

THE CASE FOR CAPITALISM

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"THE MEANING OF MONEY," "POVERTY AND WASTE," ETC.



"For men, and not walls, make a city."

THUCYDIDES.

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PREFACE

To make a better world we want better men and women. No reform of laws and institutions and economic systems will bring it unless it produces them. Institutions and systems that turn men and women into machines working under the control of officials or of monopolies will not make them better even if, as is very far from likely, they make them better off. It is only through facing life's problems for ourselves, making our own mistakes and scoring our own hits, that we can train and hammer ourselves into something better. Individual freedom, initiative and enterprise, have been the life-blood of the Anglo-Saxon race and have made it what it is, pre-eminent among the races of the world because its men and women can think and act for themselves. If we throw away this heritage because we think that regulation and regimentation will serve us better, we shall do a bad day's work for ourselves and for human progress. And yet this seems to be the object

to which many earnest and sincere reformers are now trying to lead us, when they ask us to accept nationalization of industry or its organization under Guild monopolies, as a remedy for the evils which are evident in our economic system. If they succeed life will cease to be an adventure and become a drill; the tendency to variation which, as science teaches us, is the secret of development, will be killed or checked, and we shall be standardized, like Government boots.

This book is written to show that the greater output of goods and services on which material progress depends cannot be expected with certainty under any form of Socialism that has yet been proposed; that Capitalism, though a certain amount of robbery goes on in its back-yard, does not itself rob anybody, but has wrought great benefits for all classes; and that, if improved and expanded as it may be without any sudden change in human nature such as other systems demand, it may earn for us the great material advance that is needed to provide us with a better, nobler, and more beautiful world.

HARTLEY WITHERS.

London, January 1920.

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CHAPTER I

INTRODUCTORY

It is easy in these times to put the case against any existing institution. Most of us are in a highly critical mood, because we feel that during the last few years things have happened which ought never to have happened, and that these earth-shaking events were not well met and handled, especially on their economic side. We have seen the whole fabric of civilization in danger and a desperate battle raging to save it, and we have felt that, if civilization had been better, and the governors of the nations had been more worthy of their charge, it could never have contained the seeds of such danger, or the seeds ought never to have been allowed to sprout and blossom. During the contest we have seen the best men in all the countries concerned—the best in strength of body, courage and devotion—suffering untold hardships, wounds and death, while the next best and the worst have stayed at home and have in many cases made large

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fortunes, or greatly increased their wealth. A world crisis which ends in enormous destruction of life and property, and at the same time in the enriching of many of those who were not good enough, in mind and body, to risk their lives to meet it, seems to be a piece of sheer stupidity and injustice. It is no wonder that many impatient minds are driven to the conclusion that every institution which existed at the time when these crimes and absurdities were perpetrated should be cut down, rooted out and cast upon the dust heap.

Is this state of mind a good one in which to set out on the task of mending the breaches that have been made in the walls of the building in which we have lived? Is it wise, because the building has been found not to be proof against the weather, to pull it down in disgust and start making a new one to a new plan and on a new system of mechanics which has never been tested and may turn out a home that will not even stand up? Might it not be better to improve the old one? The need for amendment is now admitted by the great majority. The only question to be decided is whether the changes made are to be on lines that have produced a working result; or to be based on imaginative dreams which tell us how much

better everything might be if we worked under a new system, which has only been sketched in hazy outline, about which its advocates have shown much unanimity in disagreeing. They want to see a world in which every one will have a fair chance of a real life ; so do most of us. They want to turn everything upside down in order to get it ; and they may be right. But, if they are wrong, their experiment will work disaster. If we can get the same result along lines that have been tried, is it not safer to work along them and avoid this risk ?

The present system under which we work and exchange our work for that of others is that commonly described as Capitalism. Under it each one, male or female, can choose what work he will try to do and what employer he will try to serve ; if he does not like his job or his employer, he can leave it or him and try to get another. He cannot earn unless he can do work that somebody wants to buy, and so he competes with all other workers in producing goods or services that others want and will pay for. His reward depends on the success with which he can satisfy the wants of others. Whatever money he earns in return for his labour he can spend as he chooses on the purchase of goods and services for his own use or

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for that of his dependents, or he can invest it in opening up a business or industry on his own account, or in shares and debts of public companies, and debts of Governments or public bodies ; these securities will pay him a rate of profit or interest if the companies or debtors prosper and are solvent. Whatever money he earns by labour or by investment he can, after paying such taxes on it as the State demands, hand on to any heirs whom he may name.

The system is thus based on private property, competition, individual effort, individual responsibility and individual choice. Under it, all men and women are more or less often faced by problems which they have to decide, and, according as their decision is right or wrong, their welfare and that of their dependents will wax or wane. It is thus very stimulating and bracing, and might be expected to bring out the best effort of the individual to do good work that will be well paid so that he and his may prosper and multiply. If only every one had a fair start and began life with an equal chance of turning his industry and powers to good account, it would be difficult to devise a scheme of economic life more likely to produce great results from human nature as it now is ; by stimulating its instincts for gain and rivalry

to a great output of goods and services and by sharpening its faculties, not only for exercise in this purely material use, but also for solving the bigger problems of life and human intercourse that lie behind it.

In fact, however, this system of Capitalism is at present perhaps more widely criticized and abused than any other human institution. And with some reason, for many of its results have been bad, and there is room for great improvement which criticism can help. But criticism that is bad-tempered and unreasonable will do more harm than good. The people who are working on this great business of producing, distributing and consuming the world's wealth are, in the mass, ordinary human beings, with the good and bad qualities of ordinary folk. The ordinary man and woman is an honest, good-natured person who, though not too eager to work very hard, does not want to rob anybody else. If this were not so, society could not exist, and progress would have been impossible. If it be true—as some advocates of Socialism maintain—that Capitalists live by robbing workers of goods which they have produced, it is also true that the average Capitalist does not know that he is doing any such thing, and that if once this crime can be

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brought home to him, and he can be not only convicted but convinced, he will be quite ready to give up methods by which he has been preying on society.

The test of an economic system is its success in providing us with a good world to live in. In what sort of a world would it be really pleasant to live? To begin with, there would have to be plenty of good things and nice people. Up to a point, the good things come first, because we cannot live without them. But after our needs have been met in the matter of necessities and comforts, up to a very moderate extent, the necessity of pleasant people in order to lead a pleasant life among them becomes overwhelming. And people are pleasant to live with who are kindly, generous, honest, unselfish, healthy, keen and fully developed in mind and body. To get such people we evidently need a great increase in the output of material goods. It is, of course, very easy to find many examples of bad-tempered people who are well off, and of others who, leading lives of straitened penury, set an example of saintly behaviour. But it is a safe working rule that if the average human being can have a better supply of commodities and comforts, he is more likely

to be pleasant to live with and to help us to get the world that we are looking for than if he is living under conditions of scarcity and discomfort, and for real development we must have leisure and opportunity for education. Moreover, we want not only good things, but beautiful things. Beautiful things and beautiful houses and beautiful cities require more time and better materials in their making than the shoddy goods, sordid houses and dirty and insanitary towns which are so evil a blot on our so-called civilization. If we want a world in which every article we use is well and beautifully made, every house that we live in is well and beautifully built, and every town in which we gather is as beautiful as Oxford or Canterbury, and more so—because modern ugliness has put some foul blots upon these once beautiful centres—if we want all these things we must spare the time to make things well. We must not only be ready to maintain in comfort a large number of people who will give no thought to anything else but the production of beauty in some line or other of industry, we must also light in everybody's mind the fire of desire for beauty.

In old days a tyrant or a wealthy class or a church was able to produce buildings and