed its establishment to moral rather than to economic considerations. It was the idea that between two persons bent on honest and straightforward dealing it is possible to arrive at something that may be regarded as a just price. Indeed, as a matter of fact, when this idea pervades the whole community, as it did at one time during the Middle Ages, conditions are created that make it a comparatively easy matter to translate such a principle into practice; for, under such circumstances, prices remain more or less stationary, and every article acquires a traditional price."<sup>1</sup> The Church, too, supported this idea as a moral precept. To buy an article for more or sell it for less than its real value was considered unjust and blameworthy.

"Under the auspices of the Guilds the just

<sup>1</sup> *Guilds, Trade, and Agriculture*, p. 57.

price became a fixed price. Indeed, it is true to say that the Guilds were organized to maintain the just price, for it is only by relating the Guild regulations to this central idea that they become intelligible." <sup>1</sup>

"The just and fixed price when maintained by the Guilds left no room for the growth of capitalism by the manipulation of currency, for it demanded that money should be restricted to its legitimate use as a common measure of value. Unconsciously the medieval Guilds stumbled upon the solution of the problem of currency, which had perplexed the lawgivers of Greece and Rome, and broke up their civilization, as in these days it is breaking up ours. The idea is a simple one—so simple, in fact, that one wonders how it ever came to be overlooked. Currency, or in other words, money, is a medium of exchange. The problem is how to restrict it to its legitimate use. So long as it is fairly and honourably used to give value for value, so long in fact as money is used merely as a token for the exchange of goods, a Society will remain economically stable and healthy." <sup>2</sup>

But unrestricted freedom of exchange, by permitting prices to be fixed by the higgling of the market is fatal to any real equality of bargaining power. "The merchants and middlemen, because they specialize in market conditions, find themselves in a position to exploit the community by speculating in values. Standing between producers and consumers, they are in a position to levy tribute from each of them. By refusing to buy

<sup>1</sup> *Guilds, Trade, and Agriculture*, p. 57.

<sup>2</sup> *Ibid.*, p. 58.

they can compel producers to sell things to them at less than their real value; while by refusing to sell, they can compel consumers to buy things from them at more than their real value; and by pocketing the difference they become rich. The principle remains the same when the merchant becomes a manufacturer; the only difference being that the exploitation becomes then more direct. For whereas as merchant he exploits the producer indirectly by buying the product of his labour at too low a cost, in his capacity as manufacturer he exploits labour by buying it as a commodity. All commercial operations partake of this nature. Their aim is always to defeat the ends of fair exchange by manipulating values. By so doing, money is "made," as we say, and the problem of riches and poverty is created. It is a by-product of this abuse of exchange. For this evil there is only one solution—the solution provided by the Guilds—to fix the price of everything; for when all prices are fixed there is no room left for the speculator. There is nothing to speculate in." <sup>1</sup>

It is impossible here to go into the question why the Guilds disappeared; perhaps the cause is to be found in the fact that they never controlled agriculture, where, in consequence, it was possible to speculate freely. The fact remains that from the time when the Guilds disappeared, society completely lost control over its own economic arrangements, and found itself at the mercy of the blind forces of speculation. This state of things will continue until the restoration of the Guilds, for by no other means can specula-

<sup>1</sup> *Guilds, Trade, and Agriculture*, pp. 59-60.

tion in exchange be suppressed. "The restoration of the Guilds therefore provides the key to the economic problem. The control of prices is a precedent condition of success in any effort to secure economic reform, inasmuch as until prices are fixed it will be impossible to plan or arrange anything that may not be subsequently upset by the fluctuations of the market."<sup>1</sup>

The Guild of the future will have then for its function, according to Penty, not to organize industry, but rather to impose a standard of management, of efficiency, and of discipline over an entire industry. All other issues, such as whether the members of the Guild should be organized in self-governing workshops, or whether they should have small workshops of their own, as happened in the Middle Ages, are, for Penty, secondary. The whole body of workers in a single industry will become a Guild when they submit to the same statutes and regulations. Under the control of the Guild may exist many forms of organization. Men of gregarious instincts would prefer the self-governing workshop, while men of a masterful or solitary disposition would prefer to work alone; but all would place themselves under Guild regulation or suffer expulsion. Penty does not say so, but it is understood that the form of organization of certain Guilds will be determined by the nature and function of the industry they carry on. For example, railways one can think of only as a national Guild; it would not be possible to have separate Guilds for the separate railway lines.

<sup>1</sup> *Guilds, Trade, and Agriculture*, p. 62.

Penty then proposes a solution of the currency problem by means of the institution of a just and fixed price through a system of Guilds, and maintains that order would thus be brought into the economic problem at its active centre. From his point of view there is no need to identify the social problem with the problem of property. "At every step in the reconstruction of Society it will be necessary to interfere with property, yet all the same the centre of gravity of the economic problem is to be found in currency rather than in property; for currency is the vital thing, the thing of movement, it is the active principle in economic development, while property is the passive. It is true that profits that are made by the manipulation of currency sooner or later assume the form of property, but the root mischief is not to be found in property. but in unregulated currency. . . . To begin with, property is to get things out of their natural order, for it is to proceed from the circumference to the centre, which is contrary to the law of growth. It is to precipitate economic confusion by dragging up Society by its roots; and this defeats the ends of revolution by strengthening the hands of the profiteer; for the profiteer thrives on economic confusion."<sup>1</sup>

Penty does not propound any definite program for founding a Guild society. He thinks that on the industrial side the Guilds will grow out of the Trade Unions, which are, in a sense, the legitimate successors of the medieval Guilds, since they exercise many of the functions which were formerly performed by the Guilds—such as the

<sup>1</sup> *Guilds, Trade, and Agriculture*, p. 73.

regulation of wages and hours of labour, and giving timely help to the sick and unfortunate among their members. Like the Guilds, the Unions have grown from small beginnings till they now control whole trades. They differ from the Guilds only to the extent that, not being in possession of industry and corresponding privileges, they are unable to accept responsibility for the quality of work done and to regulate prices.

Penty is inclined to think that the Government may before long be forced by the urgency of economic difficulties to take over the functions of production and commerce, and that it might then be driven to delegate these functions to groups of organized workers. Such a proceeding would be the first step towards a rapid guildization of industry. But he keeps an open mind as to the best policy to be pursued, which is necessarily experimental.

In conclusion Penty returns to the discussion of the informal philosophy of Socialism, which he values far more highly than Socialist economics and policy. In the general attack on the ideal of wealth, and in the popular outcry against profiteering, which tends to grow into a revolt against the existing system of usury, which is the basis of our Society, he sees a first step towards the gradual introduction of a regime of fixed and just prices under the control of Guilds.

In our modern civilization the wish to make money is the one motive force in industry, but that civilization is on the point of collapsing, and from its ruins a new principle, a new motive power will arise. To find a parallel to the moral



revolution which the Socialist Movement has accomplished, one must go back to the early Christians, who attacked wealth with equal vigour, though, perhaps, with a different object. "It was Christianity that created civilization after it had been disintegrated by the capitalism of Greece and Rome, and if our civilization is to survive, it will be due to the re-emergence of this same spirit. But it will be said that if we are to wait until a revival of Christianity is accomplished we are lost, for it is impossible to expect wholesale conversions while the problem confronting us develops with such rapidity. To which I answer that I am speaking of the ultimate solution; not of immediate measures. But it would clarify our thinking enormously about immediate practical measures if we considered them in the light of the teachings of Christianity instead of the materialist philosophy." <sup>1</sup>

To these wise sayings of Penty we may add that the early Christians, although at first they believed that the world could be regenerated by individual morality, and therefore did not insist on the need for organization, but only on the uprightness of the brethren, soon began to see the value of organization. It is strange, however, that the Church, while it saw the need of setting free its disciples by means of institutions and orders so that they might be at liberty to dedicate themselves to their spiritual mission, free from every worldly care and temptation, never really conceived the necessity of organizations for the masses in order that their everyday life might be raised

<sup>1</sup> *Guilds, Trade, and Agriculture*, p. 108.

to a higher level and their spiritual aspirations maintained.

In these days, however, Catholics do see the urgency of an organization to maintain a high standard of morality in the conduct of society, including commerce and industry. With this in view, they see that it is their business to foster the Catholic working-class organizations, which are becoming more and more like those that are definitely Socialist.

There is, indeed, at the present time, notwithstanding all the struggles that are going on between classes and between nations, a universal moral impulse which tends to draw men together and to show the way towards a new Society of honour and uprightness, where communal life may become a reality.

Penty raises questions of the greatest urgency with little regard to the official and political prejudices of the Labour Movement, but in such a friendly and conciliatory spirit that no one could take offence. This freedom from prejudice, which characterizes the whole Guild Movement, recommends it to many who, though they desire to help forward a good cause, are unwilling to bind themselves by rigid formulæ, which seem to them needless limitations of free thought and action.

The man who is truly free in spirit recognizes the necessity of freedom for others, and will therefore submit to the regulations of command life and labour when those regulations are laid down by bodies authorized to act for the public welfare. So the Guild, by regulating private conduct in the interests of the whole community,

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affords an opening for man's higher instincts, thus training and strengthening them for the task of building and maintaining the Society of the future.

The Guild has a future because it gives form and reality to what has always been the ideal of honest, hard-working men.

## APPENDIX

### THE GUILD MOVEMENT IN GREAT BRITAIN \*

By G. D. H. COLE

#### I

THE Guild Movement in Great Britain first arose during the period of industrial unrest which preceded the war. At the outset it was largely theoretical, and represented rather an inspiration than an immediate plan of action. The guildsmen set out to convert the Trade Unions to the idea of workers' control in industry; and gradually their entry into the field of Trade Union agitation led them more and more to outline actual schemes for the accomplishment of Guild Socialism. But, in the early years of the movement, its aim was rather to foster the idea of "control" among the workers, and to promote the reorganization of the Trade Union Movement with a view to the actual assumption by the organized workers of power in industry than to bring about any direct attempt to establish Guilds in the midst of a capitalist environment. Only during the past two years has the Guild propaganda entered into its third stage of development, which has resulted in a widespread

\* Reprinted, by permission, from the *International Labour Review*, August 1922.

movement among Trade Unionists in many different industries, fired by the example of the workers in the building industry, to establish the Guild method of production, even within the hostile environment of capitalism.

It is not difficult to trace the reasons for this line of development. When the Guild theory was first advocated, it arose in the minds of a small group of Labour thinkers who had before them economic circumstances of the years preceding the war. Labour, after a period of keen political activity, during which industrial unrest attained to no large dimensions, was turning, from 1910 onwards, to the use of industrial action, partly because it was disillusioned with the meagre results of its political success, and partly because wages had failed to keep pace with the rise in prices during the first decade of the twentieth century. Strikes again became frequent, and it was seen that new forces were at work in the minds of Trade Unionists, and that a half-conscious effort was being made to give to strike action a new significance, and to use it for wider purposes than the mere improvement of wages and conditions of employment. More and more strikes came to centre round questions which employers had hitherto refused to regard as matters for collective bargaining or negotiation. Questions of "discipline" and "management" came to the front, and formed the subject-matter of many important disputes. But while advances in wages were secured, and strikes, on the whole, succeeded in their immediate objects, those who attempted to get more than a surface insight into the facts of

the situation realized that the possibilities of the strike weapon would soon be exhausted unless a new purpose could be given to it—or rather, unless the new purposes latent in many of the strikes of 1911 and 1912 could be brought to the surface and made the basis of a new policy. Guild Socialism became a force in the British Labour Movement, not so much because it devised the plan of a new industrial order, as because it articulated clearly the possibility of using the power of Trade Unionism for constructive, as well as for purely defensive ends. The Guild Socialists perceived that the possibilities latent in Trade Unionism, and in the loyalty of Trade Unionists to their organizations, were not exhausted by the methods of collective bargaining on which the Unions had hitherto placed reliance. They saw that this strong working-class grouping on vocational lines might also, if it were rightly directed, become the basis of a new form of industrial organization.

The essence of the Guild Movement was thus the linking up of the idea of a new industrial order, to be built up by the workers themselves and based on the principle of Co-operative self-government in industry, with the actual defensive organizations created by the workers "for the purpose of maintaining or improving their standard of life." As soon as this connection was firmly grasped and began to be preached in the pre-war Labour world, it exercised a steadily growing influence on the minds of Trade Unionists. It was not until 1915 that the Guild Socialists created, in the National Guilds League, a propagandist organization of

their own ; but for some years before this they had been conducting, as individuals, a vigorous propaganda both by the spoken word and in the columns of the *Daily Herald* and the *New Age*.

The war, for a time, seemed likely to check this propaganda by the submergence of economic interests ; but before long it became clear that war necessities, so far from rendering problems of economic organization unimportant, would bring them more than ever to the front. The Guild Socialists soon found in war conditions a fertile field for propaganda. Their influence in the Trade Union world increased steadily during the war period, and by 1918 the idea of Guild organization had become thoroughly familiar as an ideal, and was already exercising a profound influence on the programs and policies of many of the Unions.

The form which this influence took may be clearly seen by a few examples. Before the war the Trades Union Congress regularly passed resolutions in favour of the nationalization of the principal industries, and the most important Trade Unions almost all included nationalization in their programs. The demand for nationalization was, however, almost wholly confined to a demand for a change in the ownership of industry, and nothing was said about the form of management to be adopted when an industry passed under public ownership. Just before the war, some Unions had begun to debate this problem under the influence of the Guild Socialist, Syndicalist, and Industrial Unionist theories which had become prevalent. But in 1914, these debates were still in an early

stage, and had hardly begun to influence programs and policies. During the war a remarkable change had come about ; helped, certainly, by the representation accorded to Labour in the organization of wartime production, the idea of workers' control gained stronger adherence, and by 1918 the big Unions were claiming, not only the national ownership of their industries, but also, in one form or another, the direct participation of the organized workers in management. Railwaymen, for example, began with a claim for equal representation with the railway companies upon the Government committee which controlled the railway service during the war—the Railway Executive Committee, and this demand was subsequently broadened into a demand for equal representation on the management of a nationally owned railway service. The miners, in 1918, re-drafted their pre-war Bill demanding the nationalization of mines, and brought forward a new plan under which the administration of the mining industry would be placed in the hands of a National Mining Council and of district councils, on which half the representatives would be nominated by the miners themselves. This was the plan submitted by the Miners' Federation to the Coal Industry Commission early in 1919.

These are only two instances, out of a great number which might be quoted, showing the change in Trade Union policy which came about as a result of the activity of the Guild Socialists and of the other groups which stood for the principle of workers' control in industry. Another instance, of a different type, is to be found in the



attitude of the Guild Socialists towards the Shop Stewards' Movement and other rank and file workshop movements which sprang up during the war years in the industries most directly concerned with war production. The Guild Socialists insisted that the road to workers' control in industry lay through the building up of strong workshop organizations, which would make it their aim to assume control in the workshop by a series of "encroachments" upon the powers of the present administration. They thought that workers' control in industry would come mainly, not by any readjustment in the central controlling mechanism of industry, but by the action of the organized workers in equipping themselves for the assumption of, and in actually assuming, increased power and responsibility in the control of productive operations. They adopted, therefore, plans designed with this object, including demands for the election of foremen by the rank and file workers in the shops, the substitution of collective workshop bargaining for individual bargaining over piece-work prices, and so on.

## II

All these plans, however, did not seem to bring the actual realization of Guild aspirations very much nearer. They were at most works of necessary preparation; and, if these were all the immediate steps to be taken, it was clear that the organization of Guilds would be a long and arduous business only to be accomplished by a gradual process of development. Probably in 1917 most guildsmen did so regard the problem, and had

no thought that within a short time an actual attempt would be made by the workers to put immediately into practice the theories which they had been preaching. Yet only a year after the conclusion of hostilities the first actual Guild was well on the way to formation ; and at the beginning of 1920 the building operatives of Manchester definitely formed the first building Guild and came forward with an offer to work for the community under Guild conditions.

Certain of the Guild Socialists, notably Mr. S. G. Hobson, one of the original preachers of the Guild idea in the columns of the *New Age*, were closely connected with this development ; but there can be no doubt that it was in the main the direct creation of the building trades operatives themselves. The building Guild in Manchester was formed by the action of the branches of the building Trade Unions in the Manchester area, and was from the first governed and controlled directly by them. Similarly, when the Guild Movement spread rapidly to many other areas, the initiative was taken, and the local Guild organizations were formed, by the building trades operatives themselves, for the most part without any outside assistance. The National Guilds League, although it did something to help the movement, was, in the main, a passive spectator, watching the spontaneous development of the seed which it had helped to sow.

What, then, were these Guilds, to the creation of which the building workers in 1920 began to direct so much energy and attention? They were practically uniform in structure, and in principles

and methods of work. In each town, a Guild committee was formed by delegates from each of the building Trade Unions, appointed usually as the result of a general building trades conference, at which the whole matter was discussed. This committee of delegates from the local Trade Union branches became the governing body of the local Guild; and it was this committee which then approached the local authority of its area with an offer to undertake, on a non-profit-making basis, the building of houses under the Government housing scheme. The proposal was this: "We offer to undertake the execution of the local housing scheme, supplying all the necessary labour, and, if the Council desires, also purchasing all the material required for the job. We undertake to do this work absolutely at cost price, and we are prepared to give an estimate of the cost of the job. If, however, the job costs more than the estimate, you must pay the actual cost, covering your risk, if you like, by insurance. Equally, if it costs less than the estimate you will get the benefit of the difference; for we shall only charge the actual cost, whatever it may be. But we will have you understand from the first that we include in 'cost' an element which the capitalist employer does not so include. In the past, building trade workers have suffered terribly from discontinuity and uncertainty of employment. Wet weather, or the failure of materials to arrive promptly on the site, has frequently involved lost time, and loss of earnings, which has forced the worker far below a living wage. We hold that no worker ought to be compelled to live in this condition of inse-

curity, and we therefore propose to pay, to every Guild worker employed on a Guild job, full-time wages at the standard rate, and to include the sum necessary for this payment as a part of the cost of construction. Labour, we hold, must be recognized, as a first charge upon industry, and it is not so recognized if earnings are at the mercy of weather conditions or failure in the prompt delivery of the materials. We cannot undertake to quote a fixed price for the job because, as we propose to take no profit, we are not in a position to stand any loss ; but we promise you that we will work with a will and do our best, and we believe that the result of your employing us will be a substantial fall in the cost of building construction. We are, moreover, willing to give you a definite safeguard. Not only can we arrange with the Co-operative Insurance Society to secure you against possible loss on our contract, in return for a small premium ; we are also prepared to insert in the contract a ' break clause,' under which, if at any time you can prove that the cost of construction is seriously exceeding our estimate, you can terminate the unfinished contract, and hand it over for completion either by direct labour, or by a private contractor."

This offer was made by building Guilds and Guild committees in all parts of the country to local authorities. It was an attractive offer, because at the time it was very difficult to secure the necessary labour for housing schemes, building employers largely preferring to undertake luxury work and factory building at high rates of profit rather than the execution of public housing

schemes. For this and other reasons, many local authorities were willing to accept the Guild offer and to enter into contracts. They could not, however, do so without obtaining the sanction of the Ministry of Health, the Government Department responsible for housing policy and for the allocation of State grants in aid of local housing schemes. Accordingly, it became necessary for the building Guilds to enter into negotiations with the Ministry of Health, which was not at first prepared to accept the Guild form of contract. These negotiations occupied the first months of 1920. The Ministry of Health made many endeavours to get the Guilds to accept the ordinary form of contract and the conditions applicable to private master builders, quoting a fixed price, and taking either profit or loss on the job. The Guilds, however, pointed out that the principle on which they were based was that of service without profit, and that it would be totally destructive of their prospects of success if they admitted any form of profit into the enterprise. The Ministry of Health also took exception to the inclusion in cost of the charge for continuous pay to the Guild workers. Finally, a compromise agreement was arrived at in June, 1920, under which the sum to be allocated to the provision of continuous pay was fixed at a figure of £40 per house, and the conditions of the draft Guild contract, including the "break clause," and the guarantee from the Co-operative Insurance Society, were accepted. The Co-operative Wholesale Society also became a party to the contract, undertaking to purchase building materials on behalf of the Guilds where it was called upon to do so.

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Under these conditions, the Ministry of Health agreed to sanction a number of Guild contracts. It still, however, stated, that it regarded the Guild form of organization as "experimental," and that only a sufficient number of contracts would be sanctioned to enable the experiment to be made on a scale considerable enough to provide a real test. It was promised by the Minister that twenty contracts would be allocated, and about a dozen contracts were actually sanctioned within a few months of the conclusion of the agreement. Work on these contracts then began, and the Guild is at present engaged on housing schemes in many parts of the country, including London, Manchester, Yorkshire, and South Wales. The total value of the contracts entered into under the first form of agreement, known as the "basic sum contract," is £1,428,938.

Hardly, however, had this agreement been arrived at when the Ministry of Health appears to have begun to repent of its bargain. The master builders, as a whole, took strong exception to the form of the Guild contract, particularly to the allowance of £40 per house in respect of continuous pay. Great difficulty was experienced in getting further contracts sanctioned; the full number of twenty, definitely promised by the Ministry, was never allocated. It was, moreover, made clear from the side of the Ministry that, in any further schemes which might be considered, the form of the Guild contract would have to be amended. Many contracts approved by local authorities—to the value of at least £3,000,000—were rejected by the Ministry of Health.

Meanwhile, the Building Guild Movement had been gaining strength in all parts of the country. More than a hundred local Guild committees had come into existence, and a great many of these were affiliated to the parent body in Manchester, which was registered as a limited company. This body, and the London Guild of Builders, Ltd., which was registered as an industrial and provident society, were the contracting parties which acted on behalf of the local Guild organizations in entering into agreements with the local authorities and the Government. In addition to the sixteen or so public "basic sum" contracts which were finally sanctioned, the Guilds and Guild committees in many parts of the country began to undertake work for private purchasers, or other work for local authorities apart from housing schemes. In face of these developments, it became clear that a further co-ordination of Guild organizations and a reconsideration of some of the methods at first adopted would have to be carried through. Accordingly, in the summer of 1921 a national conference, representative of the Guilds and Guild committees from all parts of the country, met to consider the report drawn up by a Reconstruction Committee which had been sitting for some months previously. This conference resulted in the unification of the whole of the local organizations into a single national body, the National Building Guild, and in the creation, under this national authority, of regional Guild councils, linking up the local committees within each particular region, such as Yorkshire, Greater London, and the North-Western area. Rules were at the

same time thoroughly overhauled and definite arrangements made for the allocation of responsibilities between the local, regional, and national bodies on future contract work.

More important still, from a practical point of view, were the decisions taken as to the form of future contracts. The old method of undertaking to work at cost price was not superseded ; but in addition to it two new forms of contract were devised. The more important of these is what is called the " maximum sum " contract, under which it is expected that most Guild work will be executed in the future. The Guild, for the past year, has been prepared to quote to any intending purchaser, not merely an estimate of cost, but a maximum sum which it guarantees will not be exceeded in any event. This maximum sum is calculated in the following manner. The estimated cost of carrying out the job is reckoned on the usual basis, except that the labour cost includes, as before, the full-time maintenance, at the standard rates, of the workers employed on the job ; but in order to cover the risks involved in the quotation of the maximum price, a percentage is added to the cost so ascertained, and placed to the credit of an insurance fund, which is to be drawn upon for the purpose of meeting deficits arising on contracts entered into on the maximum sum plan. If the Guild actually executes the work for less than the maximum sum quoted, the purchaser is charged, not this sum, but a less amount, equivalent to the actual cost of construction, plus the necessary allocation to the contingency fund to cover risks. How large these allocations should be will have to be



ascertained by practical experience ; they will probably be fixed, at the outset, at rather too high a figure ; but this will be modified in accordance with the actual results of working under the scheme. There is no danger that sums so allocated will be in any way diverted into the pockets of the guildsmen, because it is the basic rule, incorporated into the constitutions of all building Guild organizations, that no sum can under any conditions be distributed to the Guild workers over and above the continuous payment at the standard rate. All surplus is definitely to be allocated either to the improvement of the service, or to the reduction of costs, and all plant or other property, acquired by the Guild is placed in the hands of trustees on behalf of the national Guild.

The second new form of contract adopted is what is called the "labour contract," under which the Guild undertakes to supply and organize the whole of the labour required for the execution of the job, the purchaser himself providing the materials, and, if he desires, the plant. It is not probable that this form of contract will be widely adopted, although it may meet the wishes of certain local authorities which have been in the habit of executing building work by direct labour.

During the period of less than a year since this plan was endorsed, fresh contracts made on the "maximum sum" basis have reached a total value of £590,424. These include a number of additional contracts for local authorities in many parts of the country.

The actual organization of the building Guild is throughout democratic. The governing com-

mittee, as we have seen, consists of Trade Union representatives, special provision being also made for the representation upon it of the technical and administrative workers engaged in the industry, and for the co-optation on regional or national councils of representatives of any craft or section which may not secure adequate representation by other methods. The regional councils are composed of delegates from each local Guild committee; and the national council of delegates from the regional councils.

Equally important, however, is the actual job organization adopted within this Guild structure. When a contract is sanctioned, the next thing is to get together the group of men who are actually to do the work. A general foreman is appointed by the local Guild committee in whose area the work lies. Departmental foremen are usually appointed, in the first instance, by the Trade Union branches organizing the particular department concerned. Volunteers for Guild work are then called for, and in this way the labour force is got together. The position of the foreman on the Guild job is, however, in practice, widely different from that of the foreman in an ordinary business concern. He is the nominee of the Trade Unions, and he is regarded by the workers under him rather as a fellow-worker than as in any sense a "boss." Disciplinary measures very seldom need to be taken; but special provision is made for them in so far as the need arises. The representative of a particular trade upon the Guild committee is responsible jointly with the foreman for the discipline of the workers in the group which he

represents. If a dispute arises which cannot be settled directly, it is referred to the joint adjudication of the Guild committee as a whole and the Trade Union branch or management committee in the trade concerned. This machinery, however, has in practice seldom to be employed; for the spirit which prevails on the Guild jobs is such that everybody is usually anxious to do his best, and to co-operate as fully as possible with his fellow-workers of all grades in promoting full efficiency. Job committees, representing all the workers engaged on any particular contract, are formed on all jobs of any considerable size, and undertake a good deal of the detailed regulation of the work.

### III

It is, of course, difficult as yet to speak definitely about the results secured by the Guild method. It must, however, be observed that, in the first place, in no single case has any complaint been made about the quality of the work done. An inspector of the Ministry of Health has described the work done at Manchester as "the best in England"; and every investigator who has studied the Guild work seems to be agreed that its quality is exceptionally good. Of course, its "goodness" is confined within the limits prescribed by the Ministry of Health, to whose plans the Guilds, like other contractors, have been compelled, often against their will, to work. Many complaints have been made by local Guilds that the houses which they are compelled to erect are inadequate both in construction and amenity, but this is a matter outside

the control of the Guilds, which are at present compelled to accept the prevailing housing standards which are made the basis of State aid to the local authorities.

Up to May, 1922, the National Building Guild had tendered for over £20,000,000 of work.<sup>1</sup> During 1920 and 1921 £4,000,000 had been accepted by the local authorities, but was later reduced to £1,250,000 by the Minister of Health. The number of tenders sent to local authorities had been 220, in addition to about 200 for private work.<sup>2</sup> The London Guild of Builders had received in cash in December, 1921, over £500,000 from the local authorities. Lists of public building contracts taken up by the Guild up to April, 1922, are given on pp. 184-5.

The London Guild of Builders had at the end of September, 1921, a salaried staff of 38 persons and 1,010 operatives.<sup>3</sup> The weekly pay roll of this Guild was approximately £4,000, the value of its equipment £9,854, and it had in hand contracts to the amount of £600,000. It had paid out in wages approximately £96,000. The amount given out in continuous pay was £2,408, or about 2½ per cent. of the wages bill, distributed as follows: bad weather, £24; sickness, £243; accidents, £80; and holidays, £2,061.

Only a few of the Guild contracts have as yet been completed, and it is therefore not possible to quote final figures of cost.

Such groups of houses as have been completed

<sup>1</sup> *The Building Guildsman*, Vol. I, No. 5, May 1, 1922, p. 70. Manchester.

<sup>2</sup> *The Guild Socialist*, No. 61, January 1922, p. 11. London.

<sup>3</sup> *Ibid.*, No. 62, February 1922, p. 6.

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on a number of contracts have in every case, so far as the cost of construction has been worked out, cost considerably less than the estimates accepted as reasonable by the local authorities and the Ministry of Health. Moreover, it must

### STATEMENT OF MAXIMUM SUM CONTRACTS AS AT APRIL 30, 1922.<sup>1</sup>

| Guild Committee.        | Amount of contracts on hand. | Amount received on same. | Amount due. | Retention. | Plant. | Creditors. |
|-------------------------|------------------------------|--------------------------|-------------|------------|--------|------------|
|                         | £                            | £                        | £           | £          | £      | £          |
| Altrincham .. ..        | 4,000                        | 1,470                    | —           | —          | —      | —          |
| Bournemouth .. ..       | 2,603                        | 200                      | 1,800       | —          | 3,000  | 500        |
| Bolton .. ..            | 13,727                       | —                        | —           | —          | —      | —          |
| Bradford .. ..          | 15,024                       | 2,050                    | 1,702       | 370        | 496    | 1,511      |
| Birmingham .. ..        | 620                          | —                        | —           | —          | —      | —          |
| Brighton .. ..          | 5,187                        | 1,294                    | 1,500       | 320        | 100    | 450        |
| Bristol .. ..           | 20,552                       | 1,344                    | 761         | 206        | 129    | 207        |
| Chatham .. ..           | 894                          | —                        | —           | —          | —      | —          |
| Chester .. ..           | 6,824                        | 1,748                    | 1,410       | —          | 120    | 300        |
| Doncaster .. ..         | 58,679                       | 26,230                   | 232         | —          | 843    | —          |
| East Grinstead .. ..    | 1,650                        | —                        | —           | —          | —      | —          |
| Eastbourne .. ..        | 6,439                        | 805                      | 975         | 197        | 561    | 899        |
| Dunfermline .. ..       | 80,802                       | 1,760                    | 447         | 112        | 500    | 1,300      |
| Glasgow .. ..           | 32,276                       | 4,690                    | 3,069       | 100        | 650    | 1,340      |
| Gloucester .. ..        | 23,673                       | 2,324                    | 502         | 121        | 229    | 355        |
| Guildford .. ..         | 18,993                       | 3,873                    | 470         | 482        | 175    | 1,126      |
| Halifax .. ..           | 949                          | —                        | 949         | —          | 700    | 544        |
| Littlehampton .. ..     | 100                          | —                        | —           | —          | —      | —          |
| Leeds .. ..             | 300                          | —                        | 136         | —          | 73     | 91         |
| Nottingham .. ..        | 1,817                        | 1,300                    | —           | —          | —      | —          |
| London .. ..            | 53,366                       | 29,498                   | 18,638      | 500        | 8,000  | 4,361      |
| Manchester .. ..        | 12,545                       | —                        | —           | —          | —      | —          |
| Newcastle-on-Tyne .. .. | 54,152                       | 8,070                    | 4,674       | 1,416      | 3,000  | 8,304      |
| North Staffs. .. ..     | 15,370                       | 3,238                    | —           | —          | —      | —          |
| Plymouth .. ..          | 4,396                        | —                        | 475         | 52         | 45     | 515        |
| Southampton .. ..       | 1,398                        | —                        | 807         | 10         | 78     | 160        |
| Southport .. ..         | 2,230                        | —                        | —           | —          | —      | —          |
| Southend-on-Sea .. ..   | 4,661                        | 600                      | —           | —          | —      | —          |
| Stockton-on-Tees .. ..  | 41,379                       | —                        | 1,250       | —          | 735    | 11,400     |
| South Wales .. ..       | 42,566                       | 24,177                   | 15,300      | 1,700      | 1,489  | 4,196      |
| Tunbridge Wells .. ..   | 1,000                        | 642                      | 739         | 100        | 79     | 149        |
| West Bromwich .. ..     | 160                          | —                        | —           | —          | —      | —          |
| Walsend-on-Tyne .. ..   | 61,603                       | 13,568                   | 2,840       | 1,823      | 722    | 3,438      |
| Weymouth .. ..          | 480                          | —                        | —           | —          | —      | —          |
|                         | 590,424                      | 198,888                  | 58,583      | 7,513      | 21,728 | 41,150     |

<sup>1</sup> From *The Building Guildsman*, Vol. I, No. 6, June 1, 1922, pp. 82-5. Odd shillings and pence included in the totals.

APPROXIMATE STATEMENT OF BASIC SUM CONTRACTS  
AS AT APRIL 30, 1922.<sup>1</sup>

| Guild Committee.  | Amount of contracts on hand. | Amount received on same. | Amount due. | Retention. | Plant. | Creditors. |
|-------------------|------------------------------|--------------------------|-------------|------------|--------|------------|
|                   | £                            | £                        | £           | £          | £      | £          |
| Altrincham .. ..  | 25,352                       | 26,792                   | 2,084       | 274        | 1,065  |            |
| Bolton .. .. .    | 118,250                      | 80,912                   | 2,727       | 737        | 2,132  |            |
| Hereford .. .. .  | 27,510                       | 19,650                   | 341         | 190        | 824    |            |
| Kendal .. .. .    | 28,888                       | 9,180                    | 350         | 87         | 292    |            |
| London .. .. .    | 566,408                      | 369,623                  | 14,090      | 3,449      | 7,189  | 16,808     |
| Manchester .. ..  | 265,426                      | 211,097                  | 5,108       | 1,965      | 6,415  |            |
| Rotherham .. ..   | 93,664                       | 52,128                   | 378         | 435        | 3,000  |            |
| United Valleys .. | 189,500                      | —                        | 5,780       | 1,467      | 6,000  |            |
| Wigan .. .. .     | 112,500                      | 77,724                   | 7,125       | 776        | 2,670  |            |
| Wilmslow .. .. .  | 11,440                       | 12,662                   | 108         | 108        | 693    |            |
|                   | 1,428,938                    | 849,771                  | 38,046      | 9,492      | 30,283 | 16,808     |

be remembered that these estimates were themselves in every case lower, and usually considerably lower, than the lowest competitive tender submitted by a private contractor. The actual saving to the local authorities and the Government as a result of employing the Guild is therefore much higher, in the majority of instances, than the difference between the Guild estimate and the finally ascertained cost of construction. At Bentley, in Yorkshire, for example, the saving has been in the neighbourhood of £200 per house. On a big South Wales contract it has been about £150, and of the cases before me none shows a saving of less than £50 per house. These figures cannot be taken as final; but they do not seem to be disputed so far as they go.

In face of the closing down by the Government, in the summer of 1921, of the greater part of its

<sup>1</sup> Ibid.

housing schemes, it became clear that the Guilds could not, unless and until this policy was reversed, in the future look mainly to expansion on public housing work. The adoption of the "maximum sum contract" was indeed largely designed to facilitate the extension of work done for private purchasers. The first thing the private purchaser wants to know is his maximum liability in entering into a contract; and the Guilds are now proposing to make a definite attempt to capture as much as possible of the private work of building. For this purpose they need, of course, a greater amount of plant than has hitherto been the case. For on big housing sites the plant is secured directly for the job, whereas, in the case of private work, a mobile plant, available in all parts of the country, and for small jobs as well as big ones, is indispensable. At the outset the building Guilds worked without any capital whatsoever. When a contract was accepted, the Co-operative Wholesale Society was willing, on the security of the first instalment due on the contract, to make an advance to the Guild for the purchase of plant and other expenses which had to be incurred in advance of the payment of the first instalment. In this way the Guilds were able to undertake work without a halfpenny of capital; but for any considerable amount of private work it was recognized from the first that some capital must be provided, and the National Building Guild has now accordingly made an appeal to the building Trade Unions to provide it on loan with a sufficient sum to enable the immediately required expansion to be undertaken. The Annual Conference of the National

Federation of Building Trades Operatives has endorsed this appeal, and a levy was raised from all the members for this purpose. The Federation has already advanced considerable sums to the Guild, and further large advances are now under negotiation. In addition, the Guilds are raising from individual sympathisers and Labour bodies a national loan; £150,000 has been asked for, but it is too early yet to say what is the response. Some £20,000 were speedily raised at a low rate of interest. Any capital so obtained will take the form of a loan, and will receive a strictly limited rate of interest, similar to the interest paid on their capital by Co-operative societies. In relation to the volume of Guild work it will be a very small charge, for the building industry is, of all great industries, that which requires the smallest amount of either fixed or working capital. It must, however, be admitted that the provision even of the comparatively small sums required is one of the most serious difficulties confronting the development of the Building Guild Movement, and, indeed, of any attempt to establish Guild organizations within a capitalist environment.

#### IV

Only brief mention can be made in this article of the movement in other industries which has followed the rapid success of the building Guild experiment. These movements are still in their infancy; but there is every sign of their rapid expansion in the near future. In Lancashire, for example, a Trade Union Guild Council was formed



in 1921 consisting of representatives from most of the big Trade Unions in the district, with the definite object not only of stimulating interest among Trade Unionists in the Guild idea, but also of furthering the establishment of Guilds in other industries, on the lines of those now at work in the building industry. Already the result of this movement has been the creation, in Manchester, of a Guild for the furnishing trades, which is now so successfully at work that it has recently been compelled to move into large new premises. In Manchester also Guilds of vehicle builders, of packing case makers, and of clerks have been formed. In Glasgow a clerks' Guild and a tailoring Guild are actively at work. In London the Guild Movement is showing signs of extension. In October, 1921, the London Trades Council summoned a conference on the same lines as the Lancashire conference, and decided to adopt the stimulation of Guild enterprise as a definite part of its work. Before this, a Guild of clothiers, under the direct auspices of one of the clothing workers' Trade Unions, had been started in London, and preparations are in full swing for the starting of a dairy workers' Guild for the Metropolitan area. At least a dozen other immediate Guild experiments are now under discussion in London alone, and Guild committees have been formed by the bookbinders, the musicians, and the musical instrument makers. Moreover, for some months a Guild organization has actually been at work with very successful results among the horticultural workers in the Lea Valley on the north of London, and the belt of agricultural land around

the new Garden City of Welwyn in Hertfordshire, acquired by trustees acting on behalf of the City, has been handed over for development to the Welwyn Agricultural Guild. This Guild, despite the agricultural depression, is doing well, producing Grade A milk and cream, as well as stock and arable produce. This is the first experiment in Guild control in the agricultural industry. It is, however, impossible at present to do more than record the inauguration of these experiments and the high hopes which are entertained of success even in face of adverse trade conditions.

An important step in the co-ordination of the Guild Movement was taken in April, 1922, when the National Guilds League summoned a conference fully representative of the various Guilds and Guild committees and of Trade Union bodies which have endorsed the Guild idea. This conference established a new organization—the National Guild Council—on which both the National Guilds League and the building and other Guilds are represented. The purpose of the new body is both to co-ordinate the existing Guilds and promote the formation of others, and to undertake systematic Guild propaganda among the Trade Unions.

## V.

Two questions arise naturally as a result of these explanations of the working of the Guild Movement as a practical force in British industry at the present time. First, how does this Guild Movement differ from the old and, in Great Britain, largely discredited attempts at producers' Co-opera-

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tion, and, secondly, how far is it regarded as possible to apply the Guild Movement on a considerable scale throughout industry, and especially to those industries which require for their working expensive capital equipment?

The first point is easily answered. The Guilds differ from the old producers' Co-operative societies in at least three respects. In the first place, they are not producing for profit, and they have based themselves on the definite exclusion from their work of all forms of profit-making, whereas the producers' Co-operative societies have been for the most part profit-sharing concerns, which, as guildsmen believe, frequently came to grief largely as a result of admitting the principle of profit into their organization. In the second place, the Guilds are based directly upon the Trade Unions, which exercise control over them. In this way the risk, which has proved to be so large in experiments in producers' Co-operation, that the workers who attempted to establish the new conditions of democratic control in industry would become an isolated group cut off from the Trade Union world and perhaps increasingly out of sympathy with it, has been altogether obviated. In the third place, the Guild organization is internally far more democratic in character than most producers' Co-operative societies have ventured to be. It has tackled courageously the problem of managerial control by placing the management directly in the hands of Trade Union representatives; it has dealt with the difficult question of discipline by calling in the Trade Unions as the responsible authorities for their members; and it has been

based, from the outset, on the united action of the manual workers and the technical and administrative grades. There are, of course, dangers that groups of workers, attracted by the Guild idea, and not fully aware of Guild principles, will inaugurate experiments on lines which approximate rather to producers' Co-operation than to those initiated by the building Guilds. But, broadly speaking, the difference is clear, and the Guild advocates are fully aware of the importance of preserving intact the three principles indicated as differentiating a Guild from a producers' Co-operative society.

The answer to the second question is more difficult to make. It is clearly impossible at present to start a mining Guild or a railway Guild, because all the available mines and railways are owned and controlled by private persons whom it would be exceedingly costly to buy out. Most guildsmen, therefore, do not expect to see any rapid extension of the Guild Movement in the basic industries and services, but rely rather on success, in the first instance, in those industries which can be undertaken with comparatively little fixed capital outlay, hoping that the result of success on these cases will be to fire the workers in the basic industries with the aspiration for industrial democracy. Engineering, which stands midway between the basic industries and those which are clearly favourable to Guild development, has a Provisional Guild Committee; but in this case it has not yet been possible to make a start with actual production. The Printing Guild, which is also still in the provisional stage, has more hope of early development, because the cost of the necessary

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plant is not in this case so large. Meanwhile, in these basic industries, guildsmen continue to urge the methods of "encroaching control" and the gradual assumption of authority as opportunity permits, together with the reorganization of the Trade Union machinery in such a way as to fit it for the constructive task of control, as the means of preparation for the coming of industrial democracy in this wider sphere.

The Guild Movement is just now rapidly growing and expanding. During the past two years it has made strides which no one would have ventured to prophesy; but the very fact that it is developing so rapidly makes it extraordinarily difficult to write about, for no one can pretend to know precisely in what way it will grow or what new methods will be devised as a result of actual difficulties experienced and lessons learnt by the method of trial and error. Conditions in the building industry were admittedly, at the outset, highly favourable to success, both because of the character of the industry, which requires comparatively little capital, and because of the crying need for houses, which the Government had shown its incapacity to supply. Trade depression is already making the conditions more difficult, and the new Guilds which are now springing up will have to face greater obstacles than the movement has yet encountered. Moreover, the provision even of the necessary minimum of capital for development presents ever-increasing difficulties.

The main reason for hoping that these difficulties will be successfully overcome lies, in the opinion of the present writer, in the fact that the movement

is essentially democratic, and does arise directly out of the desire of the workers themselves for self-government and control. Undoubtedly a powerful factor in the success of the building Guilds has been the feeling of the operatives engaged on Guild work that in the Guilds the working class is on its trial. It has made its demand for "workers' control" and industrial democracy, and is now being called upon to show what it can do. Each man, therefore, tends to feel that his personal contribution to the success of his Guild really counts for something in the struggle for freedom. This personal factor will also, I believe, be of very great importance in the extension of the Guild Movement to other industries which is now taking place.



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