CHAPTER VII : DEMOCRATIC SOCIALISM IN U.K.

1. Liberal Democracy and Social Democracy

The political creed that was nurtured by the British constitution and that was to dominate the upheavals of the nineteenth century was the creed of liberal democracy. The cornerstone of this creed is an unshakable faith in the supreme worth of the individual. The goal is to provide maximum freedom to the individual in all aspects of his life, viz., political, economic, social, religious, moral and intellectual; and "to maintain that atmosphere in which men have the opportunity to be their best selves". It follows that the state should be an organ of free individuals and should interfere the least in their affairs.

Liberal democratic ideas were born of the struggle of the middle class against the feudal aristocracy. With the rise of modern industrialism the feudal system became an absurdity as its machinery was too primitive to cope with the complex phenomenon of large-scale production. Yet feudal lords were enjoying privileges which retarded the economic progress of the new industrial class. So, it was advocated that if all restraints upon trade and industry were withdrawn people would be on the way to freedom and prosperity. Thus, in Europe during the nineteenth century the watchword of political progress was liberty and equality and with these, free competition favourable to commercial success of the individual. Liberalism thus appeared as the philosophical apology of a rising social class.

So, the old classical liberalism came to mean (a) safeguard against arbitrary power, (b) equality of all before law, (c) freedom of thought, belief and speech, (d) end of class privileges and (e) popular government. It was believed that in a free society every individual would find his own level and with his unrestricted enterprise would secure the welfare of the whole community. The attitude is summarised in the phrase "laissez faire" or free enterprise which is best represented in the motto "a free field and no favour, and
...devil take the hindmost". Eventually, it was found that such com-
petitive individualism gives power and wealth only to a class and
leads to the poverty and degradation of the mass of workers. Matters
came to a position in which the ordinary worker had to sell his labour
power to the capital-owner for bare subsistence. From bitter experience
it was realized that for the purpose of securing human liberty mere
removal of restriction was not enough. The state must come forward
and create the positive conditions of freedom and happiness. During
the latter part of the nineteenth century Gladstone and Asquith
refused to identify liberalism with *laissez faire*. For the sake of
enlargement of real liberty the neo-liberals advocated educational
opportunities, social security and a just share for workers in the
national wealth. They did not share the belief that individual
freedom and dignity can be secured by the "crude socialist device
of public ownership" of capital. They believed that a "widely diffused
popular or individual ownership is much more likely to be effective
both in creating a sense of real partnership and in providing that
buttress to individual freedom and to self-respect which the owner-
ship of a bit of property can give".¹

While, on the one hand, liberalism was slowly transforming
itself in the English soil in France and Germany the struggle of the
exploited masses to get out of industrial anarchy brought socialist
ideology into existence. Socialism emphasizes social ownership of
the means of production. As to the means of attaining social owner-
ship Karl Marx provides the proletariat, i.e., the workers who are
the actual producing class, with the weapon of social revolution for
capturing power from the capitalist class. All political power,
according to him, will be concentrated in the hands of the proletariat
and as the capitalist class will be liquidated the proletarian state
will gradually wither away.

Throughout the nineteenth century, European countries were under
the spell of democratic ideas and Marxian doctrine did not make much

¹ Ramsay Muir : Faith of a Liberal
headway. While all over Europe the movement against feudalism and for representative government was gaining ground, Russia remained outside this democratic trend. Democracy did not strike root in Russian soil because of the lack of industrial development and backwardness of the bourgeoisie. Absence of constitutional government led to unrestricted tyranny of the Tsar and of the feudal lords so that the workers and peasants had no other course than to revolt against the Tsarist regime. Thus the absence of parliamentary democracy paved the way for the victory of revolutionary socialism in Russia and for the establishment of proletarian dictatorship under the aegis of the Bolshevik Party.

Russia has made enormous progress in various spheres of life since the Revolution. But prosperity and economic democracy were attained at the cost of political liberty. Russian socialism with its denial of individual liberty did not appear as an ideal system to other countries. The inherent shortcomings of democracy and socialism have led the advocates of democracy to revise the orthodox democratic and socialist doctrines and to find a synthesis of the two.

2. Marxian and Evolutionary Socialism

After the death of Karl Marx, Engels lived for twelve years to see the German Social Democratic Party grow strong in number and organization and aspire to win, within a generation, a majority in the Reichstag. In 1895, he wrote an introduction to a new edition of Marx's *Class Struggles in France* in which he prescribed that "the slow work of propaganda and parliamentary activity are the immediate tasks of the Party." He wrote, "The irony of world history turns everything upside down. We, the 'revolutionaries', the 'rebels', we are thriving far better on legal than on illegal methods of revolt. The parties of order.... are perishing under the legal conditions created by themselves." Engels saw that new conditions had created new opportunities for the workers but as yet did not venture to revise the doctrines which Marx and he had formulated so lately.

\[\text{This was published in Wilhelm Liebknecht's paper Vorwarts.}\]
Three years after this, Bernstein, a prominent figure of the German Social Democratic Party came out openly with the plea for an evolutionary and parliamentary form of socialist movement. He wanted to scrap from Marxism the doctrines which were falsified since Marx's time. He wanted to rid Marxism of its Hegelian background, cast doubt on the labour theory of value and the materialist interpretation of history and sought to preserve some of the contributions of the bourgeois liberal society. He preached the necessity of abolition of private property and equal distribution of wealth but he rejected the theory of class struggle and the need for violent revolution. The inevitability of socialism resulting from the intensification of capitalist contradiction was denied, as were the increasing misery of the working class and gradual proletarianization. The very conception of revolution and, with it, the idea of dictatorship of the proletariat were declared to be unsound on the ground that social and economic evolution had not developed that extent of class struggle which makes social revolution a necessity. "A greater security for a lasting success lies in a steady advance rather than in the possibilities offered by a catastrophic crash."

Bernstein's 'revisionism' was condemned at the Party Conventions of Hanover (1899) and Dresden (1903) but the future was nonetheless with him. The bourgeois liberal society had given the opportunity for political organization of the working class and had allowed itself to be slowly transformed. The workers exacted so many drastic reforms in their interest that the capitalist economy, as Marx had seen it, ceased to exist. The doctrine of Marx and the movement engendered by it were no doubt the chief factors in effecting this peaceful transformation. Within twelve years, Kautsky, one of the chief defenders of Marxist orthodoxy against Bernstein, became a convert. In a sharp polemical controversy with Lenin, he, like Bernstein, argued that socialists should move towards the right and fall in with the bourgeois parties on the national question. Lenin urged a movement in the opposite direction away from the war-mongering of nationalists. The Social

1. Letter to Stuttgart, 1898
Democratic Parties of the Second International were infected with the war hysteria of the time and they confined themselves to their respective parliaments with their socialist programme. Lenin, on the contrary, wanted that socialists all over Europe should turn the imperialist war into a civil war and formed the Third International with that purpose in view. Bernstein's 'revisionism' was thus revived on a wider level by Kautsky and the Second International when they pleaded that the bourgeois state can gradually metamorphose into a socialist state through democratic methods.

With the failure of the Spartacist revolt and of a few post-war insurrections revolutionary socialist movement died out in Europe. Everywhere Social Democrats were converted to parliamentary democracy. In England, much earlier the Fabians developed the doctrine of democratic socialism and began to move along the line.

3. Hegelianism, Marxism and Fabianism

The economic side of democratic socialism is socialism itself which consists of the socialisation of the means of production by transferring them from private hands to the entire nation. But socialism is faced with the practical difficulty of the entire people's collectively owning land, capital and other sources of wealth. Democratic socialism tries to solve the problem by making the state a true representative and organ of the people.

Democracy holds a pluralistic view of values and associations and rejects the totalitarian identification of the state with one party or with one creed. It presupposes the existence of opposition as a legitimate partner in the state. Arnold Ruge, the Left Hegelian, applied Hegel's dialectics to justify political opposition. The state was an organic whole. An opposition party was as much an integral part of it as the government itself. An organic body cannot grow without the negative element or the element of opposition in it. "Without criticism there is no development and without development no life." A state without a party in opposition is not an organisation but a dead machine.
The function which democratic socialism imposes upon the state is a departure from the classical liberal conception of *laissez faire* and is a partial approach towards Hegel's conception of state which is considered by him as the embodiment of the peoples' rational will. Hegel's English disciple, T.H. Green first forged the new creed of liberalism. While nineteenth century individualists like Adam Smith, Mill and Spencer regarded non-intervention as the shortest cut to progress, Green assigned to the state the authority to interfere in the interests of hindering the hindrances to liberty. Having suppressed individual desires which go against social interests the state does not curtail individual liberty, rather it establishes actual liberty. A balance is thus sought to be held between economic equality and political liberty.

Democratic socialism differs from Marxian socialism both in economic and in political theories. It is essentially evolutionary and gradualist expecting socialism to come as the sequel to the full realization of universal suffrage and representative government. The tendency to mingle socialism with democracy is manifested in Fabian ideology. The Fabian society is a socialist society founded in London in 1883 with the object of reorganizing society in conformity with the socialist doctrine. Yet it essentially differs from Marxian ideology both in theory and in tactics, holding that equal distribution of wealth is not a revolutionary novelty, rather it is a scheme already partially adopted by the municipal and central governments and capable of further extension by the action of political parties. The Fabians relied more on public organization and education than on taking active part in political movement. Their awakening came with the labour movement culminating in the London dock strike of 1889. New trade union leaders came to the front armed with socialist ideas and demands for protective industrial legislation. Like other socialist and liberal leaders, Fabians were forced to reckon with the unions, the more so because some of them like Annie Besant took an active part in the struggle. But the society still remained predominantly rationalist and collectivist and did not adopt a class point of view.
The Independent Labour Party founded in 1893 with a predominantly working class element set out to detach the older trade unions from Liberalism. The Fabian Tracts provided the new party with a clear policy and gave shape to the immediate demands of the new movement. The Independent Labour Party and the Fabian society also combined to create an inclusive working class party in which the trade unions should directly participate. This came to fruition in the Labour Representation Committee and the Labour Party in 1900. Fabianism was still inclined to regard the Labour Party rather as the working class wing of the political socialist movement than as co-extensive with that movement, an attitude which is not totally extinct even today.

Sydney Webb who was the main theoretician among the Fabians saw a continuity from capitalism to socialism. With the growing interference of a democratic state in industrial affairs workers' conditions have improved considerably and the disparity of income has been reduced. Class contradiction is, therefore, not sharpening as foreseen by Marx. His, therefore, was a liberal and altruistic approach. The socialist doctrine will be propagated through the methods of persuasion and permeation. Hence the Fabians, at this stage, did not very sharply distinguish themselves from the non-socialist or semi-socialist elements. In 1918 the Labour Party adopted the Webb's draft 'Labour and the New Social Order', an essentially Fabian document so that after the first world war the Labour Party emerged as the reincarnation of Fabianism. Founded in 1900 as a political alliance of trade unions and hitherto a subordinate ally of the Liberal Party it now appeared as a full-fledged socialist party with its new constitution.

4. Labour Party in Power

The Labour Party of England, in conformity with her democratic tradition, came to power through general elections. Twice during the inter-war period the Labour Party took office. The general election of 1924 returned a House of Commons in which the Labour Party was
in a majority with Liberal support. But in 1925 the Labour-Liberal coalition failed. The second Labour Government of 1929, like the first was dependent on Liberal support. It is only the general election of 1945 which produced for the Labour Party an absolute majority for the first time and gave them the Parliamentary power to carry out their election pledges. But after World War II the economic life of England was completely unbalanced, and the Labour Party had to face the following problems.

During the war 60 p.c. of Britain's national income was spent on the prosecution of war and out of the total employed population of 21 million, more than ten million men were absorbed in war-time jobs. The industrial resources in these men, materials and machines had to be demobilised and diverted from their war-time uses to peace-time industry in proper proportions.

Secondly, there was the purely financial problem. During the war, there had been a permanent inflation. The income of the country had risen from £5,000 million in 1939 to about £8,500 million in 1944 and there had been a comparable rise in prices. The Labour Government could have resolved the difficulty either by allowing inflation to follow its natural course or by suppressing it with very high levels of unemployment. But the new Government was determined to follow neither of these mistaken courses.

Finally, there was the problem of the balance of payments. The new Government had to face the terrible fact that they could pay for only one-third of their necessary supplies from abroad. It was in the midst of this impending disaster that the Labour Government entered into office in August 1945. The fundamental task of the new government was to get rid of this catastrophe. Let us see how they handled the problem.

Demobilisation and resettlement: Almost 7,000,000 men and women were demobilised from the Armed Forces and reabsorbed into peace-time industry. One remarkable consequence followed from this. By the end of 1946, industrial production was restored to its pre-war level.

1. 'Let us Face the Future'
Financial policy: The new government's financial policy also proved successful. The Bank of England was nationalized and the Joint Stock Banks were brought under the direction of its Governor. By the beginning of 1947, the Labour Government practically controlled inflation without starting a post-war depression.

Balance of payments: England's requirements were between £1100 million and £1200 million a year from abroad but in 1946 she was in a position to export only £400 million. The deficit in the balance of payments was frightening. The Labour Government thought that an increase in export which would make successful the Social Security plan was not possible without nationalizing all big industries. Thus civil aviation, coal mining, inland transport, electricity, gas, iron and steel industries came one after another, under Government control. The control extended to agricultural land also.

Thus the Labour Party averted a post-war crisis by socialising a considerable sphere of national economy. They also provided elaborate measures of social security and health services for the working class. This marks the first phase of success for Democratic Socialism.

But the gradualist policy of England has not led her beyond some early victories towards socialism. All further attempts to enlarge the scope of nationalization have failed because of her dependence on America and because of the resistance from within of her own capitalist class. This economic dependence has gone so far as to tie up British foreign policy with Washington. Since England has to lean upon American aids and loans and since the United States is strongly opposed to socialism both at home and abroad England has but to obey unless she makes a bold bid to strike a new line. The result has been a clear division within the Labour Party which has almost grown into a split. The left wing of the Labour Party is advocating a middle road between America and USSR and is repeatedly warning the Government not to be the "fellow-travellers of Washington policy". To build up socialism, Britain has to rid herself of American dollar.

1. Aneurin Bevan: In Place of Fear.
   Harold Wilson: In Place of Dollar
A comparative economic study of the UK and USSR will show that although the standard of living in the former is higher than that in the latter, industrial progress of the UK has been modest compared to that of the USSR. In 1937, industrial progress of the two countries was as follows:

<table>
<thead>
<tr>
<th>Production per capita in 1937</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USSR</strong></td>
</tr>
<tr>
<td>Electric power (kilowatt h)</td>
</tr>
<tr>
<td>Pig iron (kilograms)</td>
</tr>
<tr>
<td>Steel (kilograms)</td>
</tr>
<tr>
<td>Coal (kilograms)</td>
</tr>
<tr>
<td>Cement (kilograms)</td>
</tr>
<tr>
<td>Cotton fabrics (sq. metres)</td>
</tr>
<tr>
<td>Woollen fabrics (sq. metres)</td>
</tr>
<tr>
<td>Leather footwear (pairs)</td>
</tr>
</tbody>
</table>

But in the following years the tempo of industrial advance seems to have been decidedly slowed down in the UK while that of the USSR is speeded up. This will be clear from the figures below. Industrial production of the two countries has been represented by 100 for the base year 1937.

<table>
<thead>
<tr>
<th>Industrial Production (General)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>1937</td>
</tr>
<tr>
<td>1946</td>
</tr>
<tr>
<td>1948</td>
</tr>
<tr>
<td>1949</td>
</tr>
<tr>
<td>1950</td>
</tr>
</tbody>
</table>

Industrial progress of the UK has been modest compared to that of the USSR. Of course, it does not follow from this statistical analysis that England's workers are less organized or productive than those of the USSR. Industrial production of a country depends as much upon the workers' ability as upon the utilization of its natural resources. During the last few centuries, England has already explored her domestic natural resources whereas the Soviet Union has just started exploring them. When a country attains full employment further advance in per capita production becomes an uphill journey. While this is almost the case with Britain, Russia with her vast natural resources is bound to

2. Statistical Year Book of the U.N., 1949-50, 1951
have a continuous record of increasing returns for years to come. Naturally, USSR's industrial advance should be quicker. Anyway, England can still expand her industrial capacity to a certain extent. But her difficulty in increasing her exports lies in the fact that her distribution of labour is not in balance. To achieve this it is necessary to increase the number of men and the amount of capital in her undermanned industries and agriculture. Increment in one industry is possible by using more capital and labour in it; but this is not possible unless the Government can get full control over all the industries,— public and private. Maximum production depends on the allocation of capital in accordance with the principle of equi-marginal returns. Partial planning, in the absence of the application of this principle over the whole sector of production, creates its own difficulty. But as the Labour Party have chosen the path of Democratic Socialism they are unwilling to deviate from the goal of gradual adjustment of individual freedom with orderly planning.

5. Prospects of the Future

The five years of Labour Government show the limit of possibilities of Democratic Socialism in a country like the UK which possesses a strong capitalist class traditionally biased against any form of socialism and working under the influence of a superior capitalist power. Before the last general election, the fire of nationalization slogan had spent itself. The Labour Party could not implement the nationalization of iron and steel, "key points in capitalist citadel". Nor could they promise any new nationalization. The Government had to cut down the social services in order to carry on the armament programme and had to lose three left-wing members on this issue. On the other hand, the state-controlled planning compromising with private capitalism which was all the achievement of the Labour Party was accepted by the Conservative Party which came to power.
The Labour Party, i.e., its official leadership has now reached intellectual stagnation. On one side, the Conservatives stole the fire of nationalization from their guns. On the other side, the Sevanite Left urged a breakaway from the USA and radical socialisation. Between the two fires, all that the Labour Party could promise in 1950 was 'socialisation' of nationalized industries, i.e., increasing participation of workers in state industries which were still virtually dominated by capitalists in key positions.

The prospect of Democratic Socialism does not appear very bright at present. Those who do not see eye to eye with the entire system of Marxism, cannot fail to notice that the greatest opposition to further expansion and success of democratic socialism in England has arisen from open hostility of the capitalists of Britain and America. It is difficult for socialism to grow at home when the vast outlying, oversea colonies and dependencies of Great Britain remain in the backwater of capitalist imperialism. The Marxian theory is true that individual liberty and social equality cannot go together in a society where a powerful powerful economic class clings to its vested interest and which is under the economic influence of other capitalist countries. In the present society ridden with exploitation democratic socialism cannot rule out compulsion and force.