

EARLY PAMPHLETS AND ASSESSMENT

With a new introduction by
Noel Thompson

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SELECTED WORKS



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An Introduction to the Selected Works of G.D.H. Cole

Guild socialism

George Douglas Howard Cole was born in Cambridge on 25 September 1889, the son of a jeweller, who subsequently moved to Ealing and became a surveyor. In his own words he 'became a socialist as a schoolboy a year before the general election of 1906...converted quite simply by reading William Morris's *News from Nowhere* which made me feel suddenly and irrevocably, that there was nothing except a socialist that it was possible for me to be...I became a socialist as many others did in those days on grounds of morals, decency and aesthetic sensibility.'¹

In 1908 he went to Balliol College Oxford to read classical history and philosophy, before being elected to a fellowship at Magdalen College in 1912 and focusing on the study of economic and political thought. During his time as an undergraduate he became involved in political activities through his membership of the Fabian Society and the I.L.P., 'agitating for the Workers' Educational Association, to which he was to make a lifelong contribution, and editing the *Oxford Reformer*.²

The period between Cole's embrace of socialism and the publication of his first major work, *The World of Labour*, 1913,³ was one of declining real wages, an aggregation of capitalist power by way of a concentration of industrial ownership, growing threats to the status of skilled sections of workforces, in consequence of skill-destroying technical change, a growth of industrial unrest and a rise in trade union membership which tripled between 1888 and 1910. Moreover this period saw both the emergence of new national unions and the growth of inter-union co-operation culminating in the Triple Alliance of the railway workers, miners and transport workers in 1914.

In such circumstances it is unsurprising that there emerged, both in Britain and elsewhere, socialist political economies that looked to a decentralised socialism brought into being by the efforts of the workers themselves rather than by the prior conquest of state power. All the more so, as the political route was one that seemed to have signally failed to advance the cause of the working class, despite the emergence of the Labour Party and its electoral success in securing 29 M.P.s in the 1906 election.

Syndicalism was one manifestation of this antipathy to the political road to socialism, with its emphasis on industrial struggle as the essential means of vesting ownership and economic decision-making power in the hands of the producers. Its influence was most potent in continental Europe, particularly France and the United States,⁴ but it was also felt in Britain. James Connolly,

for example, was influenced by the work of Daniel de Leon during a period he spent in the United States and was effective in spreading syndicalist ideas through organizations such as the Socialist Labour Party. Tom Mann, who established a paper, the *Industrial Syndicalist*, in 1910, and a year later, the Industrial Syndicalist Education League, also played an important role in disseminating syndicalist ideas within the British labour movement in the period prior to the outbreak of the Great War; a period which saw both an unparalleled wave of industrial unrest and the growth of rank and file movements challenging trade union hierarchies. It was indeed one such group, the Unofficial Reform Committee of the South Wales Miners' Federation, which produced a classic text of British syndicalism – *The Miners' Next Step*, published in Tonypany in 1912.⁵

More importantly, in terms of its impact, the decade prior to the outbreak of the Great War also saw the emergence of guild socialism. A.J. Penty's *Restoration of the Gild System*, 1906, had articulated many of the elements of this. There was the setting of the producer centre stage, with the concomitant rejection of the notion 'that government should be conducted solely in the interests of man in his capacity as consumer.'⁶ There was a focus on creative and fulfilling labour as the essential objective of any transformation of society. There was the rejection of the use of state power as a means of achieving this, and an emphasis rather on producer guilds as the motive force of social transformation; these guilds, like their medieval counterparts, were to regulate their trade, assume responsibility for the quality of what was produced, the price at which it was sold and the remuneration and social status of its members. Penty's work was, though, tinged with an atavistic medievalism and imbued with an antipathy to commercialism, international trade and mechanised mass production, that often spilled over into a more general antipathy to industrialism and all its works.

It was, therefore, S.G. Hobson's *National Guilds, an Inquiry into the Wage System and the Way Out*, 1914, based on a series of articles in A.R. Orage's, *The New Age*, 1912, that precipitated the emergence of a guild socialism applicable to an industrial civilization: a guild socialism that in condemning the commoditisation of labour inherent in the wage system, also rejected that collectivism which threatened to replicate it in an economy characterised by extensive public ownership. Thus what Fabian socialists proposed would merely replace private capitalism with state capitalism, with the decision-making and controlling authority retained by the manager or bureaucrat. Fabian collectivism failed to extend the application of democratic principles to industry, while the Fabian attitude to democracy was 'arrogant and supercilious' and inimical to the concept of an active and informed citizenry which Hobson saw as integral to socialism.⁷

Guild socialism alone could effect the destruction of the wage system and 'trade unions' would be both the means of its destruction and 'the natural nuclei of future industrial organisation'.⁸ To achieve this Hobson looked to the widest possible extension of the trade union movement and the unification

of its fragmented structure into a number of powerful industrial unions. Such unions would 'make tireless and unrelenting inroads upon rent and interest', press for the co-management of industries to erode the power of existing managers and owners and so lay the basis for the transfer of that power to the guilds.⁹ Guilds would, in Hobson's view, assume responsibility for all aspects of the organisation of production and 'instead of the State...for the material welfare of its members'.¹⁰ That said ownership of the means of production should be vested in the state which would, in effect, co-manage the economy with the guilds. So while guild socialism 'rejects State bureaucracy...it [also] rejects Syndicalism because it accepts co-management with the state...subject to the principle of industrial democracy'.¹¹

As noted Cole's socialism was inspired by Morris's *News from Nowhere* and at the core of guild socialism, whether that of Penty, Hobson or others, was an embrace of the Morrisian notion that work should be about the expression of humanity's creative capacities and, therefore, about 'the intelligent production of beautiful things'.¹² Capitalism was a system essentially inimical to this, and was therefore not just materially, but also morally and aesthetically, impoverishing. Fabian socialism did not address these, the most fundamental failings and inequities of capitalism, because it did not seek the kind of worker autonomy that made creative labour possible. Of Sidney Webb Cole wrote, 'he still conceives the mass of men as persons who ought to be decently treated, not as persons who ought freely to organize their own conditions of life; in short, his conception of a new social order is still that of an order which is ordained from without and not realized from within'.¹³ Only a democratisation of the industrial process of the kind proposed by guild socialism would make possible such creative self-realization.

For the young Cole, the focus was on the need to effect a transformation of industry and society that replaced 'useless toil' with 'joyful labour'. 'The crowning indictment of capitalism was that it destroy[ed] the freedom and individuality in the worker, that it reduce[d] man to a machine, and that it treat[ed] human beings as a means to production instead of subordinating production to the well-being of the producer'.¹⁴ 'The greatest task of the present [wa]s the awakening of individuality and spontaneity in the worker' and it was the desire to accomplish this that led Cole to embrace guild socialism and, in works such as *The World of Labour*, 1913,¹⁵ *Self-Government in Industry*, 1917, and *Guild Socialism Restated*, 1920, establish himself as its most important theoretician and effective populariser.¹⁶

To reawaken creativity, spontaneity and individuality in the worker it was imperative that 'the individual worker [should] be regarded not simply as a "hand"...but as a man amongst men, with rights and responsibilities, with a human soul and a desire for self-expression, self-government and personal freedom.' And, for this to occur, it was imperative that 'the control of industry should be democratized; that the workers themselves should have an ever-increasing measure of power and responsibility in control, and that capitalist supremacy...be overthrown only by a system of industrial

democracy in which workers will control industry in conjunction with a democratized State.’¹⁷

It was freedom, autonomy, individuality and the opportunity for creative self-expression, not the generalisation of material affluence which should be the primary desiderata for socialists. This was the error of the Fabians and other collectivists. They had prioritised the latter rather than the former. ‘Inspired by the idea that poverty is the root evil, socialists have tried to heal the ills of society by an attempt to redistribute income.’ But ‘higher wages will not make less dreary or automatic the life of the worker who is subjected to bureaucratic expert control and divorced from all freedom and responsibility.’¹⁸ The extension of public ownership and the enhanced efficiency and output which it would allow might have its place in the socialist commonwealth of the future but socialists must never lose sight of the fact that ownership was a means to an end and not an end in itself.

Like Hobson and other guild socialists Cole was sensitive to the danger of the centralisation of decision-making authority which state ownership could precipitate; particularly so with the onset of the Great War. This saw the state assume control over significant areas of war-related economic activity. However, for Cole, ‘the fact was that capitalism had broken down under the strain of war, and the efforts of the State to make up for [its] deficiencies had raised more problems than it had solved.’¹⁹ For, as he saw it, in ‘round[ing] in the end the Cape of State Capitalism, we shall only find ourselves on the other side in a Sargasso Sea of State Socialism, which will continue *to repress all initiative, clog all endeavour, and deny all freedom to the workers.*’²⁰ The experience of the wartime role of the state had therefore confirmed all Cole’s reservations about collectivism but, in particular, the view expressed in *The World of Labour* that ‘the extension of the powers of the state may be merely a transference of authority from the capitalist to the bureaucrat.’²¹

What, then, was to be done? As with Hobson, Penty and other guild socialists, the trade unions were to be a critical agent of progress. But to realise that role they needed to change and the issue of trade union structure therefore became fundamental. As he wrote in *The World of Labour* ‘today the question of trade union structure is the central problem before the labour movement’²² because, on the basis of the existing structure and trade union policy, the possibility of trade unions playing such a role seemed remote. In the 1917 edition of the work, Cole referred to ‘the lamentable flabbiness, the fatal indecision and the childlike gullibility’ of British trade unionism describing it as a movement bereft of ideas and policy.²³ Yet there was evidence of change and in particular a realisation on the part of some that to be effective in a period which witnessed the marked concentration of industrial ownership, trade unions too had to become organised on an industrial basis. And, for Cole, this was the way forward: ‘out of trade unionism today must arise a Greater Unionism, in which craft shall no longer be divided from craft, nor industry from industry. Industrial unionism lies next on the road to freedom.’²⁴ And the logical outcome of this Greater Unionism was guild

socialism.²⁵ In that regard, as Cole put it in *Chaos and Order in Industry*, 1920, 'trade unionism itself' would become 'the nucleus of a new industrial order'.²⁶

Pari passu with this should go a process of what was termed encroaching control. 'Only through their own organizations', wrote Cole, 'can the workers hope to counteract this tyranny of industrialism'.²⁷ And the method these organizations would deploy was that of the progressive invasion of capitalist control; a progressive wresting of the right to make decisions from Capitalism and a vesting of it in the workers themselves. A process that would effect 'a progressive atrophy of Capitalism corresponding to a development of function and opportunity and power for the proletariat'.²⁸ As trade unions grew in size, ambition and the range of activity they encompassed, so a growing self confidence and power would allow them to subvert and assume the prerogatives of management. Thus, for Cole, 'the two movements towards control and amalgamation must go on together, for each will lend to the other a momentum which neither could by itself acquire'.²⁹

And there was already evidence that the trade union movement was evolving to accommodate ambitions that involved not simply wages and conditions but also those relating to the organisation and control of industry. As Cole put it in *The World of Labour*, 'there are the first beginnings, in Trade Unionism today, of an attempt not merely to raise the standard of life or "better" conditions, but to change the industrial system and substitute democracy for autocracy in the workshop'.³⁰ The very 'experience of collective bargaining has given the unions confidence in their powers and the tendency continually to extend the sphere of such bargaining...it can be used as a means of getting a share in the actual control of the management'.³¹ In this way capitalists would be rendered socially functionless and the basis for the system's transcendence established. 'The workers, having learnt how to interfere in control, will then assume actual government, just as modern democracies have begun by enforcing concessions by insurrection and have then gradually forced their way to recognition and habitual control'.³²

This, however, raised the issue of the role of politics and the state in this socialist transformation of society. For Cole, 'in the Commonwealth today, power in the economic field is the key which alone can unlock the gates of real political power' and parliamentary democracy, to have substance, needed to be underpinned by economic and social democracy.³³ Cole's concerns about the power of the state have already been noted and, in terms of the location of power and authority, Cole embraced a pluralism that saw the state as one, but only one, association within which these could reside. No one authority should be supreme. And just as humanity was multifaceted in terms of its goals and activity, so that should be reflected in the associated representative organisations in which people participated and the power which they wielded. In this regard power should follow function.

In this context, one of decentralised control and decision-making, the state had a constructive if circumscribed role to play. To begin with Cole's guild

socialism was predicated upon the ownership of the means of production by the state.³⁴ So, 'expropriation is the state's business; and the development of the new forms of industrial control must be coupled with the growth of state ownership. Nationalisation retains the importance assigned to it in Socialist theory; but it becomes a means and not an end in itself.'³⁵ Indeed Cole opined that it was 'inconceivable that, even in a single industry, the workers would reach such a stage as to be ready and fitted to take over the control of industry before the state has actually stepped in and nationalised the service.'³⁶

In his earlier works Cole also saw the state as having a critical role to play in representing the interests of the consumers. Thus, as regards major investment decisions, 'the State as a representative of the consumers must have...a voice equal to that of all the producers'.³⁷ Also, while a National Guilds' Congress might assume responsibility for 'the organisation of demand and supply...[and] the control of prices', this function should be performed 'in consultation with the consumer', represented either by the state or, in terms of the position he was to take up in *Guild Socialism Restated*, 1920, by institutions such as co-operative societies, representative of consumer interests.³⁸ In this regard the determination of prices was a 'social function'.³⁹

In contrast to the syndicalists, therefore, Cole believed that ownership of productive capacity should reside with the state, and the interests of the consumer should be represented and institutionally embedded. He recognised, as the syndicalists did not, the potential conflicts of interest between producer guilds and society as a whole. So what was required was not just workers' control but a partnership between state and guilds or between the state, guilds and consumer organisations. 'Syndicalism', in contrast to Collectivism, 'lays all the stress on the producer and none on the consumer. It...refuses to recognise the function of the great league of consumers we call the State. But this refusal, where it is not an unjustifiable theoretical development, is an unreflective antipathy to the bourgeois state of the present.'⁴⁰ Yet for all its deficiencies, and in particular its failure to engage constructively with the political dimension, 'syndicalism' was, for Cole, 'the infirmity of noble minds', while 'collectivism is at best only the sordid dream of a businessman with a conscience'.⁴¹

This then raises the question of where Cole stood, as a guild socialist on the issue of revolutionary as opposed to gradualist change. That Cole in his guild socialist period articulated clearly the notion of irremediable class conflict, there can be no doubt. In *The World of Labour* he wrote, that it should be 'understood once for all, that the interests of Capital and Labour are diametrically opposed and although it may be necessary for Labour sometimes to acquiesce in "social peace", such peace is only the lull before the storm.' And again, 'industrial peace then must not be permanent. There is a real class-antagonism, a quarrel that can only be adjusted by the overthrow of capitalist society.'⁴² Yet the combination of encroaching control, if aggressively pursued, together with the use of political power to secure the

transference of the means of production to the ownership of the state, held out the possibility that a socialist transformation of society could be effected without violence or bloodshed. And he believed that, 'provided the Labour Movement keeps its ultimate revolutionary aim clearly in sight, it will get on better with discipline than without it.'⁴³ Cole did not rule out the possibility of violent struggle but his vision of revolutionary change was predicated on the possibility that it could occur without it.

Cole's attitude to the notion of a revolutionary transference of power also raises the question of his attitude to Marxism. For, like many on the Left in this period, he had to engage both politically and ideologically with those who articulated a Marxism which had at its core a commitment both to revolutionary struggle and the violent overthrow of the capitalist system. This engagement is a complex question spanning the whole of his intellectual life and it can only be touched upon briefly here. Cole certainly viewed favourably Marx's method of analysis seeking to understand the trajectory of social development in relation to the material drivers of historical change. And, as Wright has indicated, there were points during the 1930s when he was willing to apply a Marxist label to himself.⁴⁴ Moreover he recognised that class antagonism might indeed reach a pitch that would precipitate a revolutionary struggle for power; though this was an attitude that was more apparent at some historical junctures than others.

Yet in the final analysis he was antipathetic to much in Marxism⁴⁵ and, in particular, to its conception of an intensified class struggle based on increasing social polarisation in a capitalist context. For Cole, Britain's social structure was more variegated and complex than that which informed Marx's view of capitalism. Here in particular he pointed to the new salariat that owed no ideological allegiance to capitalism and might be recruited to socialist purposes within a planned economy. He was also critical of what he saw as Marx's determinism and the elevation of class above the individual. He also saw fascism as a complex phenomenon that could not easily be reduced to a last desperate attempt to maintain an imploding capitalism.

His *The Meaning of Marxism*, 1948, based on *What Marx Really Meant*, 1934, represented a relatively sympathetic engagement with Marxism. However, part of that sympathy can be explained by Cole's own rendition of Marx. The Marx who emerged from the former work 'was a Marx humanized by Cole's basic beliefs in creativity, fellowship, equality and liberty.' Or, as another commentator has put it, what Cole produces is, 'an activist, idealist, voluntarist, libertarian, minimally determinist version of Marxism; in fact a characteristic product of Cole's own approach to social theory.'⁴⁶

As to guild socialism, this was to be a short-lived ideological phenomenon. In the aftermath of a brief post-war boom unemployment rose rapidly and trade unionism, the key agency of guild socialist change, was profoundly weakened. With the economic downturn also came the collapse of the National Guilds League and practical manifestations of guild socialism such as the National Guild of Builders, in 1923. Guild socialism also experienced

ideological rifts, particularly in relation to different conceptions of the role of the state in its vision of the socialist future. Moreover there were different views as to the character and outcome of the class struggle which would inform and drive the transformative process. For some, it would be waged through encroaching control, for others it would assume a more violent and revolutionary form. As to the latter, many guild socialists moved into the British Communist Party when it was formed in 1921.⁴⁷

The demise of guild socialism left Cole without an ideological cause to champion or a political economy to which to adhere. As Beatrice Webb put it in an entry in her diary in May 1924, 'G.D.H. Cole continues to write articles in the *New Statesman* and to carry out his duties as a staff officer to the W.E. A. with exemplary regularity but he has lost all touch with other people and has no spiritual home in, or outside, the Labour Movement. Politically, he is a lost soul – the older men have ceased to fear him; the younger men no longer look up to him...He still trots out his "Workers' Control" – but in a disheartened fashion without conviction that anyone cares about it.'⁴⁸ The General Strike of 1926 further highlighted the contemporary limitations of the trade union movement and, therefore, the extent to which extra-parliamentary action could advance the socialist cause.⁴⁹ Perhaps in consequence of this, and in a period when he lacked a political home and defensible political ideology, Cole pursued intellectual interests that were less of a theoretical and propagandist nature and more those of an historian and educationalist.⁵⁰ And certainly it has been argued that in the 1920s his aim became that of inculcating into the working class a sense of their own history, identity and historical mission; or, as one commentator has put it, 'arm[ing] the worker with that sense of his own past which would create a confidence to make his own future.'⁵¹

Whatever the drivers, for much of the 1920s Cole elided a direct engagement with politics and political economy. However by the late 1920s he had ended this sojourn in the political wilderness, joining the Fabian Society in 1928 and embracing the centrality of parliamentary action in laying the basis for any future progress in the direction of workers' control and socialism. In this regard he came to give a greater role to the state and conventional politics and, in 1928, played a major role in drafting a pamphlet, *Labour and the Nation*, 1928, which represented an expression, articulated in Fabian terms, of Labour's policy stance on the key social and economic questions of the day.⁵² One year later, in 1929, Cole published his first major work of political economy in almost a decade, *The Next Ten Years in British Economic and Social Policy*, 1929, which effectively position him as a mainstream Fabian who sought to stabilize capitalism before progressing socialism by essentially statist means.⁵³

The state and socialist planning, 1929-45

In the late 1920s and early 1930s, faced with a capitalism in crisis and in imminent danger of collapse, the imperative for Cole became the formulation

of a strategy which would mitigate the suffering of the masses, prevent a politically violent implosion of the system and lay the basis for socialist advance. In this task he was influenced by the work of J.A. Hobson and Maynard Keynes. His sense of the nature and causes of the crisis was initially derived from the former though, later in the 1930s, it was also informed by the latter. And it was upon such theoretical foundations that his proposed policies rested.

Before 1931 the objective was to articulate a package of measures which would deliver social control over critical areas of economic activity, while laying the basis for a smooth transition from an economy still essentially capitalist, to one characterized by planning on the basis of an extensive social ownership of economic activity.⁵⁴ After 1931, it became necessary to advance a more radical programme, to which end Cole played a critical role in establishing the Socialist Society for Information and Propaganda⁵⁵ and the New Fabian Research Bureau. The first, as its name would suggest, focused on the dissemination of socialist ideas; the latter on furnishing the basic economic research needed to transform the theoretical rigour, sophistication and coherence of Labour thinking on economic policy issues.⁵⁶

As to Cole's own analysis there were clearly Hobsonian inflections. Writing in *The Next Ten Years*, he made the point that 'it is not the inducement offered but the size of great men's incomes that determines the size of the savings under present-day conditions' and that 'there [was] no guarantee that the right amount will be saved.'⁵⁷ Indeed given the skewed distribution of income and wealth, it was highly likely that savings would outstrip the willingness to invest and, in consequence, a crisis of underconsumption would result. It therefore became 'vital...that the purchasing power distributed in society should be measured in accordance with the productive capacity of the community, and not left to depend upon the active production secured by the free play of the forces of supply and demand.'⁵⁸

Post *General Theory* the analysis became more obviously Keynesian. Writing in a pamphlet entitled *Monetary Systems and Theories*, 1942, for example, Cole opined, in a quintessentially Keynesian manner, that 'from the standpoint of the community, "savings" that do not lead to "investment" – that is, to the spending of the saved money on capital goods – are not real savings at all. They are cancelled by the losses of those who cannot sell their goods at remunerative prices. This is the gist of Lord Keynes' theory of "savings" and "investment"; and most economists are agreed that this part of his theory is true.'⁵⁹

As to remedies for depression and macroeconomic disequilibria these varied over the period after 1929. Cole was the author of *We can Conquer Unemployment*, 1929, the Labour Party's rebuttal of *Can Lloyd George do it?*; a pamphlet in which the Liberals had articulated a radical expansionary public works strategy endorsed and informed by the thinking of Maynard Keynes. Cole's pamphlet accomplished the impressive feat of castigating the Liberals for appropriating Labours' ideas, whilst at the same time rejecting

them as ineffectual, financially unsound and politically irresponsible. The crux of his polemic lay in the extent to which demand could be stimulated while adhering to the prevailing fiscal orthodoxy of a balanced budget. And Cole's solution was one which utilized what might now be termed a balanced budget multiplier. Thus taxation would be used to redistribute income and wealth, with increased tax revenues being disbursed by way, for example, of family allowances. In effect, those with a high propensity to consume would be favoured over those with a high propensity to save, with aggregate demand stimulated and jobs created in consequence.⁶⁰ *'We must get the resources required for employing the unemployed mainly, and for providing family allowances wholly, from taxation of the social income, and we must get the capital required for social development from the investible surplus remaining after taxation has been levied.'*⁶¹ Of course what was not factored into the balanced budget equation was the rapidly shrinking revenue base that came with the diminution in the level of economic activity when general economic depression finally struck. Cole therefore trod an interesting tightrope. On the one hand he did not want to fall off into the arms of the Liberals. On the other he did not want too obviously to succumb to the siren call of the I.L.P. whose proposals to increase working-class purchasing power had been soundly rejected by the 1927 Labour Party Annual Conference. On the one hand his reconciliation with the conventional politics of the Labour Party suggested the need for state action, on the other he was not yet prepared to give the state the pre-eminent role in the conduct of economic policy which he was to do in the 1930s.

In the end the circle was squared by a proposal for redistribution which, while driven by the state, would realize its beneficial consequences through the additional purchasing power deployed by the working-class consumer. As he wrote in *The Next Ten Years*, 'the bulk of the new taxation proposed is to be raised, not for spending by the Government but for direct redistribution as purchasing power among the members of the community. The sum provided for family allowances as a whole, and the bulk of the money allocated to the prevention of unemployment will become purchasing power in the hands of the recipients. It will thus serve directly to bring about an expansion of demand for commodities.'⁶²

In line with the underconsumptionist analysis which informed this prescriptive position, Cole continued throughout the 1930s to emphasise enhanced working-class consumption as a driver of economic activity. Thus in relation to the expansionary potentialities of monetary policy he was clear in *The Principles of Economic Planning*, 1935, that 'whenever the need arises to increase the supply of money, I am suggesting that the increase ought to be made not in the form of increased loan credits to either producers or consumers, but in non-repayable presents of purchasing power to all the citizens, save to the extent to which the state decides to use the money itself for public purposes.'⁶³ That said, by the 1930s, Cole had also come to believe that the state itself had a more direct, potent and immediate role to play. For, as he

saw it, state-financed public works created economic activity and thence employment without the intermediation of the private consumer.⁶⁴ In *Practical Economics*, he was particularly emphatic, 'there is only one condition on which a capitalist economy can maintain "full employment" for any length of time. This condition is that the state will so act to maintain the demand for the factors of production at the requisite level. The state can do this by a policy of public works, accompanied by monetary expansion.'⁶⁵

In this period Cole also came to accept the need for an appropriately supportive monetary policy if the economy was to be moved back towards full employment.⁶⁶ In *The Next Ten Years* he had recognized the negative role which a monetary system in private hands could play, both in terms of the manner in which it could obstruct a socialist policy of industrial transformation, and the deleterious macroeconomic impact it could have. Thus 'the joint stock banks by discrimination in the granting of credits, could largely neutralize the effects of [a] policy of national industrial development...and the Bank of England, by manipulating the bank rate, or even by transactions in securities, could go a long way towards causing an industrial depression'. Yet Cole remained sceptical as to the efficacy of monetary policy *toute seule* in turning an economy around. Even with a socialization of the banking system and the use of monetary policy for socialist purposes, the management of money and credit could 'help but it cannot create'.⁶⁷ Similarly, in 1935, Cole wrote of the banking system that 'its power by manipulating money or controlling bank policy, even to the extent of bringing the banks under full public ownership to increase the employment of resources in production, is exceedingly limited...unless it controls the industries whose production is to be increased'.⁶⁸ He was also concerned that to the extent that an expansionary monetary policy could help bring about a fuller utilization of resources, it ran the risk of producing 'recurrently rising prices' which would 'confer advantages on every sort of capitalist monopoly'; though Cole also made clear that if such a policy could contribute to increased economic prosperity it should be supported, even at the risk of benefitting vested interests or an inflationary spiral.⁶⁹ And certainly, by the 1930s, he was convinced that a planned, full employment economy required an appropriate monetary policy. 'We cannot have planned production (or in my view, full employment) without planned finance, or without public control of the commercial banks'. 'Bank nationalization' was therefore 'needed, not for its own stake, but as the instrument of a policy of "full employment"'.⁷⁰ As he wrote in *What Everybody wants to Know about Money*, 1933, 'any Socialist government which is not prepared to tackle thoroughly the question of the banks cannot be a government that means to seriously advance socialism'.⁷¹

But Cole was also clear that even an expansionary monetary and fiscal policy conducted on Keynesian or Hobsonian lines would simply steady the capitalist ship. It could prevent the capitalist system's catastrophic demise and it could, in consequence, materially improve the position of the working class. But, such a macroeconomic strategy would not address capitalism's inherent

volatility, inefficiencies and inequities. To do that a more radical interventionist strategy was necessary; one that involved social ownership and planning. And through the efforts of the NFRB and SSIP 'the idea of economic planning emerged as a central theme of Labour's refurbished socialist ideology in the 1930s.'⁷²

As we have seen the extension of social ownership was integral to Cole's conception of the transition to guild socialism. In *The Next Ten Years*, the term socialization was preferred to signal the possibility of alternatives to outright national ownership and, in that respect, his concern over the centralisation of economic power in bureaucratic hands persisted and was also to surface with renewed force in the post-war period when various forms of social ownership of a non-Morrisonian kind were mooted.⁷³ In the 1930s the extension of social ownership was central to his understanding of how the British economy could be stabilized, rationalized, established on a firm basis and planned for socialist purposes.⁷⁴ But that understanding was now essentially Fabian, with nationalization being seen primarily in terms of the elimination of waste and the utilization and direction of productive capacity for social purposes.

It is true that the issue of workers' control was one which surfaced periodically in his writing and the link made with that creative self-fulfilment which should lie at the heart of socialism: 'we must make men and women citizens of industry as well as the state'. And a measure of workers' control was necessary, for otherwise while 'the robots may be richer and more leisured...they will be unhappy with an unhappiness that many of them will be unable to define or to track to its source.'⁷⁵ In this regard Cole continued to articulate his vision of guild socialism as the ultimate goal. 'That a socialist economy should develop towards a system of guild control seems to be indispensable if the dangers of top heaviness and concentrated bureaucracy are to be avoided'; 'in the long run the aspiration of a planned economy must be to make each industry to the fullest possible extent a democratic, self-governing guild.'⁷⁶ And Cole proclaimed himself 'an unrepentant Guild Socialist.'⁷⁷ Nevertheless, in most of his writing in the 1930s workers' control is articulated in terms of models of representation within the structures that nationalized corporations would present. It was not seen in guild socialist terms of decentralized producer control of a multiplicity of relatively autonomous enterprises. Moreover, in line with the increasingly Fabian complexion of his political economy, there was greater prominence given to the role of the expert.⁷⁸ As he put it in *The Next Ten Years*, 'within the limits of the broad control of policy by the State it is indispensable to give the expert a wide discretionary power and a liberal freedom to experiment in new methods.'⁷⁹

The Fabian conception of progressing nationalization, and the benefits to be expected from this, is particularly apparent in *The Next Ten Years*. First, there was an acceptance that the emergence of monopolistic arrangements was something to be embraced as it prepared areas of capitalist industry for regulation, control and, ultimately, social ownership. Thus, for Cole, 'it [wa]s

of vital concern for Socialists to make capitalist industry as suitable as possible for collective regulation...in the transition from a capitalist to a socialist economy, it will be necessary to extend a progressive control over industries whilst they still remain in capitalist hands and this involves the existence of collective organizations with which the State itself can deal.⁸⁰ This done, nationalization should proceed, though not on such a scale as to encompass the totality of economic activity. Socialising the control and direction of economic life would 'certainly involve the transference of a large number of enterprises now in private hands to various forms of public ownership and administration but it does not involve...universal public ownership'.⁸¹ In the 1929 work there was also considerable emphasis on the possibilities opened up by a socialization of control which stopped short of outright ownership. So, once 'let the state control the nation's industries, and it need not care who owns them as long as the unfettered power of taxation is in its hands.'⁸² The assumption too was of an incremental or gradualist approach. 'The socialization of industry, restated in these terms, comes to be envisaged...as a progressive transformation of capitalist industrialism into a Socialist system' and *The Next Ten Years* was conceived very much in terms of articulating 'the more important steps that can be taken *within the next few years* in order to begin straightening out the tangle of our economic affairs', rather than as a blueprint for the construction of a socialist commonwealth.⁸³

However, with demise of the second minority Labour government in 1931 the tone becomes more aggressive and urgent and Cole's proposals, like those of other Labour thinkers, came to involve an extension of the scale, and an acceleration in the pace, of nationalization.⁸⁴ In the *Principles of Socialism*, 1932, an SSIP pamphlet, Cole wrote of the need for 'an immediate frontal attack on the key positions of capitalism' for 'the policy of gradual transition to socialism is in danger of meaning no transition at all, but the turning out of Labour governments, which seems only to make the situation worse.'⁸⁵ He looked therefore to the immediate nationalization of a swathe of key industries, but in particular the banking system, together with the creation of a National Investment Board which would play a critical allocative and planning role. What was needed was the power to plan and to give effect to planning decisions once made. Such an extension of social ownership was also critical for the delivery of a macroeconomic strategy, of the kind noted above, that would move the economy out of depression. Thus the destabilizing and restrictive tendencies of capitalism could not be eliminated as long as 'at any rate major industries, including the key industry of finance, remain in private hands'.⁸⁶ So, for example, 'the wider the sphere of public ownership of industry is, the greater is the State's power to carry out a balanced programme of public works.'⁸⁷ While, therefore, a strategy such as Roosevelt's New Deal was to be welcomed, 'there is no reason to suppose at all that the New Deal, in helping the United States to weather the crisis of 1929 and the following years will prevent a recurrence of such crises.'⁸⁸ A New Deal strategy could 'succeed in the long run [only] by passing beyond capitalism and superseding

capitalist incentives to production and the capitalist system of distribution of incomes by effectively Socialist alternatives.’⁸⁹

What was needed was a transformation altogether more profound than that encompassed by macroeconomic management. In this regard it should be noted that Cole, *au fond*, was part of that tradition, with roots in the very origins of socialist political economy, that evinced a deep suspicion of the market and the allocative and distributional outcomes which it generated. Prices, in the context of a capitalist system, were seen as rarely a reliable indicator of social need, and even in a socialist context social imperatives might necessitate the market’s circumvention or the qualification of its outcomes. What socialists needed to work to was some concept of ‘real value’; one which ‘consist[ed] in the power of a thing to satisfy human needs and desires, irrespective of those who have the needs or desires to pay for it.’⁹⁰ Thus an allocation of resources which optimized social utility must be one which implied reference to a ‘social standard [of value] which cannot be identified with the price standard accepted by most economists.’⁹¹

Under capitalism, ‘the price system fails to measure anticipated satisfactions because of the unequal value of money to rich and poor.’⁹² In this context the concept of consumer sovereignty, while in some ways an attractive one, and consistent with Cole’s emphasis on freedom and individual self-expression, was nonetheless problematic. For while it ‘would doubtless be reasonable to demand that the workman should recognize and subject himself to the demands [of consumers]... if these were determined by the community as a whole, on a basis of its needs...there is no reason why it should willingly submit to the control of productive effort if this is based on the employer’s expectation of profit, *this expectation being based, in turn, on a wrong distribution of purchasing power.*’⁹³

Given an equitable distribution of income and wealth, Cole accepted that the price mechanism would roughly reflect social need. But even then the price mechanism as a determinant of optimum resource allocation had its limitations, for there were certain ‘basic needs’ that should be met independently of consumer demand. Moreover the state must necessarily make strategic decisions, with implications for resource allocation, independently of the imperatives emanating from consumer demand. In consequence, for Cole, consumer demand became something of a residual element in the imperatives driving the allocation of resources. As he envisioned it in *Practical Economics*, 1937, it would be ‘the resources of production, *beyond those employed in meeting basic needs...*and of course those required for the maintenance and increase of capital’, that would ‘be directed to giving consumers what they want.’⁹⁴

As to the pricing of labour, Cole envisaged a circumscribed and diminishing role for the market. ‘Remuneration for work done [would] be retained at all only to the extent to which it is necessary in order to assist in regulating the supply of labour and in eliciting the satisfactory response of effort from workers’.⁹⁵ However, Cole considered that under socialism even this

circumscribed role would diminish over time. As he put it in the *Principles of Economic Planning*, 'I believe the tendency will be for a planned economy steadily to reduce the proportion of total income distributed in the first of these ways and steadily to enlarge the amount of the social dividend.'⁹⁶ In effect, with a substantial and probably growing proportion of the needs of workers furnished directly by the state, the purchasing power represented by wages would simply become less significant. And while Cole accepted 'there [was]...no objection to allowing the laws of supply and demand to operate to a considerable extent upon the relative levels of remuneration', he believed that it would be 'wiser to equalize the eligibilities of different occupations more by varying hours and conditions of labour than by establishing widely different wage standards.'⁹⁷

As to planning it was logical therefore to argue that, 'decisions involved in the national plan ought to be made as far as possible in terms of real things, and only translated subsequently for convenience into terms of...money.'⁹⁸ Real things, real value, use value: it was by reference to those concepts that a socialist economy would be managed; no longer by reference to the shadow world of market prices flickering on the walls of the capitalist cave.

And planning was the key to the socialist economic future. It made possible the circumscription of the price mechanism and the gradual replacement of 'the monetary incentives on which capitalism relies for getting the world's work done, by other incentives more consistent with the social interest.' 'Planning under public auspices, and with a view to the satisfaction of consumer needs' also 'offer[ed] the prospect of eliminating the wastes inherent in unregulated competition, whether of the older or the newer monopolistic variety.'⁹⁹ It allowed supply to be matched with demand and therefore could ensure the full utilization of resources. And not just the aggregate matching of supply and demand, for industry would be 'rebuilt[t]... with the right proportions in view of modern needs, in accordance with a definite plan, instead of trusting to the blind forces of individual profit seeking somehow to create an harmonious structure'.¹⁰⁰ Together with the extension of social ownership, it would also sweep away the constraints on the expansion of output that were characteristic of a capitalism whose industrial structure was inherently monopolistic.¹⁰¹ Cole was also clear that planning should encompass the business of distribution and that a socialist planning authority would 'be inexorably driven to plan the distribution of incomes as a condition precedent to the just or expedient planning of production'.¹⁰²

So on what basis and within what structures would planning take place? Cole wrote at length on the bureaucratic paraphernalia of economic planning, mooted various entities such as a National Planning Commission, a National Planning Authority, a National Investment Board, Departments of Inspection, Import Boards etc and those who would wish to pursue further this aspect of his thought can consult, amongst others, works such as *The Machinery of Socialist Planning*, 1938, and the *Principles of Economic Planning*. As to the basis for effecting the socially optimum allocation of resources

and distribution of incomes, Cole's general desire to plan in terms of real things and social utility, and his aspiration for an increasingly circumscribed role for the price mechanism, has already been noted. However, he did not really engage with the socialist calculation debate which raged with a particular intensity in the 1930s¹⁰³ and his discussion of the basis on which planners might make decisions was distinctly unilluminating. He did suggest that the sale of goods and services should be at prices corresponding to their costs of production but he also opined that 'if the planning authorities have over-estimated or underestimated the demand for a particular commodity, it will be possible to adjust supply and demand by raising or lowering the price.'¹⁰⁴ And in the same work he argued that 'over by far the greater part of the field of production...the task of a planned economy will not be to dictate what is to be consumed, but to respond to the movements of consumer demand', 'mov[ing] prices accordingly'.¹⁰⁵ And again 'both the planned and the planless economy have the same necessity to adjust their output to what the consumers are prepared to buy at prices at which the producers are prepared to sell.'¹⁰⁶ In this regard he seemed, at least in the short to medium term, to be prepared to envisage planners and a planning system responsive to consumer demand and market price. In truth it must be said that while the rhetoric of planning was at the core of his political economy in the 1930s, and remained so in the post-war period, he added little to an understanding of what would be distinctive about socialist economic planning in terms of the basis upon which it would be conducted, the means it would use and the ends it would serve.

This faith in socialist planning also had a particular bearing on Cole's attitude to the Soviet Union. A New Fabian Research Bureau trip to Russia in July/August 1932 strengthened Cole's and others interest in Soviet planning¹⁰⁷ and he certainly believed 'that planning Russian style could yet prove a practical model for a British socialist system.'¹⁰⁸ Like the Fabians he believed that planning meant the calculated and rational utilization of the nation's resources for maximum social benefit and, in this context, socialist planning was contrasted with capitalist disorganization; particularly in the aftermath of the Wall St. Crash. And this attitude persisted throughout the 1930s alongside disquiet about a political system where purges had become an instrument of state policy. Yet that disquiet was muted. Throughout the 1930s and into the post-war period Cole, as one writer has put it, 'sought to explain to the social democratic left that Russia remained an essentially socialist society; and a society which, if it abrogated some liberal democratic values, decisively enlarged and realized others.'¹⁰⁹ Writing in *Left News* in 1942 he stated "I regard the Soviet system as much more democratic than parliamentarism and I advocate it for a large part of Europe as the most appropriate way of bringing democracy about".¹¹⁰ Again, in a *Plan for Britain*, 1943, he wrote that 'in a clearly realistic sense the Russian peoples are a great deal more free than we are or can be till we have abandoned our atomism and set out to make a determined pursuit after collective and not

merely individualistic values.¹¹¹ And, as he saw it, what he was proposing in the 1930s 'involve[d] some sort of National Economic Plan such as exists today in Soviet Russia and nowhere else in the world.'¹¹² Like many on the Left, therefore, Cole qualified criticism with equivocation: equivocation borne partly of a perception of the particular circumstances and challenges which the Soviet Union was confronting, partly of a determination not to concede terrain useful to the critics of planning and partly of a desire to believe that what seemed to be rational must ultimately be defensible. Soviet Russia was therefore 'a guarantee that, if other communities do take the task of constructing a Socialist system seriously in hand, they will not find themselves isolated in a capitalist world.'¹¹³

Cole and the affluent society

The post-war world was to bring different and, in some ways, more formidable theoretical and prescriptive challenges. If not immediately then certainly by the 1950s social democratic political economists such as Cole confronted those posed by full, or near-full, employment, sustained economic growth, rapidly rising living standards and a relatively stable capitalism that was seen to be delivering the goods and in ever increasing quantities. Moreover, by that decade, and courtesy of the Attlee governments, Labour had completed a substantial part of the programme which it had mapped out in the 1930s and presented to the electorate in 1945. As Richard Crossman put it, 'those who manned the defences of Jericho could not have been more surprised than those socialists who saw the walls of capitalism tumble down after a short blast on the Fabian trumpet.'¹¹⁴

So for some writers there was a need for a fundamental revision of social democracy in the light of a profound alteration in the nature of capitalism. Crosland, for example, did not believe that the social and economic character of post-war Britain merit the label of capitalism at all and other writers concurred.¹¹⁵ Thus in addition to the manifest dynamism of capitalism, many saw a radically altered distribution of economic power, with the state having assumed authority in relation to macroeconomic management and having put in place the essential structures of a welfare state. Nationalisation had taken a significant section of the economy's commanding heights into social ownership, circumscribing the area of the economy over which private enterprise held sway. Further, the managerial revolution was spelling the demise of the pivotal role of the capitalist entrepreneur, while full employment significantly redressed the balance of power in the labour market in favour of the trade union movement. As Roy Jenkins saw it, the capitalist class had surrendered its power 'partly to the state, partly to their own managers and partly to the trade unions'.¹¹⁶

Cole viewed these developments differently. Socialism must be about more than the 'managerial welfare state' that had emerged in the aftermath of the post-war Labour governments and the Keynesian revolution.¹¹⁷ It had to be

about more than a mixed economy still heavily skewed in favour of the private sector. It must offer more than the spiritually impoverished material affluence of a consumer society. And he bridled at the extent to which so many social democrats had accepted that these things represented anything other than a reinvention of capitalism that left intact its loci of power and its demoralising *raison d'être*.

As Cole saw it, 'most of the non-Marxist socialist economists swallowed Keynes whole and became his most fervent disciples'.¹¹⁸ For many, indeed, demand management had become both the essence of socialist planning and something that vitiated any need for the further extension of social ownership. As he put it in *Socialist Economics*, 1950, 'this new Keynesian economics deeply affected the thought of Socialists. Hitherto most socialists had considered that the disease of unemployment in both its long-term and cyclical form was incurable except by socialization...that is, by the State taking over industry and employing every available person and, at the same time, so distributing purchasing power as to ensure that there would be a demand for all that socialized industry could produce...But now it appeared if Keynes were right that full employment would be maintained without socialisation, merely by manipulating the correct levers at the centre in the money and investment markets. There might be a case for socializing this or that industry on other grounds...but not in order to cure unemployment.'¹¹⁹

For Cole this view was manifestly flawed. First, he was unconvinced that demand management could keep in check the inflationary pressures which full employment threatened to unleash, 'unless it is in a position to control, broadly, what is to be produced and when, and what is charged for it, and also the broad distribution of purchasing power.'¹²⁰ Moreover, 'full employment' was a problematic concept which might accurately characterise the state of the labour market in some regions but not in others. To achieve genuinely full employment 'the State must be in a position to control the position of industry in order to bring balanced employment to the workers rather than expect them to migrate in large masses in search of work.'¹²¹ In addition, and again with an eye to inflationary pressures, 'in a Socialist society, it will clearly not be possible to allow wage rates to be settled by a large number of uncoordinated bargains...There will have to be both some general way of determining how large an aggregate of wage payments the economy is able to afford and...how what is deemed to be available shall be divided amongst the various claimants.'¹²² In short then a concerted regional policy, price and wage regulation would be necessary just to deliver on social democracy's macroeconomic objectives.

Yet that still left relatively untouched the heartlands of capitalist power. Nationalisation had certainly proceeded under the Attlee governments. But the programme of extending social ownership had proved, with the exception of steel and sugar, relatively uncontroversial. As Cole put it in a *New Statesman* pamphlet, enterprises 'singled out for socialization, with one exception, were services which can be seen as falling broadly within the "public utilities"

range...and from the outset have been subject to public regulation and control...Thus there was nothing essentially "socialistic" in proposals to nationalize any one of these services.¹²³ The 'proposal to socialize "public utilities" raised no real question of principle between Socialists and Anti-Socialists'.¹²⁴ Again, writing of the Labour Party's position in the 1930s, Cole stated that, 'their plans of nationalization were substantial and challenging to some great capitalist interests, particularly in the case of iron and steel: but they were plans which could be carried out without interfering seriously with the main structure of capitalist ownership and control.'¹²⁵

That, of course, was the significance of the post-war fight over steel. Steel was something of critical importance for capitalism; an industry pivotal in terms of the power it could exert indirectly over a swathe of industrial activity.¹²⁶ 'It is a key industry: its pricing policies affect the fortunes of many other industries, including those on which the long-run success of Britain as an exporter chiefly depends... It has a naturally strong tendency towards monopoly. It is an industry in which, because of the technical conditions, it pays the profit-seeking firms best to keep total productive capacity down as near as possible to the minimum expected level of demand, and to maintain high prices rather than to pass on the benefit of technical economies to the consumers.'¹²⁷ It was an industry where 'monopoly paid handsome dividends: arms-pushing was a highly remunerative business: risks could be reduced by bribing or cajoling Ministers or politicians or kings or tribal chiefs to favour the interests of the great firms and their investing associates.'¹²⁸

But even further extension of social ownership into areas such as steel, would not deliver that to which socialists should aspire. And here, in the 1950s, Cole once again touched base with his guild socialist roots. 'As a Guild Socialist I believe that industry will not work really well until the responsibility for its efficient control is fairly shared with the workers by hand and by brain, under conditions based on the recognition of every worker as a responsible partner in a democratically organized public service.'¹²⁹ Post-war nationalisation had not been the precursor of this. The creation of public corporations had made 'little difference' to the 'actual status and conditions of work' of their employees.¹³⁰ Cole therefore looked once again to the 'trade union movement' to 'develop as far as possible a structure through which an advance to workers' control can be effectively made.'¹³¹ Apart from anything else this was a prerequisite for corporate efficiency, for Cole was 'convinced that there can be no way of making industry work well under socialization without enlisting the workers as democratic partners in control, above all at the workshop and factory level.'¹³² It was necessary too if industrial relations were to be harmonious. It was critical if workers were to act responsibly in a full employment context and avoid exploiting their strengthened bargaining position to secure inflationary wage gains. But above all the extension of workers' control was essential for the creation of a truly democratic society: for, 'it is impossible to have a really democratic society if most of the members have to spend most of their lives at work under essentially undemocratic conditions.'¹³³

And Cole's thinking on the forms which post-war social ownership should assume must be set in this context. Here Cole, like many others on the Left, was critical of the Morrisonian model. Crucial to democratisation were therefore 'new forms of social ownership and control to replace capitalist enterprise';¹³⁴ new forms which would avoid the inherent authoritarianism of the monolithic Morrisonian corporation and create opportunities for decentralised decision-making and the extension of workers' control.

The legacy

In the famous doggerel categorisation of Cole by Maurice Reckitt, he was 'a bit of a puzzle...with a Bolshevik soul in a Fabian muzzle.'¹³⁵ This contains at least half the truth. For while the Fabian muzzle was certainly apparent from the late 1920s onwards, Cole's soul was Morrisonian not Bolshevik. His vision was informed by a libertarian socialism which, like Tawney's, saw humanity in terms of ends not means. What he looked to was to transform work into something that involved creative self-fulfilment, and while he came to recognise the profound restraints upon the realisation of that ideal, it was one to which he continued to adhere. In that respect Asa Briggs was correct when he saw Cole as 'the Enlightenment on the surface: the Romantic Movement underneath'.¹³⁶ And, as Wright has perceptively remarked, 'if we seek to locate Cole within an intellectual tradition, it is a tradition staffed overwhelmingly by radical individualists. It contains Morris and Whitman, Cobbett and Paine, Belloc and Chesterton'.¹³⁷ At least this is the company kept by his socialist soul, even if, in the 1930s, his mind occupied a different ideological terrain.

Assessing his legacy is more problematic. At the time of his death in 1959 industrial democracy and workers' control had a place only in the sub-literature of socialism. However, by the late 1960s and early 1970s, which saw an efflorescence of interest in these things,¹³⁸ guild socialist principles, if not guild socialism, 'found a new strength and following in Britain and the world, and the British trade-union movement and the Labour Party...incorporated the principles of workers' control into their statements and manifestoes for the first time'.¹³⁹ As Houseman has pointed out, Cole's work on workers' control was published in over a dozen languages and this literature had some influence on Yugoslav development and planning in the 1960s and 1970s.¹⁴⁰ In these decades too his reservations as to what might be achieved solely by macroeconomic management were echoed by a generation of post-Keynesians such as Joan Robinson, Nicholas Kaldor and Thomas Balogh whose thought, amongst others, played a part in effecting the turn towards planning which informed the Labour Party's political economy in the Wilson years.¹⁴¹

Yet with the passing of that period, and the waning of enthusiasm for both industrial democracy and planning, interest in Cole correspondingly diminished and it would be difficult now to substantiate Houseman's view that 'the years since his death have seen G.D.H. Cole loom larger than ever, as a

literate and formidable social political philosopher and to some extent as a prophet.¹⁴²

If his works continue to be read it is more by historians: historians of socialist political economy and historians of the labour movement. In this regard, while scholarship has moved on, his multi-volume *History of Socialist Thought* will continue to be a reference point for those who work in the field and his biographies of Owen, and in particular Cobbett, and his edition of the latter's *Rural Rides*, will continue to be regarded and read as major contributions to labour history. Yet in relation to his work as a socialist theorist one final point should be made. Unlike the Fabians and the socialist revisionists of the 1950s and 1960s, let alone those of the New Labour period, Cole, like Morris, and for that matter Tawney, posed the kind of questions to which capitalism has manifestly failed to provide an answer: questions related to the nature and purpose of work, the significance and character of material affluence and consumption, the conditions necessary for creative self-fulfilment and the prerequisites of an informed and democratic citizenry.

Selecting the works

Selecting eleven volumes from his enormous literary output to convey a sense of the work of G.D.H. Cole is a formidable task and whatever approach is adopted is open to criticism. If the selection is to be thoroughly representative then it must necessarily include works of social theory, economics, political economy, economic history, social and labour history, political theory, intellectual history, detective fiction and sociology, to say nothing of the full range of literary genres from polemical pamphlets to scholarly monographs. Selecting on this basis, as this list suggests, the edition would necessarily have been more voluminous, and considerably so, than the present one, and this approach would also have carried the risk of a selection which failed to give a coherent sense of the evolution and trajectory of Cole's socialist thinking over the five decades of his active intellectual life.

There is also the issue as to whether one goes for the classic texts or those which are lesser known, or less easily available, and which have not, as some would see it, had the attention they deserve. In this regard there was a temptation to include some of the post-Great-War works that were produced under the auspices of the Carnegie Foundation and published in 1923: *Trade Unionism in Munitions*, *Labour in the Coal Mining Industry* and *Workshop Organization*: works which not only contribute to an understanding of the post-war economy and the contemporary trade union movement but also illustrate Cole's strength as an empirically-rooted theoretician.

However, in the end, I have chosen works, books and pamphlets, which I hope are representative of the three critical periods of Cole's socialist thinking: the guild socialist decade from 1913-23; the post-1929 period when his political economy was dominated by the notion of socialist economic intervention and planning and the post-war period when, like other socialist

theorists, he sought to come to terms with the particular challenges posed by the legacy, positive as well as problematic, of the Attlee governments, and the emergence of an affluent society. Also, because it is representative of the historical works of a particular period (1923-29) when there was a hiatus in the output of Cole the theoretician, I have included his biography of William Cobbett. In any case, as regards the latter, no selection would be complete without an example of his extraordinary contribution to labour history and *The Life of William Cobbett*, 1927, is certainly amongst the finest of his historical works: not least one feels because of his obvious empathy with the subject.

In her *Life of G.D.H. Cole*, Margaret Cole wrote of students who having 'selected "Cole and his ideas" as a subject for their doctoral theses... got themselves so bogged down in his own published writings as to render their own work, painstaking as it was, almost unreadable by anyone other than a specialist'.¹⁴³ This is one, but only one, of the dangers of seeking to master the formidable corpus of Cole's writing. The other main one being that justice is not done to important aspects of his life and work. I hope this Introduction has avoided the first of these pitfalls and provides an understanding of the evolution of Cole's socialist political economy, but I am only too aware that to avoid the second is beyond the scope of anything other than a substantial monograph. Others have essayed these tasks and efforts, for a full appreciation of the achievements of one of the most important figures in the intellectual history of the twentieth-century British Left, the reader should consult their works which are noted below. I hope this selection of monographs and pamphlets will inspire them to do so.

Notes

- 1 G.D.H. Cole, *The British Labour Movement – Retrospect and Prospect*, Ralph Fox Memorial Lecture, London, Fabian Society, 1951, pp. 3-4.
- 2 M. Stears 'Cole, George Douglas Howard (1889–1959), university teacher and political theorist', *Oxford Dictionary of National Biography*, Oxford University Press, 2004, Vol. 12, pp. 505-6.
- 3 The work 'arose directly out of the discussions of Syndicalism held by the Balliol College Group and the Political Science Group of the O.U.F.S', L. Carpenter, *G. D.H. Cole: An Intellectual Biography*, Cambridge, Cambridge University Press, 1973, p. 16. The work went through four editions by 1917.
- 4 Syndicalism in both France and the United States is discussed at some length in Cole's first major work *The World of Labour*, 1913. In France *syndicats* of workers were federated in *bourses du travail* co-operating with each other and acting collectively through *Confédération Générale du Travail*. In the United States syndicalism was promoted through the Socialist Labour Party under the leadership of Daniel de Leon, with the syndicalist International Workers of the World being established in 1905.
- 5 On pre-war British syndicalism see B. Holton, *British Syndicalism, 1900-14, Myths and Realities*, London, Pluto, 1976.
- 6 A.J. Penty, *Restoration of the Gild System*, London, Swan and Sonnenschien, 1906, p. 7.

- 7 S.G. Hobson *National Guilds, an Inquiry into the Wage System and the Way Out*, London, Bell, 1914, p. 219.
- 8 Ibid, p. 278.
- 9 Ibid, p. 5.
- 10 Ibid, p. 135.
- 11 Ibid, p. 132.
- 12 Wm. Morris, 'Art and the people' [1883] in M. Morris (ed.), *William Morris, Writer, Artist and Socialist*, 2 Vols., New York, Russell and Russell, 1966, Vol. 2, p. 383.
- 13 G.D.H. Cole, 'Recent Developments in the British Labour Movement', *American Economic Review*, 8, 1918, pp. 485-504.
- 14 G.D.H. Cole, *Self-Government in Industry*, London, Bell, 1917, p. 24; Cole, *The World of Labour, a Discussion of the Present and Future of Trade Unionism*, London, Bell, 1917, p. 319.
- 15 This work also represented 'a comparative account of the development of trade unionism across the western world', Stears, 'George Douglas Howard Cole' p. 506.
- 16 See, Carpenter, *G.D.H. Cole: An Intellectual Biography*, p 44.
- 17 Cole, *Self-Government in Industry*, p. 4.
- 18 Ibid, pp. 112, 53.
- 19 Ibid, p. 7.
- 20 Ibid, pp. 7, 197-8; see also *The World of Labour*, p. ix, my emphasis.
- 21 Ibid, p. 347.
- 22 Ibid, p. 210.
- 23 Ibid, p. xiii.
- 24 Cole, *Self-Government in Industry*, p. 117; see also *ibid*, p. 69.
- 25 Cole, *The World of Labour*, p. 386.
- 26 G.D.H. Cole, *Chaos and Order in Industry*, London, Methuen, 1920, p. 45.
- 27 Cole, *Self-Government in Industry*, p. 151.
- 28 Ibid.
- 29 Ibid, p. 22.
- 30 Cole, *The World of Labour*, p. 371.
- 31 Ibid, p. 8.
- 32 Ibid, p. 383. Encroaching control would provide the workers with an apprenticeship which would prepare them to govern themselves.'
- 33 G.D.H. Cole, *Labour in the Commonwealth*, London, Headley, 1920, pp. 164-5.
- 34 'Only the state as the representative of the community had the right to bring capitalist ownership to an end', G. Foote, *The Political Thought of the Labour Party*, 3rd edition, Palgrave, 1997, p. 116.
- 35 Ibid, p. 389.
- 36 Ibid, p. 407.
- 37 Cole, *Self-Government in Industry*, pp. 192-3.
- 38 'In *The World of Labour* he nominated the state as representative of the community, while by the time he came to write *Guild Socialism Restated*, he proposed consumer associations', Foote, *The Political Thought of the Labour Party*, p. 112.
- 39 Carpenter sees this later stage of Cole's guild socialism as representing his 'more original contribution' to its political economy. 'In his later guild socialist writings, Cole turned to the consumer and differentiated his needs from politics', *G.D.H. Cole: An Intellectual Biography* p. 58.
- 40 Cole, *The World of Labour*, p. 214.
- 41 Cole, *Self-Government in Industry*, p. 122. As to *The World of Labour*, Margaret Cole saw 'the moral of the book' as 'syndicalist rather than guild socialist... strongly against the pure doctrine of parliamentary and municipal collectivism as expounded by the Webbs and Shaw', M. Cole, *The Life of G.D.H. Cole*, London,

- Macmillan, 1971, p. 74; while, as Wright saw it, 'in syndicalism, Cole found an industrial doctrine rooted in the conception of active self-emancipation', A.W. Wright, *G.D.H. Cole and Socialist Democracy*, Oxford Clarendon, 1979 , p. 24.
- 42 Cole, *The World of Labour*, pp. 285, 288.
- 43 Ibid.
- 44 Wright, *G.D.H. Cole and Socialist Democracy*, p. 209.
- 45 'Marx also suffered rough treatment in the *History of Socialist Thought*', *ibid*, p. 232.
- 46 Carpenter, *G.D.H. Cole: An Intellectual Biography*, p, 226; Wright, *G.D.H. Cole and Socialist Democracy*, p. 211.
- 47 N. Riddell, "'The Age of Cole?'" G.D.H. Cole and the British Labour Movement, 1929-33', *Historical Journal*, 38, 1995, p. 937.
- 48 N. And J. MacKenzie (eds.), *The Diary of Beatrice Webb*, 4 Vols., London, Virago, 1985, Vol. 4, 17 May 1924, p. 27.
- 49 On this see, for example, Cole, *The Life of G.D.H. Cole*, p. 161.
- 50 Wright, *G.D.H. Cole and Socialist Democracy*, p. 144.
- 51 Ibid, p. 147. Though his formidable literary output did not diminish. Thus 'the Carnegie Foundation for International Peace invited him to contribute three books to their enormous projected series of studies on war time organisation...In 1923 these duly appeared, three impressive looking volumes entitled respectively *Trade Unionism in Munitions*, *Labour in the Coal Mining Industry* and *Workshop Organization*...The last-named of which contained a great deal about the shop stewards' movement', Cole, *The Life of G.D.H. Cole*, p. 132. It was in this period too that Cole wrote a series of 'long monographs on Morris, Keir Hardie, Richard Oastler and Richard Carlile which came out as Fabian biographical tracts', Wright, *G.D.H. Cole and Socialist Democracy*, p. 134, and also his *Life of William Cobbett*, London, Collins, 1927, perhaps his finest work of biography and on a subject with whom he clearly empathised.
- 52 On this see, for example, Riddell, "'The Age of Cole?'" , p. 937.
- 53 Wright, *G.D.H. Cole and Socialist Democracy*, p. 106.
- 54 On this see, for example, *ibid*, p. 167.
- 55 It had Ernest Bevin as Chair and Cole as Vice Chair.
- 56 'By the summer of 1931 the N.F.R.B. had already set up three wide-ranging inquiries. In order to study all aspects of economics, international affairs and the political system', Riddell, "'The Age of Cole?'" , p. 948. These had an influence on subsequent Labour Party policy documents such as *For Socialism and Peace*, 1934 and *Labour's Immediate Programme*, 1937.
- 57 G.D.H. Cole, *The Next Ten Years in British Social and Economic Policy*, London, Macmillan, 1929, pp, 71, 72.
- 58 Ibid, p. 108.
- 59 G.D.H. Cole, *Monetary Systems and Theories*, London, 1942, p. 26; though Cole could seem to blow hot and cold on Keynes throughout the 1930s there can be no doubting the underlying respect for his theoretical contribution. His review of the *General Theory* in the *New Statesman* described it as 'the most important theoretical writing since Marx's *Capital*' and as effecting a revolution in economic orthodoxy which would 'sooner or later cause every orthodox text-book to be fundamentally rewritten', G.D.H. Cole, 'Mr Keynes beats the band', *New Statesman*, 15 February, 1936. He also responded positively to Keynes's *Times* articles on *How to Pay for the War*, 1939-40, see R. Toye, *The Labour Party and the Planned Economy, 1931-51*, Woodbridge, Boydell, 2003, p. 99. He also eventually came to accept that deficit financing might be a necessary prerequisite for the stimulation of economic activity. As he wrote in *How to Obtain Full Employment*, 1944, 'it is better in bad times to lower taxation, so as to give private citizens more money to spend, and to meet some part of public expenditure by incurring

- budget deficits', G.D.H. Cole, *How to Obtain Full Employment*, London, Odhams, 1944, p. 18.
- 60 *The Next Ten Years*, p. 183.
- 61 Ibid, p. 202, my emphasis.
- 62 Ibid, p. 411.
- 63 G.D.H. Cole, *Principles of Economic Planning*, London, Macmillan, 1935, p. 213.
- 64 Cole had of course already advance the idea of a National Labour Corps in 1929, see Carpenter, *G.D.H. Cole: An Intellectual Biography*, p. 137.
- 65 G.D.H. Cole, *Practical Economics*, London, Penguin, 1937, p. 254. There was reference here also to the success of the employment-generating consequences of the Swedish public works programme.
- 66 For a fuller discussion of this and other aspects of Cole's macroeconomic thinking in the 1930s see N. Thompson, *Political Economy and the Labour Party, the Economics of Democratic Socialism*, 2nd edition, London, Routledge, 2006, pp. 103-107.
- 67 Cole, *The Next Ten Years*, pp. 226, 246.
- 68 Cole, *Principles of Economic Planning*, p. 208. As one commentator has put it, 'Cole saw banking, monetary policy and especially the trade cycle as capitalist economics. For socialist economics he viewed planning and capital supply as the central questions which arose from the need to organise production in the socialist state', E. Durbin, *New Jerusalem, the Labour Party and the Economics of Democratic Socialism*, London, Routledge & Kegan Paul, 1985, p. 117.
- 69 Ibid, pp. 217-8.
- 70 Cole, *Monetary Systems*, pp. 20, 21.
- 71 G.D.H. Cole, *What Everybody wants to know about Money*, London, Gollancz, 1933, p. 512.
- 72 D. Ritschel, *The Politics of Planning, the Debate on Economic Planning in Britain in the 1930s*, Oxford, Clarendon, 1996, p. 99. As Ritschel has pointed out 'much of the group's [SSIP's] first year was spent in attempts to define and distinguish a specifically socialist form of planning In Cole's words SSIP "set out to capture the cry of planning for the Labour Party", *ibid*, p. 98.
- 73 See below, pp. 19-20.
- 74 Considerable research effort was put by the New Fabian Research Bureau into the different forms which social ownership and control could take, see Durbin, *New Jerusalem*, p. 122.
- 75 Cole, *Principles of Economic Planning*, pp. 331.
- 76 Ibid, pp. 336, 338.
- 77 Ibid, p. 339.
- 78 In this period as one commentator has pointed out, Cole 'pointed to [the need for] more professional expertise in the civil service, greater Cabinet co-ordination and less reliance on Parliament, as among the ways to forward a socialist Britain', M. Taylor, 'Labour and the constitution' in D. Tanner, P. Thane and N. Tiratsoo (eds.), *Labour's First Century*, Cambridge, Cambridge University Press, 2000, p. 159.
- 79 Cole, *The Next Ten Years*, p. 136. This was certainly the case with the conduct of the financial sector. Thus 'the administration of a bank is the affair of experts who give their whole time to mastering the intricacies of banking policy', *ibid*, p. 242.
- 80 Cole, *The Next Ten Years*, p. 129.
- 81 Ibid, p. 131.
- 82 Ibid, p. 143.
- 83 Ibid, pp. 414, 152, my emphasis.
- 84 In any case, as one commentator has put it, for Cole, 'a socialism which was only prepared to tinker with capitalism would succeed in eroding capitalist efficiency without replacing it with anything else', Wright, *G.D.H. Cole and Socialist Democracy*, p. 165.

- 85 G.D.H. Cole, *The Principles of Socialism*, London, Socialist Society for Inquiry and Propaganda, 1932, pp. 9, 8.
- 86 Cole, *Principles of Economic Planning*, p. 405
- 87 G.D.H. Cole, *How to Obtain Full Employment*, London, Odhams, 1944, p. 15.
- 88 Cole, *Practical Economics*, p. 216.
- 89 G.D.H. Cole, *The Intelligent Man's Guide through World Chaos*, London, Gollancz, 1933, pp. 614-15.
- 90 G.D.H. Cole, 'A short tract for the times', *Economic Tracts for the Times*, London, Macmillan, 1932, p. 5.
- 91 Cole, *Principles of Economic Planning*, p. 220. Cole also 'doubted whether existing market forces could be trusted to decide which countries should produce what goods', A. Booth, 'How long are light years in British politics? The Labour Party's Economic Ideas in the 1930s', *Twentieth Century British History*, 7, 1996, p. 17.
- 92 Ibid, p. 164.
- 93 Cole, 'The abolition of the wage system; in *Economic Tracts*, p. 261, my emphasis.
- 94 Cole, *Practical Economics*, p. 34, my emphasis.
- 95 Cole, *Principles of Economic Planning*, p. 317.
- 96 Ibid, p. 235.
- 97 Ibid, p. 318.
- 98 Ibid, p. 313.
- 99 Ibid, p. 326; Cole, *Practical Economics*, p. 20.
- 100 G.D.H. Cole, 'World economic outlook', in *Economic Tracts*, p. 145.
- 101 'Where monopoly tends to replace competition, it is apt to prefer restriction to plenty, because the highest profit can be secured by limiting supplies in order to maintain prices', *Practical Economics*, p. 20. 'Sectionally planned capitalism is thus, in the great majority of cases restrictive in its use of the available sources of production', Cole, *Principles of Economic Planning*, p. 199.
- 102 Ibid, p. 226; a view he continued to adhere to in the post-war period.
- 103 On this see, for example, Thompson, *Political Economy and the Labour Party*, pp. 126-29.
- 104 Cole, *Principles of Economic Planning*, p. 190.
- 105 Ibid, p. 228.
- 106 Ibid, p. 229.
- 107 Cole, *The Life of G.D.H. Cole*, p. 57.
- 108 Toye, *The Labour Party and the Planned Economy*, p. 41.
- 109 Wright, *G.D.H. Cole and Socialist Democracy*, p. 252.
- 110 Quoted in ibid, p. 252.
- 111 Quoted in J. Harris, 'Labour's social and political thought' in Tanner, Thane and Tiratsoo (eds.), *Labour's First Century*, p. 48.
- 112 Cole, *Practical Economics*, p. 25.
- 113 G.D.H. Cole, 'The debacle of capitalism' in S.D. Schinhausen (ed.), *Recovery through Revolution*, New York, 1933, p. 41.
- 114 R. Crossman, 'Socialist values in a changing civilisation', *Fabian Tract*, 286, London, 1950, p. 11.
- 115 See, most obviously, Crosland's *The Future of Socialism*, 1956 and for other writers see, for example, Thompson, *Political Economy and the Labour Party*, pp. 147-49.
- 116 R. Jenkins, 'Equality' in M. Cole and R. Crossman (eds.), *New Fabian Essays*, London, Turnstile, 1952, p. 72.
- 117 G.D.H. Cole, *Is this Socialism?* London, New Statesman, 1954, foreword
- 118 G.D.H. Cole, *Socialist Economics*, London, Gollancz, 1950, p. 49.
- 119 Ibid, p. 47.
- 120 Ibid, p. 50.