



PLAID CYMRU

Towards an
**ECONOMIC
DEMOCRACY**

D. J. Davies, M.A., Ph.D.

To a faithful Breton,
from his racial cousin
& friend, D. J. Davies.

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DEMOCRACY**

D. J. DAVIES, M.A., Ph.D.

TWO SHILLINGS

FLAID CYMRU, 8 QUEEN ST., CARDIFF

TOWARDS AN
ECONOMIC
DEMOCRACY

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Foreword

NO aspect of the Welsh Nationalist Party's policy has been subject to greater misunderstanding and misrepresentation than its economic policy. Sometimes this misrepresentation has taken the form of asserting that the Party has no economic policy; sometimes it has consisted of assertions that the Party's economic policy is "mediaeval," "Utopian," and "completely out of touch with the present-day realities of Welsh life." These assertions are all alike untrue.

Nationalist philosophy maintains that the life of man is an organic whole, and that its political, economic, cultural and other aspects cannot be segregated in water-tight compartments without disastrous results. Therefore from the beginning the founders of the Party recognised that in order to revive Welsh national life and rebuild a true Welsh community it was necessary to have not only a political and cultural policy, but an economic policy as well. The fundamental principles of that policy were laid down in the first year of the Party's existence, and in subsequent years their application has been worked out in ever fuller detail with the help of experts in every sphere of Welsh economic life.

Assertions that Welsh Nationalist policy is "Utopian" and out of touch with reality come ill from representatives of those Parties whose ignoring of the deeper realities of human life (including Welsh life) and of the essential conditions for creating a healthy community has brought Wales to her present desperate plight. Unlike these English Parties, whether of the Right Wing or of the Left, the Welsh Nationalist Party has consistently sought to base its economic policy on these enduring deeper realities, taking account of man's nature as a whole and not merely of the "economic" part of it. And in working out the details of its policy, the Party has kept in the closest touch with the present-day realities and swiftly changing circumstances of Welsh life, acutely diagnosing the causes of contemporary ills and putting forward practical suggestions for their remedy.

This will be obvious to anyone who studies the lectures on various aspects of Welsh economic life given by experts at the Party's Summer Schools and recorded in its quarterly *Y Triban*, the numerous articles on economic subjects in its magazines (*Y Ddraig Goch* and *The Welsh Nationalist*), the Reports of its Annual Conferences, and the pamphlets which it has published during the past 21 years, many of them dealing directly and in detail with questions of economic policy.

Some, like *Wales After the War* (Saunders Lewis, 1942) and *Can Wales Afford Self-Government?* (D. J. & N. Davies, 1939) are mainly concerned with the more general and long-term aspects of the subject; others grapple chiefly with particular temporary problems. For example, *The Case for a Welsh National Development Council* (Saunders Lewis, 1933) and *Local Authorities and Welsh Industry* (Saunders Lewis, 1934) set out to formulate an interim policy to meet the special circumstances of the inter-war depression, while *Save the Welsh Tinsplate Area* (Wynne Samuel, 1941), *Transference Must Stop* (Wynne Samuel, 1943) and *Silicosis and the Welsh Miner* (D. J. Davies, 1944) apply the principles of Nationalist policy to other problems which came to the forefront during the war years.

It is, however, true that up to now the Party, while publishing separate pamphlets on Welsh agriculture, the coal industry, etc., has not published any comprehensive outline of its policy in a single book; and in consequence there are many, both within and without the Party, who have difficulty in envisaging the Party's economic policy as a whole. In 1942 the Party's Annual Conference expressed the conviction that *the Party should publish a standard book clearly explaining its policy of economic nationalism in relation to finance, industries and the work-people, in order to dispel all misunderstanding within and without the Party*. War-time conditions prevented the immediate carrying-out of this demand; but the present pamphlet is an attempt to meet the need to which it gives expression.

In the past, new social and economic systems have arisen, unconsciously as it were, out of previous systems, and the new system was growing up within the old one long before it finally emerged. There were elements of capitalism already latent in feudalism, for example; and in the same way there are elements of the co-operative economy, which Nationalists regard as destined to be the system of the future, already latent within the capitalist

system, and surviving in spite of all capitalist efforts to suppress them.

Fundamentally, the co-operative economy at which Nationalists aim is as different from capitalism as capitalism itself was from the feudal economy which it supplanted; and in that sense our policy is a revolutionary one, not merely one of "making do and mending" with the present system. Therefore, since we aim at nothing less than revolutionary change, it is vitally important that in making it we should know exactly what we are doing and should understand the best methods of bringing it about, in order to avoid the needless agonies which have been caused in the past both by violent revolutions and when communities have blundered blindly, though without actual bloodshed, from one economic system to another, as at the Industrial Revolution. The increasing complexity of modern society and the ever-widening knowledge of man and his environment brought by modern science make such an understanding at once more necessary and more attainable. We should no longer be content to drift blindly at the mercy of material forces, but should seek to penetrate and shape economic events by the informed will of the people. If we want a co-operative economy, then we, the people of Wales, must know what co-operation is and must foster the co-operative will.

It must not be supposed that the policy here outlined is something rigid and dead, like the laws of the Medes and the Persians which never could be altered. The life of society is something constantly growing and changing, and the details of policy must be constantly adapted to meet those changes if policy is to be effective. Modern inventions, for instance, from electricity to plastics, have made changes possible in the organisation of industry which could not have been dreamt of in earlier periods. We do not yet know the circumstances in which the new Wales will be built; and, when we have freedom to build it for ourselves, we must be ready to adapt the details of our policy to changed circumstances and new possibilities that may have arisen by then, always remembering that, while the circumstances change, the principles remain the same.

Basic Principles

A PAMPHLET on economic policy is not the place for a detailed exposition of the basic principles of Welsh Nationalist philosophy. On the other hand, it would be incomplete without some reference to them, since Nationalists hold that the economic and other aspects of human life are not unrelated, but parts of an organic whole, and therefore their economic policy is the logical outcome of their fundamental beliefs with regard to the nature of man and of society.

The fundamental conception of Nationalist philosophy is the dignity of the human being as a moral and spiritual personality, whose enriching, development and expression should be the motive of all political, social and economic action. This marks the irreconcilable difference between Nationalists and the Communists and Fascists, both of whom take a materialist view of man and regard his function in life as being to serve the State, whereas Nationalists believe that the State exists to serve the individual.

Human personality can develop fully only in a system which gives the utmost possible freedom and responsibility to the individual. But men are not merely isolated individuals, without roots in the past or links with the present or the future; they are also social beings, and it is only in society that they can find their full development. And among the natural social groupings which have been evolved in the course of human history, the family and the nation have essential and irreplaceable functions to perform in fostering the development of human personality.

Nationalists believe that these two basic principles—the freedom and responsibility of the individual and his social solidarity with other individuals—can best be realised in a co-operative economy. Co-operation implies that people should work freely together as equals for a common end. The voluntary principle in co-operation is of prime importance. The slaves who built the Egyptian Pyramids worked together, but they were not co-operators, any more than the individual who makes a fortune for

himself and ruins hundreds of his fellows by gambling on the Stock Exchange. Compulsory membership, imposed from above, of a "co-operative" institution such as a soviet "collective farm," whose members cannot freely choose to join or leave it, is very far removed from real co-operation. Genuine co-operation exists only where the freedom and responsibility of the individual are recognised equally with his social solidarity, and it is this recognition that makes co-operation most effective. To quote the late Lord Balfour, "*Nothing can increase the feeling of solidarity more than the sense that that solidarity depends on the complete sense of free equality.*"

Co-operation based upon these principles is a true synthesis which releases new forces of creative energy, and in it, as in every organic synthesis, twice one makes more than two. Just as the synthesis of oxygen and hydrogen creates a new element, H₂O, so when two individuals co-operate they can, by their united efforts and with much less waste of energy, produce more than the sum of what they could have produced when working in isolation.

Under the present system, men have a sense of injustice and frustration because they are not free to express their creative instinct fully in their work; they are hampered by a feeling of inequality and insecurity and a conviction that they are not receiving a fair share of the fruits of their labour; hence their tendency is to put as little of themselves into their work as possible, and to clamour everlastingly for their "rights."

The co-operative system, by recognising these fundamental human needs for freedom, justice and self-expression, replaces the incessant cry for "rights" by a sense of duties and of service which brings a new harmony into social life. And it is from harmony, not from warfare (whether the "class warfare" of the Communists or the "free competition" of the capitalists) that creation comes. Mazzini rightly praised co-operation (or "association," as he called it) as "*the lever of the world, the only method of regeneration vouchsafed to the human family,*" the system that "*can make liberty a reality for the masses, or allow new elements of progress to assert themselves, or save the waste that comes of isolated or conflicting labours.*" And a similar conception animated one of the most famous thinkers of the modern East, Dr. Sun Yat-sen, who found in the Chinese philosophical principle of "jen" (human-heartedness or social virtue) "*an alternative to*

the theory of dialectical materialism, believing that social fellow-feeling, not desire of gain, has been the force that has directed the process of history."

The spirit of co-operation need not, of course, invariably embody itself in formal institutions. It is found, for instance, in the family, in voluntary gatherings of neighbours to help each other at harvest-time, in the "cymhortha" of mediaeval Wales.

But in the economic sphere it has during the past century, in this and other countries, embodied itself chiefly in formally legalised associations of producers or consumers, based on the principles of voluntary membership and of "one man, one vote." Of these, and of the place which they should occupy in the co-operative economy which we desire for Wales, we shall have more to say in detail later. But first it would be well to consider briefly some of the other general principles of Nationalist economic policy which are implied in the philosophical beliefs already outlined.

To begin with, Nationalist economic policy demands that the nation should be the unit for central government in economic as well as in political and cultural life. This is partly because freedom and responsibility can only be made a reality for the individual if there is decentralisation of control. With Welsh industries and Welsh economic life in general controlled by "gentlemen sitting in London," or, for that matter, by a World Government sitting in New York or elsewhere, the Welsh worker can have no real say in the direction of his industry and no real freedom to shape his economic life in accordance with his own ideals and traditions. When the nation is the political unit, the Government can by its legislation create a framework within which its people can be free, in economic as in other affairs, to give expression to these ideals and traditions, and by its legislation it can protect them against exploitation by outsiders. Voluntary organisations or Local Authorities by themselves cannot adequately afford this protection or create this framework; they need the legislative support of their own national Government; and only with such a central Government can the country's industries be developed as part of the organic life of the nation and within the framework of national control.

Equally important in determining the need for making the nation the unit is the part played by national feeling in fostering the spirit of co-operation. The nation-State is needed as a

moving idea, a centre of reference, to give people the feeling that they are going somewhere together. As A. D. Lindsay has expressed it, the readiness for co-operation and mutual sacrifice "depends on the many bonds that unite men together, a common language and culture, or pride in a common history. If the political organisation cuts across that will to co-operate which is founded on these social bonds, its stability and effectiveness are endangered. . . . The mutual understanding and the readiness for mutual sacrifice which patriotism implies are slow and precious growth, not to be lightly cast aside."

And, in the same way, to create the will to co-operate in the economic sphere, something deeper and wider than class or economic interests is needed; and all experience shows that there is nothing which can more effectively create that will, and produce a spirit which will express itself in constructive action and not merely in talk, than a living sense of nationality. The man who is without this sense becomes individualistic and anti-social, and tends to seek the immediate at the expense of the ultimate; but the man who realises his nation as a community with a long history in the past, since his forefathers first came together and co-operated to create a national unity, and with an infinite life before it in the future, becomes social in his outlook and is ready to make sacrifices for the sake of the future of his community. No abstract internationalism can create this social sense in the masses of the people; the ideal must be made tangible and practical by being brought down to the soil of the nation and rooted in the spiritual factors making for cohesion which have come down to the common people from the nation's past. There is no really effective substitute for nationality as a working bond of union. And to symbolise the national idea, to symbolise the efforts of our forefathers and the nation's immortality, to foster and strengthen the will to co-operate, the nation must have its central Government. Politics, economics, culture—all are aspects of the one organic national life, and to make freedom an effective reality, to make solidarity an effective reality, the nation must be the unit in them all.

To recognise the nation as the unit does not imply the abandonment of international economic collaboration—quite the contrary. Between nations as between individuals, "nothing can increase the sense of solidarity more than the sense that that solidarity depends on the complete sense of free equality," and free nations which

practise co-operation in their internal life will also practise it in their external relations with other nations.

At the same time, Welsh Nationalists accept the desirability of greater national self-sufficiency as a fundamental principle of their economic policy. Political freedom and responsibility are meaningless terms when a nation's economic life is subject either to the domination of another State or of a cosmopolitan group of alien financiers or to the incalculable chances and changes of the world market and of power politics. Therefore an essential first step towards making freedom a reality for the nation and for the individuals within the nation is the development of a large measure of self-sufficiency in the nation's economic life.

Self-sufficiency is also desirable from another point of view—in order to give the maximum scope for self-expression through varied economic interests and occupations in accordance with varying individual tastes, ensuring for the nation's men and women that stimulus and broadening of outlook which result from a healthily varied and balanced economic environment. To quote Sir George Stapledon,

"For nations to aspire to absolute self-sufficiency would be a false ideal, because nature's bounty should be shared equitably between all peoples of the world. In the interests of humanity at large, however, every country should consider its own vital (spiritual and biological) interests. To do this each country, as far as is necessary, must conduct enterprises that are favourable to the psychological development of the maximum possible number of its people as well as maintaining the vital industries . . . in a strong and progressive condition. A country that neglects the vital industries and is dependent to an exaggerated degree on other countries invites mental lassitude, and in the event of a breakdown in world harmony and world organisation invites grave disaster."

Self-sufficiency is thus desirable both from the moral and from the practical point of view, and its desirability at once becomes apparent when we cease to think in terms of prices and profits and think instead in terms of maximum human welfare.

Even the late Lord Keynes, though better remembered as an exponent of typical English "exports first" economic policy, recognised the superior desirability of a programme of increased national self-sufficiency, and stressed a very important point when he urged that such a programme would lessen the danger of international conflict.

"The nations of the world," he wrote, "should pursue a policy of economic isolation if they wish to lessen the danger of international conflict. Ideas, knowledge, science, hospitality, travel—these are the things which should of their nature be international. But let goods be homespun wherever it is reasonably and conveniently possible, and, above all, let finance be primarily national."

Certainly there will be a better hope of a peaceful world when the different nations concentrate their energies upon "cultivating their own gardens" instead of competing, as at present, to plant "spheres of economic interest" in the gardens of their neighbours.

In order to make freedom and responsibility a reality in everyday life, there must be decentralisation of control *within* the nation as well as in the international sphere; and hence Nationalists stand for the widest possible distribution of property, and especially of land, among the people. Here (as an earlier brief summary of our economic policy—"The New Wales"—expressed it) our ideal is summed up in the Welsh word "perchentyaeth," which embodies "the fundamental conceptions of the traditional Welsh view of society, as based upon the family, its properties and the rights and duties attaching thereto; it is used by the Welsh Nationalist Party against that background, in the sense that general economic freedom for the people is possible only when ownership is as widely distributed as possible." A policy of "perchentyaeth" affords a most effective means of breaking the power of the centralised State, for where property is widely distributed the taxable capacity of a country tends to be lower than in a country where most of the wealth is concentrated in the hands of a few large property-owners. The latter type of economy is the one favoured by centralised power-States like England, for where most of the wealth is conveniently concentrated in a few large fortunes, it is easy to tax these and raise money from them, and thus obtain the revenues required to meet the military and other expenditure needed to maintain the State's position as a "Great Power." On the other hand, a policy of "perchentyaeth," carried out in industry as well as in agriculture, would (as will be shown in more detail later), give a new security to the "small man" and break the irresponsible power both of international finance and of the imperialist, totalitarian power-State.

State Socialism, as Aldous Huxley shows in "Science, Liberty and Peace" (1946), will not restore to the "small man" the liberty

and security which capitalism denies him, for under State Socialism "there would be no power systems within a community capable of opposing any serious resistance to the politically and economically almighty executive. The political bosses and civil servants in control of the state would themselves be controlled by nothing stronger than a paper constitution." With regard to the best means of breaking the control of the militarist power-State, Huxley's diagnosis agrees with that which Welsh Nationalist writers have been setting forth for years.

"Universal conscription," he says, "is most easily imposed where large numbers of the population are rootless, propertyless and entirely dependent for their livelihood upon the State or upon large-scale private employers Again, big centralised corporations and their wage-earning employees can be taxed much more easily and profitably than small-scale farmers working primarily for subsistence and only secondarily for cash, or than independent or co-operative producers of commodities for a localised market."

It is this decentralised type of society, at the mercy neither of State conscription nor of State taxation, that is envisaged in the traditional Welsh conception of "perchentyaeth."

To have real freedom and responsibility, it is not enough for men to have them at the polling booths every few years, nor even to have them in their homes, they must also have them in their work. There is obviously something wrong with our present system when people are reluctant to work (for such reluctance is not natural in a healthy man), and when the worker so often feels at the end of his life that he has wasted his existence in whatever work he did. Merely cutting down the hours of work and increasing the hours of leisure is not enough, and may lead to the deadly dullness of the Pleasure State where "leisure" and "culture" become even more boring and monotonous than work, and people have to be kept going by the artificial stimuli of cinemas, gambling, Butlin's holiday camps, and the like. This is because work and leisure are inseparable aspects of life, and unless a man can freely express his creative instinct in his work he will still feel frustrated, even if most of his day is spent in leisure. To an ever-growing extent, modern industry is depriving the mass of the workers of this free and responsible creative self-expression, and so it is no wonder that, in spite of higher wages, shorter hours, and other "amenities," they feel frustrated and dissatisfied.

L. T. C. Rolt in "High Horse Riderless" has pointed out that already by 1939 the great monopoly industries had swollen to such an extent that the employees in a single group were equal in number to the population of a large modern town and probably exceeded the population of any of the famous Greek City States at their prime. With the influx of unskilled labour into these industries in consequence of war-time demands, "mechanization of labour, with its attendant evils of specialisation and division of responsibility, has developed to such an extent that in many large plants the technocratic 'queen cell' of skilled workers has shrunk to a figure as low as 3% in proportion to the total labour force." In other words, something like 97% of the workers have become mere cogs in the machine, doing monotonous and meaningless work, and completely "severed from the purpose for which the work is done."

Towards an industrial system which thus thwarts their deepest human instincts men can feel no loyalty. In consequence, as Rolt says, "a large industrial organisation opens a new canteen for the workers, and within a few weeks 80% of the cutlery has been pilfered Such predatory behaviour has actually been acquired as the direct result of the loss of individual responsibility and of the rights which accompany it Industrial discipline becomes a battle of wits, and the more the executives frame rules and regulations the more adept the workers become in the art of circumventing them. The larger the organisation the greater the irresponsibility until the ultimate of State control is reached."

Welsh Nationalists consider that this problem will be solved by the wider distribution of responsibility among the workers, and not by "the dissolution of responsibility in collectivism." Hence they do not regard the nationalisation schemes sponsored by the English Socialist Government as affording any remedy. In many cases the probability is that nationalisation would, while changing the nominal ownership of industry, increase rather than diminish the power of existing vested interests. "From exerting a preponderant influence on the policy of the State they would themselves become the State by moving to Whitehall, and already at the head of the various ministerial controls their high executives are preparing to assume such office." Even where nationalisation effectively shifts control to other hands, they are the hands of bureaucrats; and control remains centralised, and therefore autocratic, whereas, to be genuinely democratic, control must be distributed so that every worker has a real share in it.

When the "National" Coal Board was being set up, J. L. Hodson observed that he could not detect "in the Government's passionate activities any striving after making the workers in the industries, nationalised or to-be-nationalised, real co-partners," and he prophesied that "Men are not likely to be content merely to change one boss for another. Seeing a new flag at the masthead won't be enough." Events in the Welsh coalfields since the N.C.B. began its operations have proved him to be abundantly right. In June, 1947, for instance, we find the S. Wales Area Executive Council of the N.U.M. formally expressing "its dissatisfaction and disappointment with the administration of the South Wales Divisional Coal Board"; in October the Chairman of one Monmouthshire miners' lodge complained of the "rotten administration of the N.C.B.," and the Chairman of another declared that "there has been a policy of unsympathetic administration, and the men consider and feel that they have been subjected to tyrannies even worse than under private enterprise." The miners were said to be "seething with discontent" and "indignant at the fact that husky young men called investigators are haunting various parts of the collieries, armed with notebooks and watches, timing workmen of all grades." Unofficial strikes have been breaking out all over the coalfields, and repeated wage increases have proved no deterrent.

This is not surprising, for (as Mr. Saunders Lewis pointed out in one of the first public expositions of Nationalist policy in 1926) increased wages or profit-sharing schemes alone can never satisfy the workers; their dignity as human beings demands that they should have a real, and not merely a nominal, share in responsibility and in the direction and control of the work that they are doing. So long as any Government, whether it calls itself a Socialist Government or not, denies them that real share in responsibility, its only possible policy will be to try to bribe them to work with higher wages, and when that fails (as fail it must) to resort to increasingly totalitarian measures of "direction of labour" and the like, as the English Government is doing now. Paul Derrick was stating the bare truth when he declared that "unless we get workers' control in industry we shall have to choose between totalitarianism and starvation, for men will not work freely much longer as instruments either of capitalists or of the State . . . It is not state control but only workers' control that can put an end to the strikes which have characterised the capitalist world even in war."

The Welsh Nationalist Party, which has resolutely opposed capitalist control and exploitation of the workers, equally resolutely opposes centralised State control and every form of totalitarianism in the economic and in every other sphere. In the words of Mr. Saunders Lewis:

"even under a Welsh Government the Nationalist Party would continue to oppose the conception of over-centralised state, because the Welsh tradition which is a tradition of freedom is opposed to it."

Believing with David Lilienthal of the T.V.A. that the centralisation of authority is everywhere a threat to the human spirit, and with President Wilson that "the history of liberty is a history of limitations of governmental power, not the increase of it," Welsh Nationalists seek to make freedom and responsibility a reality through the small unit, which, in the words of G. D. H. Cole, "is valuable in itself as a liberating influence upon the human spirit." They conceive of equality positively, "as equal responsibility as well as the enjoyment of equal rights," and seek, in Peter Drucker's phrase, to "prevent centralised bureaucratic despotism by building a genuine local self-government in the industrial sphere." In fighting to make individual freedom and responsibility a reality in the modern economic world, Welsh Nationalist policy is in accordance not only with Welsh tradition, but with the best thought of humanity.

In making this claim, too, Welsh Nationalists do not forget that the ideas of our own Welsh Robert Owen are a part both of Welsh tradition and of the best thought of humanity. Though imperfectly realised in his own day, Owen's ideas, and the organisations which he was instrumental in founding, have been amazingly fruitful for good in the life of the whole world. He has been described as "the father of modern Trade Unionism" and as "the father of the modern co-operative movement"; and he may equally well be described as the father of the economic policy of the Welsh Nationalist Party. This is a subject which merits much fuller discussion; but here it must suffice to mention Owen's emphasis on the ineffectiveness of political democracy unless combined with a genuine industrial democracy, and the importance which he assigned to the human side of economics, to voluntary association (co-operation), and to education. Owen's "Grand National Consolidated Trades Union" defined its aim as not

“ to condition with the master-producers of wealth and knowledge for some paltry advance in the artificial money price in exchange for their labour, health, liberty, natural enjoyment, and life; but to ensure to every one the best cultivation of all their faculties and the most advantageous exercise of all their powers.”

It was Owen who coined the term “ Socialism ” to define the policy which he advocated as a means for attaining this end ; but his “ Socialism ” did not imply any large-scale State planning, State ownership or control, and was in sheer contrast to the type of State Socialism advocated and operated by present-day English Socialists. Owen’s “ Socialism ” “ meant men’s free association as free agents in the process of production instead of their employment one by another ” (Paul Derrick). Owen promoted the establishment of co-operative factories and workshops owned and controlled by the workers themselves, and of “ Villages of Co-operation ” in which the land was not to be nationalised, but owned and worked by the villagers, working partly in common and partly individually. In these and in other respects we may count Owen (though so little of his life was spent in Wales or in the direct or conscious service of his native land) as a pioneer of the social and economic policy of the Welsh Nationalist Party.

It is on the general principles outlined above that the economic policy of the Welsh Nationalist Party is firmly based. These were implied when the 1932 Annual Conference (the highest constitutional authority within the Party) passed a resolution in favour of “ basing the State upon co-operation.” It was with these implications in view that in 1938, in face of a challenge from within the Party to abandon its existing policy and substitute therefor “ a policy combining Nationalism with Socialist principles,” the Annual Conference resolved with only two dissentients :

“ That this assembly binds itself faithfully to the whole policy of the Nationalist Party, being :

(a) POLITICALLY—its struggle is to win freedom for Wales from national oppression.

(b) ECONOMICALLY—its policy of co-operation and wide-spread private property (perchentyaeth) is the only one which can assure democratic freedom to individuals, trade unions and society in Wales.

(c) CULTURALLY—the Party aims at securing the growth of Welsh culture.”

Commenting on this decision, the Editor of the *Welsh Nationalist* wrote : “ Economically, property has been recognised as one of the major defences of the individual against the totalitarian state or the capitalist. But significantly enough in the motion, private property comes second to co-operation, that is to that sphere of activity by which society as a whole is affected.” Again, in 1943 and 1945, the Annual Conference reaffirmed its opposition to all dictatorship and totalitarian rule, “ asserting its faith in religious freedom and co-operative democracy as the foundation of the free Wales.”

Is Our Policy Practicable?

AT this point someone may say, "Yes, your co-operative programme sounds very nice and idealistic, but is it practicable? Is it not hopelessly Utopian, as the critics of the Party claim? Is not the whole tendency of modern industry towards large-scale centralisation and an interdependence which takes no account of national boundaries, and how can one small nation like Wales hope to swim against the world current? And for generations the economic fortunes of Wales have been dependent on coal and the other heavy industries—will she not collapse if these are taken from her or broken up into 'uneconomic' small units?"

Those who raise such objections must have been sleeping like Rip van Winkle for at least a generation, or they would surely be better able to read the signs of the times. The old order of an ever-expanding international trade, dominated by a few great industrial countries exporting coal and manufactured goods and importing food from "satellite" agricultural countries, has been dissolving before our eyes during the past generation. The two World Wars have given it its deathblow, driving every nation in the direction of greater self-sufficiency and forcing the "satellite" agricultural nations to develop their own industries and produce for themselves what they formerly imported—a tendency which is unlikely to be reversed. That there is to-day no "world current" of economic tendencies strong enough to prevent a small nation from developing a self-sufficient economy is clearly demonstrated by the case of Sweden which (according to an English Government Report) "*is the third largest consumer, per caput, of electrical current, with the result that Sweden is becoming increasingly self-supporting both in machinery and in consumers' goods industries,*" and which, (though only about 10 per cent. of her land area is cultivated) grows enough of all the staple foods to maintain her population.

That our policy of decentralisation in small units is not only morally desirable but economically practicable is indicated by

the results of independent researches like those carried out by Ralph Borsodi in America, which show that, over two-thirds of the economic field, "*the economies effected by mass-production are offset by the increased costs involved in mass distribution over great areas, so that local production by individuals or co-operating groups, working for subsistence and a neighbourhood market, is more economical than mass production in vast centralised factories.*"

Experts like Sir George Stapledon have repeatedly pointed out that the resources of modern science have made the Nationalist ideal of self-sufficiency in small national units more easy of attainment every year, while at the same time rendering "*the small farm a potentially better economic unit than ever before.*" Even under the present system, production and employment per 100 acres are higher on small farms than on large ones. From the Economic Adviser to the Federation of British Industries, Roy Glenday, comes a forecast that "*eventually export trade may be confined to commodities in the production of which the exporting country enjoys some exceptional geographical advantage, and for which the importing country is unable to provide convenient local substitutes.*" Even these exports are likely to diminish steadily in number, since scientific discoveries have made it possible to manufacture an ever-increasing number of substitutes for natural raw materials in almost any region or environment at a relatively low cost. We are entering an age of hydro-electricity, of plastics, of electrolytical chemical processes, of light metals which exist in abundance everywhere.

The as yet incalculable influence of the harnessing of atomic energy must also be remembered. Already the invention of the atomic bomb has, to all intents and purposes, levelled the nations of the earth in power—or in a common powerlessness, and, in so doing, has swept away the "strategic" argument against the recognition of Wales as a self-governing political and economic unit, since frontiers are of little strategic importance in this new era of air-power and atomic warfare. Moreover, it has now become clear beyond a doubt that unless the nations find a way to banish war, war will destroy humanity. In a world whence war has been banished, and where war-breeding economic rivalries between States for sources of power and for export markets have been removed by the increasing national self-sufficiency made possible by modern science, small nations will at last have

an opportunity of developing undisturbed in accordance with their own ideals.

Scientists have seriously estimated that, through the application of science to agriculture, one acre could be made to support eighteen persons. Wales, with a population of $2\frac{1}{2}$ million and an area of over 2,700,000 acres under crops and pasture (not counting unfarmed land), could, if this estimate is anywhere near correct, support something like eighteen times her present population. Such an overcrowding of the country, with its deleterious effects on human welfare, is no part of the Nationalist ideal; but the figures give some indication of what modern science can do to make self-sufficiency a practical reality.

This pamphlet has been written on the assumption that, dark though the outlook may appear at present, humanity will not commit suicide, that another world war will be averted, and that eventually war will be eliminated. On any other assumption it would have been a pointless waste of time to write it; for, if we contemplate another war under modern conditions, we must face the fact that there will be no future for Wales or for humanity. Man has already gone so far towards solving the problem of production that, given a peaceful world and time to recover from the destruction of the recent war, the scarcities of material goods which have long troubled him, and which are felt so acutely to-day, will no longer exist. International trade will then be based, not on "the economics of scarcity," but on "the economics of indispensability," with countries exchanging their surpluses instead of competing, as at present, to force goods on other countries. Each country's surplus will be indispensable to some other country in the sense that that country cannot produce it itself and must obtain it by trade (Wales importing oranges from Spain in exchange for Welsh coal, for instance), and each country will be indispensable to others for the supply of certain commodities. But henceforth no country's economic fortunes will *depend* upon its export trade, and the great bulk of what each country consumes will be produced from its own resources.

Already electricity has provided a most effective means of utilising and distributing local sources of power for the benefit of the local community, and facilitating the decentralisation of industry within the nation. Even from the strictly technical point of view, such utilisation of local sources of power is more economic than the present system of huge centralised power

schemes with miles of costly power-lines and booster or transformer stations occupying and wasting valuable agricultural land.

As Huxley and Rolt point out, though the results of pure science are at present used chiefly to promote centralisation, there is no reason why they could not equally well be applied to promote decentralisation and self-sufficiency, and "*there are no modern machines or processes of real or potential value to the human race which do not lend themselves, or which cannot be adapted, to small-scale qualitative production for local use,*" though some wastefully large and complex types of modern machinery might well be scrapped.

Increased self-sufficiency would reduce the number of unproductive middlemen between producer and consumer, and would also reduce the demand for transport, and this in turn would reduce our dependence on the heavy industries, since a large part of their output goes to provide fuel, steel, etc., for the transport industry. Aeroplanes, liners, etc., would still have their uses as a means whereby nations could exchange their surplus wealth with one another and as a means of facilitating international travel and communications, understanding and goodwill. But much of the present wasteful export trade in heavy goods and foodstuffs would disappear, as nations developed their own sources of power and their own small-scale industries to supply their own local needs. As plastics and light alloys take the place of steel and other heavy metals, as the railway age gives way to the age of air and road transport, as war (a chief customer of the heavy industries) is eliminated, the Nationalist ideal of production in small decentralised units, using the resources of modern science as a means to human welfare, is daily seen to be more practicable.

Those who still cling to the belief that the economic fortunes of Wales are inseparably linked with the predominance of her coal and other heavy industries are presumably unaware how far that predominance has already declined, even under the present system. It is significant, for instance, that, whereas in 1925 coal-mining employed 45 per cent. of all insured industrial workers in Wales, by 1946 it employed only 18 per cent.—so the relative importance of coal-mining in Welsh economic life has already declined by more than half in twenty years. And the economic experts of the Welsh Reconstruction Advisory

Council (1944) have frankly admitted that "in 1936 it was possible to argue that South Wales should concentrate on the revival of the staple industries rather than on attracting light industries. To-day, that argument has lost any force it ever had."

The new era of international and national decentralisation is likely to be a far happier and healthier one than the era of "international industrialism" whose decline we are now witnessing. Switzerland and the small Scandinavian nations already afford illustrations of how the creative force of nationalism can, in Glenday's words, "breed peaceful, happy and prosperous communities, even under conditions of relative poverty of natural resources," and in an exceedingly unfavourable international environment. On the other hand, the plight of the U.S.A. between 1929 and 1939 suggests that "internationalism," in the sense of the absence of political and economic barriers over a vast continental area, does not necessarily do so, even with the aid of an unbounded wealth of natural resources and all the advantages of modern applied science. It is significant that the most hopeful line of approach to the economic problems of the U.S.A. in recent times has been through the creation of more or less self-contained local communities on the model of the T.V.A. "It is not possible to inflate humanity up to the size of the organisations it has made," and men have a better chance of solving their economic and other problems when they can tackle them in units of manageable size. This, as already stated, does not rule out international co-operation; the Scandinavian countries, which afford some of the best examples of successful economic organisation in autonomous national units, had before the last war reached such a high stage of co-operation among themselves that they were running a common interchange of social services on a reciprocal basis.

The organisation of industry in small units, made possible by the advances of modern science, will remove one of the chief obstacles hindering the general application of the Welsh Nationalist ideal of a co-operative economy. For it has always been difficult to make co-operative organisation an effective reality in large-scale industries, but comparatively easy to do so in small industrial units where men know and trust each other and share a common experience and a common, relatively simple purpose. And it is upon such small units that the economic life of a free Wales will be primarily based.

Interim and Long-Term Policies

ONLY in a free Wales can the economic policy of the Welsh Nationalist Party be fully carried out; but in the interim policies which it has advocated to meet the ever-changing circumstances of our economic life the Party has striven to apply its general principles as far as this has been possible under the handicap of alien rule.

To a superficial observer, its short-term and long-term policies may have seemed at times to conflict, but both have been dictated by the same fundamental aim of securing the control of Welsh economic life by, and for the benefit of, the Welsh people.

To take one example, our long-term policy envisages a Wales no longer mainly dependent on the heavy industries, and their replacement, to a great extent, by smaller industrial units. Yet when, in the early 1930's, the big steel and tinplate combine of Richard Thomas & Co. proposed to shift its works from S. Wales to Lincolnshire, Welsh Nationalists were foremost in the protest campaign which forced the Company to reverse its decision. The fundamental consistency underlying this apparent inconsistency is obvious when we consider the circumstances. The Party had no desire to retain the control of a capitalist combine over Welsh industry; but *because* Wales had no government of her own and no power to provide alternative employment for them in their own country, the transference of Richard Thomas & Co. to Lincolnshire would have meant that thousands of Welsh workers would have been uprooted from their homes and driven to seek employment in England. Already the drain of emigration from Wales during the inter-war depression was such as to imperil the very existence of the Welsh nation and therewith to endanger the possibility of a Welsh economic policy ever being carried out in Wales. Therefore the most urgent need in the circumstances

of the moment was to retain these workers and their families in Wales; it was better to keep them within the national community, even at the price of employment by a capitalist combine, than to have them lost to Wales altogether by forced emigration. The emigration forced upon Welsh workers by English Government policy has always been recognised by Welsh Nationalists as among the worst menaces to the whole foundation and future of our national life, and at Conference after Conference they have protested against the official policy of transference and demanded the provision of decentralised industries to provide employment for Welsh people within Wales itself.

One of the deadliest features of alien rule is that it forces those members of the subject nation who are concerned with their country's welfare to be constantly on the defensive against ever-new wrongs and aggressions, and to spend so much of their time and energy on defence and protests that they have little left for constructive action.

Much of the interim policy of the Welsh Nationalist Party has of necessity been concerned with defence and protests—protests against transference, protests against the ignoring of Welsh national unity in the Acts “nationalising” the Coal, Electricity and Transport industries, protests against the seizure of Welsh land by the English military authorities, and against the military and industrial conscription of young Welsh men and women by the English Government.

Yet whenever there has been an opportunity of formulating any constructive policy which, under existing circumstances, had even the faintest chance of acceptance by our English rulers, Welsh Nationalists have not failed to formulate and vigorously advocate such policies.

For example, in 1934, when the inter-war depression was swamping Wales, and it was apparent that the Government had no policy to meet it beyond the enforced removal of Welsh workers to England, Mr. Saunders Lewis attempted to transfer a measure of initiative and responsibility to the only available elected authorities in Wales by his proposal that Welsh Local Authorities should be given power to set up a joint agency to purchase goods made in Wales and to establish Co-operative Public Utility Boards to undertake the manufacture of goods required by the Local Authorities, thus giving Welsh industry “a market in the only field where we have some right and some

initial advantage”—Wales itself. This proposal was endorsed by the Annual Conference of 1935; but no action was taken upon it by those in authority, and Wales was left to sink still further into the morass of economic depression.

A marked feature of the constructive proposals of our interim economic policy has been the consistent attempt to make Welsh historic unity the basis of Welsh economic development and to find some body representative of the Welsh people, and conceivably acceptable to the English Government of the day, which might take over the general responsibility for that development, instead of leaving it in the hands of “gentlemen sitting in London.”

In 1933, for example, Mr. Saunders Lewis published a proposal that the existing South Wales Industrial Development Council should be enlarged into a Welsh National Development Council; and this endeavour to create “*the nucleus of an Economic Parliament for Wales*” was endorsed by the Annual Conference. In 1938, again, the Conference urged the Government to recognise the whole of Wales as a unit for electricity distribution, and to organise it on the principle of consumers’ co-operative control through representatives of the local authorities, and a memorandum on the subject was presented to the Government.

Later, in 1944, when the Welsh Reconstruction Advisory Council had come into being and the Government was full of talk about “planning,” the Conference demanded the formation of a statutory Welsh Economic Planning Authority with full power to plan, collect data and statistics, and operate its plans, and suggested that it might be financed by methods like those which had been found successful in the Tennessee Valley and Ontario. In 1945 the Conference expressed its satisfaction that the suggestion of a Welsh Economic Planning Authority, “a Welsh T.V.A.,” had “*been welcomed so warmly in Wales*,” and in 1947 it called again for the establishment of “*a Welsh Economic Authority with sufficient powers to plan and develop the economic side of our life*,” as well as a Welsh Planning Authority to plan for Wales “*as a national planning unit under the Town and Country Planning Act*.” In the field of workers’ organisation, the Conference has urged the retention of the independence of the old South Wales Miners’ Federation and the setting-up of a separate Trade Union Congress for Wales (see the pamphlet by Mr. Ithel Davies: “*A Trade Union Congress for Wales*”).

Not one of these constructive proposals has been put into practice, with the exception of the proposal for the formation

of a Welsh National Development Council—and that, no doubt, because its realisation depended on the initiative of the Welsh Local Authorities and not upon the sanction of our London governors. Even the Welsh National Development Council has failed to give the hoped-for lead in Welsh economic life, partly because of the unwillingness of the Local Authorities to assume responsibility (an unwillingness bred by generations of subjection), and largely, of course, because of their inability to initiate any large-scale constructive schemes of economic development without the sanction of their English masters who hold all the power and the purse-strings. Similarly, the Party's repeated demands for official encouragement for the setting-up of small decentralised industries in Wales, and its protest against the Board of Trade's scheme to centralise the Welsh tinplate industry for the benefit of the big capitalist combines, have been to all intents and purposes ignored by the Government.

At the end of the war we had plenty of Government propaganda about the new small factories to be built in Wales, but now the economic crisis has been made an excuse for indefinitely postponing the construction of most of them, and some of those already constructed have recently been closed down by the English firms of which they were subsidiaries. Yet at the same time the Government is sanctioning the construction of a huge new £50,000,000 steelworks at Port Talbot, and sparing £5,000,000 worth of precious dollars to purchase the equipment for it in the U.S.A. The establishment of a number of new, varied light industries would have been a step in the direction of the Welsh Nationalist policy of increased self-sufficiency, and would have reduced the precarious dependence of Wales upon the heavy industries and upon overseas trade. The new giant steelworks will increase her dependence upon both, and bring her economic destinies yet more closely within the grip of the "finance octopus" in London which controls the steel and other industrial combines. The English Government has used its powers of "controlling" industry to bar the former way of development and to force Wales along the latter. In this, as in every other sphere, English Government policy is irreconcilably opposed to the policy of the Welsh Party and, year by year, is doing everything possible to make it more difficult of realisation.

Our experience during the last two decades has made it crystal clear that, while the Party may put forward valuable suggestions for interim policy and may occasionally win some

minor victories, there is no possibility of our long-term policy being successfully carried out except under self-government, and that self-government must come soon if Wales is to be saved. Short of a wholesale miraculous conversion of our English rulers for which there is no parallel in human history, our policy can never be realised under English rule, for it is a policy of welfare, and every English Party is irrevocably wedded to the policy of power, and the two are in their nature irreconcilable. This conviction was summed up in the resolution of the 1947 Party Conference, which called the Welsh people "*to a realisation that it is no longer possible to separate the political, economic and cultural aspects of Welsh nationhood; and that, unless political and economic action is taken to ensure that Wales controls her own destiny in all spheres, the destruction of the historical Welsh nation and of the Welsh language is inevitable.*"

The insistence of Welsh Nationalists that Wales must have her own government does not imply that they suppose that people can "be made good by Act of Parliament," or that a government could or should impose a complete system of economic machinery upon the nation from above. But it does imply a realisation that social and economic ideals can only be realised with the aid of institutions, and that (as Drucker has expressed it)

"organised government is both the sign of man's weakness and imperfection and *the means to convert this weakness into the strength of freedom . . .* To be free, a government must, however, . . . be limited, both as to the extent and the exercise of its power. It must be responsible. And it must be substantially self-government."

By its legislation a free Welsh Government could and would create and maintain the framework, the bony structure, of a co-operative economy, its function would be to create the conditions and circumstances which would give the nation an opportunity and a stimulus to develop a social and economic system in accordance with the national ideals and traditions. But those bones would have to be clothed with flesh by the free and responsible action of individuals and groups within the nation. The living body of a co-operative economy could not come into being without the skeleton provided by Government action and legislation, neither could it exist without the spontaneous co-operative activity of the people. A free nation is a "community of com-

munities"; and in such a nation "planning" would not be the centralised, bureaucratic "planning" beloved of State Socialists and other totalitarians, but a continuous evolutionary activity of consultation and co-operation between these lesser free communities within the nation, aided by the co-ordination and legislative sanctions of the State; the State must become the servant and not the overlord as it is now.

Since the building up of a co-operative democracy, unlike the establishment of a dictatorship, depends on the free and responsible co-operation of individuals, the creation of the co-operative will among the people is of primary importance; and this is not something that can be created overnight. To quote Mr. Saunders Lewis,

"The creation of an effective social will in Wales is not a task to be quickly accomplished, for it demands the undoing of three centuries of education in treachery and servility."

The only agency which can effectively undo the work of those three centuries and create a co-operative will in Wales is a genuine national education, based upon the nation's past. Not an education in the abstract theories or practical machinery of co-operation, but an education which will make young people sharers in the rich heritage of their nation's language and literature, history, folk-song and traditions, and so knit their individual diversities together in a higher unity, making them feel that they are all members of one family, and inspire them with the spirit of service to the nation to which they belong.

It was this kind of education which transformed the social and economic life of Denmark; it is this kind of education which can transform the social and economic life of Wales. Even now, under the present system, it is in districts like the Vale of Towy, where Welsh culture is still alive and vigorous, that the agricultural co-operative movement has taken the strongest hold. And Wales has the advantage of a history peculiarly rich in examples to inspire co-operation, from the days when her mediaeval society contained a higher proportion of freemen than that of almost any other European country to the days when the Welshman, Robert Owen, became the pioneer of the modern co-operative movement.

But it is only in a self-governing Wales that this kind of education can do its perfect work, and that for several reasons. Only a Welsh Government, which itself understands and is

inspired by the national ideals and traditions, can or will create in the schools the conditions in which such education can be effectively imparted, and realise the full potentialities of the wireless as an instrument for educating the whole nation in these Welsh ideals and traditions. Only a Welsh Government can or will make possible the creation of a true Welsh community outside the schools, so that young people leaving school with Welsh ideals will not be frustrated by finding themselves in a society where English ideals rule and where all the good jobs are in the gift of Englishmen or pro-English Welsh Quislings, so that the youth of Wales must perforce conform to these alien ideals or go hungry. And furthermore, because it symbolises the national being, the national self-respect, the glory of the past and the hopes of the future, the existence of a Welsh Government is in itself a most important part of that national education which prepares the way for the co-operative community.

But though this work of "education in nationality" can only find its full scope in a self-governing Wales, it is a work which we can begin to-day—indeed, it has been begun already. It is not only in the schools that this work can and must be done, but in many less formal ways—through literature, through political meetings, through cultural societies and personal contacts. Every child, every adult, awakened to a sense of pride in the nation's past, to a love for any aspect of its life, to a feeling of belonging to Wales, is a potential builder of the Welsh co-operative economy of the future.

Even when the co-operative will is awakened, the co-operative economy cannot come to its full stature overnight, since it is something that must grow from below, instead of being imposed from above. Moreover, in a country which has been driven into such excessive dependence on foreign economic contacts as Wales, pure co-operation could not be suddenly established without serious difficulties—difficulties like those which attended the attempt to establish a Socialist economy in Britain while Britain's economic life was still so closely linked with that of the anti-Socialist U.S.A.

At first, and to some extent, therefore, the development of co-operation in Wales would have to go parallel with that in other countries; but this necessity would be progressively removed as Wales achieved increasing self-sufficiency. Indeed, the examples of Scandinavia and the Baltic States show how

much can be done in a few years towards establishing a co-operative economy even in countries which are far from self-sufficient, once the co-operative will is there.

And if, as we believe, the co-operative economy affords the only lasting solution for Welsh social and economic problems, the fact that its creation will be the work of years rather than months is no argument for shilly-shallying about the matter; it is, rather, the strongest argument for starting to prepare the way for it without delay.

How the Co-operative Economy would be Created

IN considering the methods by which the co-operative economy can be brought into being, two things should be borne in mind.

First, in a free Wales co-operation will be fundamental but not absolute—in other words, while the predominant forms of economic organisation will be co-operative, not every economic activity will necessarily be carried out by a formally organised co-operative society. The economic system will still to some extent be multiform, especially in the early stages of transition. Individual small farmers will not be obliged to join a co-operative society unless they wish to, though in practice no doubt the vast majority will join, because of the material benefits and social satisfactions conferred by membership. Some arts and crafts, particularly those dealing with qualitative production where the personal factor is all-important, may still be mainly in the hands of unorganised individuals. There may still be economic enterprises run by the State or by municipalities, or by Public Boards, especially those concerned with natural monopolies such as the Post Office or the supply of gas. But the sphere of co-operative organisation will be steadily extending, and the element of workers' co-operation (as we shall show in detail later) will increasingly permeate even those enterprises which are, at least temporarily, under other forms of ownership and control.

The second point to be remembered is that the co-operative economy will not be established in a vacuum, but in a country where the various forms of ownership and control under the present economic system (a blend of State Socialism and Capitalism) deny any large measure of freedom and responsibility to all except a comparatively few individuals. When Wales takes over her own government, we may assume from the present trend of events that she will find part of the economic field under State Socialism (e.g., the "nationalised" coal, transport and steel

industries) and most of the rest under capitalist "private ownership," controlled by individuals, Private and Joint Stock Companies, and "combines." Wales has already, however, a number of economic enterprises organised on the co-operative principle, and these will be of pivotal importance in constructing the foundations of the new economy.

At this point it may be helpful to make a brief survey of some of the chief types of co-operative organisation existing in Wales and in other countries, and to consider the part which each of these could play in a free Wales. Fuller details concerning these various types of organisation can be found in standard text-books on co-operation; all that is attempted here is a survey of some of their main characteristics in their bearing upon the problem of the creation of a co-operative economy in Wales.

The most widespread form of co-operative organisation in Wales is, and has long been, that of the *consumers' co-operative societies*—retail societies organised for the purpose of supplying consumers' goods to their members. In the early 1940's the total membership of these societies in Wales was in the neighbourhood of 263,000, mostly concentrated in the industrial areas. These retail distributive societies are registered under the Industrial and Provident Societies' Acts, which enforce an annual audit of their accounts by the Public Auditor, and debar any individual from holding more than a £200 share in any society. In all societies voting is on the basis of one vote per member; interest on capital is limited, and any trading surplus, after setting aside the usual reserves, is distributed amongst the members in proportion to their purchases. Non-members may trade with the societies, but only members get the benefit of the "dividend on purchases." Membership is open to all on payment of a comparatively small sum. Members leaving a society may withdraw their shares, but do not share directly in any addition which has been made to the society's resources during their membership. The administration of each society is carried on by a Committee elected by the members at their general meetings. The retail societies are linked together by their membership of the Co-operative Wholesale Society, at whose meetings the representatives of the retail societies have voting power in proportion to the purchases made by their respective societies from the C.W.S.

It will be seen that the consumers' co-operative societies in Wales possess what are usually regarded as the fundamental

characteristics of co-operative organisation—limited shareholding and limited return on capital, dividend in proportion to purchases, "one man, one vote," withdrawable shares and open membership. In one important respect, however, the scope of their co-operative organisation is incomplete. The employees of a retail co-operative society have no share in control or benefits *in virtue of the work which they contribute to the society*, though, if they are consumer-members of the society as well as being its employees (and they often are) they share in virtue of that fact the same rights as other members. As a rule, they have no more guaranteed security in their employment than the employees of any capitalist company, and cannot be said to be co-owners of the enterprise in which they work. The Rochdale Pioneers of 1844 originally meant to work on a co-partnership basis, but, as consumers outnumbered workers in most of the societies, the principle of sharing profits between labour and consumer was gradually dropped, and now survives in only a few societies.

With few exceptions, also, the Welsh retail co-operative societies have failed to develop the social and educational side of their organisation to the same extent as has been done by, e.g., the Belgian Co-operative Societies, whose "Maisons du Peuple" are centres where members can meet together for meals, concerts, lectures, etc. The existence of such centres does much to make co-operative membership a reality and to make members feel that they are part of a living society and not simply customers of a shop. The fact that many Welsh societies have failed to develop this social side helps to account for the lack of loyalty among members which is sometimes complained of, and their tendency to feel that the link between them and their Society is merely a "cash nexus." Undoubtedly, too, these shortcomings are largely due to the fact that most of the retail societies have been established in the anglicised districts where Welsh culture and the sense of Welsh nationality have been lost or forgotten, and so the first essentials for the creation of a genuine co-operative spirit have been lacking. The "remote control" of the English C.W.S. has also hindered the retail societies from taking their full share in, and making their full contribution to, the life of Wales.

In the economic system of a free Wales, the existing retail co-operative societies will certainly have an important part to play. Measures will be outlined later to ensure for the employees of these societies a larger measure of security and a share in control

and benefits, thus bringing them nearer to the full co-operative ideal. To promote decentralisation, and in accordance with the principle of making the historical unity of Wales the basis of her economic organisation, the societies must be freed from their dependence on the English C.W.S. and organise a Welsh Co-operative Wholesale Society of their own. It is significant that in Scotland, where the national basis for loyalty finds scope through the existence of the Scottish C.W.S., sales per member are higher than in any other part of Great Britain. The formation of a separate Welsh C.W.S. would not, of course, preclude close fraternal relations and trading agreements on an equal basis between it and the English C.W.S., the Scottish C.W.S., and other co-operative organisations abroad.

Very far behind the "industrial" retail co-operative movement in membership comes the *agricultural co-operative movement* in Wales. In the early 1940's, its membership was not more than 30,000; but, though its membership is comparatively small, it is a factor of great importance in the life of the Welsh rural districts. A peculiar feature of the Welsh agricultural co-operative movement, distinguishing it markedly from the movement in Denmark and other countries, is that the great majority of the agricultural co-operative societies are "requirements societies," i.e., farmers' societies for the purchase of agricultural requisites, as distinct from productive societies (dairies, etc.). In their main characteristics, these are almost indistinguishable from the retail societies in the industrial districts, except that as a rule they do not deal in so great a variety of consumers' goods and have a smaller membership. There are also a few co-operative dairies (for instance, the very successful "Hufenfa Meirion") and other agricultural producers' associations, e.g., the Boverton Castle Co-operators and various seed-growers' societies. The agricultural co-operative movement is governed in the main by the same rules as the "industrial" movement, but in the productive societies profits are shared in proportion to members' supplies, e.g., of milk to the co-operative dairy, instead of in proportion to purchases.

The agricultural co-operative movement in Wales, as in other countries, shares with the industrial retail societies the characteristic that it employs labour on much the same terms as any capitalist (e.g., workers in the co-operative dairies). Also, the workers employed by farmers who are members of, e.g., a Co-operative Dairying Society are only wage labourers and have

no share in the benefits of co-operative membership, though their labour helps to supply the milk for the dairy. To this extent the application of the co-operative principle in the agricultural co-operative movement is incomplete. In countries like Wales and Denmark this is not a very serious blemish on the co-operative character of the movement, as in these countries so many of the farms are "family farms," employing very little hired labour, and often such young men as are employed on these farms regard their period of wage-earning labour as a sort of apprenticeship to farming and hope to take over farms of their own some day. This is particularly the case in Denmark, where the system of peasant proprietorship encourages a widespread distribution of land ownership, unlike the present tenancy system in Wales. In a country of large farms employing "permanent" hired labour the exclusion of farm labourers from the benefits of agricultural co-operation would be a very serious blemish, and membership of a co-operative society by owners of such large farms worked by wage-labour would in essence (apart from the regulations limiting the amount of individual shareholding, etc.) differ little from that of a capitalist cartel or "combine" in industry. Even in Wales with its small-scale farms, it is desirable that the labourers should be brought more fully within the scope of agricultural co-operation, by measures to be outlined later.

One great weakness of the agricultural co-operative movement in Wales has been the absence of the co-operative credit societies which have been such a valuable feature of the movement in other lands. Direct provision of credit to farmers by the Government is a "second-best" expedient, since it is only when the farmer "begins to take responsibility for the management of the money advanced by Government or a bank that such advances cease to be alms." Much more satisfactory is the provision of agricultural credit in a homely, simple way through credit societies organised by neighbours who know each other and are prepared to give credit on the security of each other's land and character. When a Government attempts a general expansion of credit, there is a danger that much of this credit may be diverted into speculative channels and cause inflation. This danger does not exist in the case of credits provided by the agricultural credit societies, since by their rules the credit advanced by them must be used for specific productive purposes, e.g., the purchase of livestock or the improvement of farm equipment. Since the money borrowed is not kept in unproductive State Securities or spent in gambling

on the Stock Exchange, but used directly to increase production, the effect of credit thus co-operatively provided is anti-inflationary, not inflationary—a matter of great importance from the point of view of national finance. Moreover, the mutual provision of credit by farmers for each other has the effect of freeing the agricultural community from excessive dependence on the banks and “high finance”—another most important point. This has been clearly illustrated in the case of Denmark where, in spite of financial difficulties, falling prices of farm produce, and banking crises after the first World War, the *Financial News Supplement* was able to report in 1930 that these difficulties had in no way weakened or impeded economic progress, and that this was “mainly due to the fact that the financing of Danish agriculture is only indirectly connected with the banks.”

Other methods besides the formation of separate credit societies may be adopted by agricultural co-operative associations to achieve the same ends. In Denmark, for instance, the agricultural productive societies achieve these ends to a great extent by adopting the principles of unlimited liability and long-term supply contracts binding on their members; but both these methods are forbidden to co-operative societies here by English law. A Welsh Government would make it its business to encourage a far wider supply of co-operative credit in agriculture, whether by credit societies or by other methods, and would pass any legislation required for that purpose. Thus strengthened, the agricultural co-operative movement could play a far larger part in the life of Wales than it does to-day.

In another way, too, legislation by a Welsh Government will be essential to provide a sound basis for the agricultural co-operative movement—that is, by the establishment of a system of “perchentyaeth” or peasant proprietorship. Experience has shown that co-operation has never achieved any striking success under a system of tenant-farming, but has flourished best in countries where the ownership of his own small farm gives the farmer that security and sense of responsibility which facilitate co-operative organisation. Such organisation makes possible a combining of the advantages of small-scale and of large-scale farming, e.g., where the co-operative societies purchase tractors and other expensive equipment to be hired out to their members. Another development which would greatly strengthen both the agricultural and the urban co-operative movements in Wales would be a much closer inter-relationship between them, such as

exists in Sweden, but here the initiative must come chiefly from within the movements themselves.

There is no reason why the valuable functions of the co-operative credit societies should be confined to agriculture. For instance, in *Y Ddraig Goch*, September, 1931, there appeared a detailed account of the good work done by the “credit unions” organised in Holland and Belgium by workers, small shop-keepers, and craftsmen. These work on the principle that a man’s good character, known to his fellows in the “credit union,” is a sufficient security for the credit granted to him. Each member pays an initial deposit of, say, 10/-, and then weekly sums of 6d. or 1/-, on which he receives interest. When he requires some article costing, say £20, for his house or his work, he can (instead of buying it on the hire-purchase system and paying £25 for what is worth only £20) go to his “credit union” and borrow the money required at an interest rate slightly higher than that which he receives on his deposits. His fellow-members go surety for him, and he pays off the loan by weekly instalments. Similar co-operative credit societies deal with house purchase.

In the Netherlands not a single case of a “credit union” going bankrupt occurred over a period of nearly forty years. In effect they are a kind of small co-operative bank whose officials do the work voluntarily. Such small “credit unions,” and co-operative banks on a larger scale, would occupy a position of pivotal importance in a free Wales, and do much to liberate our economic life from the alien stranglehold of the big capitalist Banks.

A form of agricultural co-operation which has up to now taken little root in Wales is the *collective farm* with voluntary membership. There are several varieties of this type of organisation—some in which the members both live and work together, as in the “Kvutzah” of the Palestinian Jews, and others in which they live separately but farm in common. A recent experiment on these lines in Pembrokeshire ended in failure (a failure perhaps not altogether unconnected with the fact that most of its members came from England and so had neither the common link of Welsh nationality nor an understanding of local conditions). His experience of this “collective farm” experiment led its originator, Mr. R. M. Lockley, to the conclusion that

“the only permanently successful land husbandry unit is the family group, headed by a man steeped in the

traditional lore and ritual of the land, respecting the custom of neighbour help and local pageantry."

Sir George Stapledon's scheme to help struggling hill farmers by having a large, well-equipped central farm which "would do all the reclamations and cultivations" for a number of small satellite farms and grow certain crops for their use (in return for which the "satellite" farmers would work on its root fields and harvest fields) is something in between collective farming and individualist farming, and might be fitted into the framework of a Welsh co-operative economy, provided that the central farm was co-operatively owned by the "satellite" farmers. The scheme put forward recently by the tenants of the Glanllyn Estate near Bala for the co-operative purchase of the estate was an experiment of great interest in the application of the co-operative principle by Welsh farmers; but its realisation was prevented by the intervention of the English Government, which took over the estate itself.

A type of co-operative organisation on a larger scale of which Wales at present possesses no examples, but which was advocated by Mr. Saunders Lewis in his pamphlet, *Local Authorities and Welsh Industry*, as a means of meeting the emergency of the inter-war industrial depression, is the *Co-operative Public Utility Board*. This originated in Belgium in 1860 (when a co-operative bank for local authorities was formed) and was subsequently adapted to other forms of economic enterprise both there and in France and Italy.

These Boards work on the following lines (fuller details are given in Mr. Lewis' pamphlet). Two or more local authorities obtain Parliamentary sanction to form a Co-operative Public Utility Board, of which they become members (in the same way as English and Welsh co-operative retail societies become members of the C.W.S.). The Board is entirely autonomous; its budget and direction are quite separate from those of the constituent local authorities, which lessens the danger of political "graft" and nepotism. As in ordinary consumers' co-operative societies, the members (in this case the local authorities) are the consumers of the product or service (e.g., electricity) supplied by the Board. As in these societies, too, membership of the Board cannot be closed; new local authorities have the right to be admitted to membership on the same terms as the original members.

The profits of the Board are distributed among the members (i.e., the local authorities) in proportion, not to their holdings of

share capital, but to the amount of the Board's products or services purchased by them. The voting power of each local authority member, however, depends upon the amount of share capital subscribed by that member.

It will be seen that this type of organisation is very far removed from the "pure and simple" type of co-operation based on the membership of individuals. Its members are not individuals, but local authorities. The County Councillors or other local authority members thus elected have been chosen, not solely with this particular enterprise (e.g., electricity distribution) in view, but in the light of a multitude of other considerations, among which party politics in Wales (hitherto, at any rate) has often played an unsavoury part; and it is in their hands that there lies the appointment of the Board itself. And here again the voting power of each local authority is dependent on a property or financial qualification, i.e., on the amount of share capital subscribed by it.

A Co-operative Public Utility Board of this kind can have little direct share in increasing the freedom and responsibility of the individual worker who comes within its area of operations, but it brings the reality of ownership and control a little nearer to him than do such State-appointed concerns as the Central Electricity Board or the "National" Coal Board. The fact that they are not instruments for directly extending the sphere of workers' control does not imply that such organisations would have no useful function to perform in a Welsh co-operative economy, in cases where, by forming such a Board, local authorities could supply certain services more economically and efficiently than they are doing at present. For, if by other means the worker's freedom and security are safeguarded *in his daily work*, he can afford to delegate certain economic functions to more remote authorities such as the State (e.g., the Post Office) or the local authorities and Co-operative Public Utility Boards formed by them (e.g., sewerage and water supply). And if he is given adequate scope elsewhere for exercising control, it matters little to him that he exercises little direct control over the decisions of these Boards, just as it matters little to him that he has little direct control over the decisions of, e.g., the Central Purchasing and Selling Committees of which the local co-operative society to which he belongs is a member.

Co-operation of any kind between the different individuals, groups, and communities within the nation is all to the good;

and these Co-operative Public Utility Boards might well have their place in the economic pattern of a self-governing Wales along with other types of large-scale co-operation, whether embodied in formal organisations like a Welsh C.W.S., or of a more informal kind like the "joint enterprise between a governmental agency and local and private bodies" and individuals which has been carrying out the development of the Tennessee Valley in the U.S.A.

From the point of view of the co-operative ideal, a more serious defect of these Boards (as of most State and municipal enterprises) is that they make no provision for ensuring a share of freedom and responsibility in their daily work to the wage-earners whom they employ; and this is a defect which would have to be remedied, on lines to be indicated later.

It must also be said that there are many types of economic enterprise which are commonly thought of as belonging to the province of local authorities or of Public Utility Boards formed by them, but which could be equally well, or better, carried out by co-operative societies of the normal type formed by the people themselves, whether as producers or as consumers. Co-operative Building Societies form one example, and others are to be found in the fields, e.g., of electricity supply and transport. Electricity Supply Co-operative Societies have been active in Wales on a small scale in recent years, e.g., the Llanfair Caereinion and the Llansantffraid Electricity Societies; and reference has already been made to the advantages of this small-scale type of electricity supply, even from the economic point of view.

The organisation of transport by co-operative societies is very highly developed in Palestine; and Wales can boast at least one example of a co-operative transport society, whose experience is worth quoting in some detail, as it shows from what small and simple beginnings such a society can grow, and what remarkable success it may attain. The inhabitants of the quarrying district of Clynog and Trefor, handicapped by lack of adequate road transport, decided in 1911 to form a co-operative society and buy a 'bus for themselves. Almost every family in the district took up some of the 10/- shares of the new Clynog and Trefor Motor Co., Ltd., but no individual was allowed to hold more than £10 worth of shares. Every decision of importance concerning the Company had to be sanctioned by a General Meeting of the shareholders, and the General Meeting also elected the officials of the Company, who held office for 3 years and were eligible for re-

election. When the first 'bus was bought in 1912, it was found that the bye-road from the village to the main road was too bad for it to run on, so the quarrymen turned out and repaired the road in their spare time and without pay.

The loyalty of the members withstood the attacks of capitalist transport firms who, once the new enterprise was started, sought to ruin it by offering transport at undercut fares; and at the end of the first year, after providing for reserves, there was a profit of 33½ per cent. Most of the members used their share of this to take up new shares in the Company, which enabled it to buy another 'bus and to expand its operations. In 1946 the Company paid a dividend of 100 per cent., and had 480 shareholders, 20 regular employees, and 13 'buses. The tragedy is that this fine example of local enterprise, revealing so strikingly the spirit of freedom and responsibility of the workers of this Welsh quarrying district, may soon be crushed by the centralised transport "nationalisation" scheme of the English Government.

In a free Wales such local manifestations of self-help and mutual aid would be given every encouragement by the Government, not stifled in a totalitarian uniformity. And if, as seems probable, rail transport increasingly gives way to road transport, it will become increasingly easy to organise transport on these lines, since the conditions of road transport are much better suited to small-scale co-operative organisation than those of rail transport.

Even if all the forms of co-operation listed above were flourishing in Wales, the problem of establishing a co-operative economy would still be unsolved unless means were found of ensuring freedom and responsibility in their work to the workers in the major field of *industrial* production. A country so highly industrialised as Wales cannot claim to have set up a co-operative economy until the ideals that those who work in association should also own in association, and that land, labour and capital should as far as possible be in the same hands, are realised in the coal-mines, steel-works and factories as well as in agriculture and the minor industries.

Attempts to give the workers a larger share in the control and fruits of their labour have been made in various countries, some by the State or the employers and some by the workers themselves. The Joint Industrial Councils and Works Councils now established by law in various British industries, do, for instance, give the

workers a somewhat larger measure of control over their working lives than they had formerly, but fall far short of ensuring for them the security and the benefits of ownership of their industry. "Nationalisation" schemes, as already pointed out, do nothing to bring a larger measure of freedom and responsibility within reach of the individual worker. Contributions to the problem from the employers' side have usually taken the form of profit-sharing schemes and encouraging the workers to invest in the shares of the Company which employs them. In a few cases (as at the Carl Zeiss works at Jena) these schemes have given the workers quite a considerable degree of security and control; but in general they are open to the criticism that they are only palliatives and fail to solve the fundamental problem because they give the worker nothing equivalent to the farmer's right to work upon the farm he owns, and so give him no real share in the genuine ownership of his industry—"Employee shareholding merely gives the worker an interest in maintaining a system which denies to everyone the security of ownership."

More successful from the point of view of giving the worker a genuine stake and status in his industry are the *Co-operative Co-partnership Societies* affiliated to the British Co-operative Productive Federation. Some of these societies, after paying 5 per cent. on capital, divide the surplus fairly equally between workers, shareholders and customers, and the workers get a dividend on their wages as workers, whether they are members of the society or not (though they usually are). Control is vested in the shareholders, and is thus exercised in virtue of capital contributed, but not in proportion to it, as the principle of "one man, one vote" prevails. The General Meeting elects a Committee to administer the society and to appoint a Manager, who may be dismissed by the General Meeting but not by the Committee. The workers are protected from arbitrary dismissal by rights of appeal, and, although they are not full co-owners of their industries, have a considerable degree of security of employment and some control over their working lives. Only an insignificant fraction of British industry, however, comes within the scope of these Co-operative Co-Partnership Societies.

Workers' control and ownership of industry are ensured in much more thorough-going fashion by most of the *industrial producers' co-operative societies* which exist in various countries. Among these, the Chinese Industrial Co-operative Societies, which sprang up during the war with Japan, are notable both

because of the wide field of industry which they cover and because of the combination of Government support and the spontaneous initiative of local groups which they display. The first of these "Indusco" societies was started in Shensi in 1938 by nine illiterate blacksmiths with a capital of 140 dollars and tools worth 36 dollars; they obtained a loan of 1,200 dollars from the Government and repaid it with 6 per cent. interest in 14 months. By the end of a year there were over 4,000 societies with more than 40,000 members and an output worth 825,950 dollars.

These societies range over practically the whole field of industry, including cloth-making, machine-making, coal-mining, gold-washing, the provision of medical supplies, and the distilling of alcohol as a substitute for petrol. A remarkable feature of their work has been the use made by them of local resources in place of imported raw materials, e.g., they make glass with local silica sand, and paper out of local cotton, flax, straw, wheat stalks, mulberry twigs and bark. Another feature has been the stress laid by them on social and educational activities, including "education in nationalism" and the singing of patriotic songs.

The workers who belong to these societies elect a Chairman and Managing Committee who control the process of production, but certain matters, such as wage rates, are settled at the General Meeting of all the members. Dividends are limited, and no individual may hold more than 20 per cent. of the total shares or belong to more than one society. Members may be expelled for bad conduct by a majority at the General Meeting. Liability is limited to twenty times the value of shares held in the society. When a member resigns, he gets only the nominal value of his share, as in the British consumers' co-operative societies. After paying wages, salaries, and interest on shares and borrowed capital, surplus proceeds usually go to reserve funds for emergencies and extension, to the sinking fund, and for educational purposes, instead of being distributed in cash among the members.

As yet, workers' co-operative production in industry under any of these forms has made little headway in Wales. The industrial producers' societies whose existence has been recorded in recent years can only be said to touch the fringe of industry, and not all of them are owned or controlled by the workers whom they employ. Examples include the Cardiff Printers, Newborough Matmakers (which is, however, affiliated to the Welsh Agricultural Organisation Society), West Wales Co-operative

Bakeries (with twelve member societies), Co-operative Boot Repairing and Funeral Furnishing Societies, and the Co-operative Society formed at Dolgelly in 1947 to take over the Welsh paper *Y Dydd* and the printing works connected with it. The factories in Wales controlled by the English C.W.S., e.g., its shirt and biscuit factories, cannot be said to form part in any real sense of the *Welsh* workers' co-operative movement.

As the co-operative ideal increasingly permeates the life of Wales, producers' co-operative societies may be expected to grow and multiply in industry as well as in agriculture. It would be too much, however, to expect the spontaneous growth of such societies to bring about a fully co-operative economy within any measurable space of time without substantial measures of Government assistance, and the problem of their extension to the highly-capitalised heavy industries is a difficult one, though the Government could help to solve it by the provision of adequate credit facilities.

"LOST PROPERTY."

It will be the responsibility of a free Welsh Government to work out methods for hastening the growth of a fundamentally co-operative economy over the *whole* economic field in Wales. (*Hastening* the growth, not imposing it, for co-operation cannot be imposed.) The best methods proposed up to now for achieving such a purpose with the minimum of delay and dislocation are those outlined by Paul Derrick in his recent remarkable book, *Lost Property*.

In brief, the following are Derrick's main proposals for transforming the existing economic order into a co-operative economy; the initiation of the process depends on Government legislation, but its completion depends on the free co-operation of individuals.

(1). Ordinary shares should be abolished, and *all* existing shares should be converted into redeemable Preference Shares or Debentures carrying a *limited* dividend and *no* powers of control so long as that dividend was maintained.

(2). All existing businesses above a certain size (all those employing more than two persons, Derrick suggests), whether owned and controlled by individuals or by Companies, should be obliged to convert themselves into Private Companies in

which all transferable shares must be Preference or Debenture Shares, and which would be required to issue to their employees Withdrawable "Proficiency Shares" carrying no dividend, but certain rights of control and security. This would convert every enterprise into a sort of producers' co-operative society.

(3). The Private Companies thus formed should be empowered to purchase land or premises occupied by them over a certain period by the issue of Redeemable Preference Shares and Debentures.

Let us now consider in more detail the implications and effects of these proposals, and certain supplementary measures that would be required to effect the transition from a nation of wage-earners into one of co-operating owners.

Ordinary shares, with their possibilities of fantastically high dividends, would cease to exist. Those who had formerly held them would be given instead Redeemable Preference Shares or Debentures, and similarly any individual who was obliged by law to convert his business into a Private Company would be given the equivalent of its value in Preference Shares of the new Company. The dividends on both these types of share would be limited by law (Derrick suggests an upper limit of 5 per cent. in the case of Preference Shares and $3\frac{3}{4}$ per cent. in the case of Debentures), and they would confer none of the financial control over the business which is at present conferred by Ordinary Shares. Henceforth Preference and Debenture Shares would be the only types of interest-bearing Shares permitted (except for shares held by workers in the Company issuing them) and this would make Company finance more like that of the existing Co-operative Societies, where the return on capital is also limited.

Control of private investment abroad would hinder speculators from exporting capital in order to earn higher dividends elsewhere, but payments made abroad by tourists, emigrants, agents, etc., would not be interfered with. Any foreign Companies wishing to operate in Wales would have to form subsidiaries here, which would be subject to the same laws for the limitation of dividends, etc., as other Companies in Wales. Where considered necessary, legal provision could be made that all, or a majority of, the Managing Directors of any Company must be Welsh citizens (a similar law exists in Eire), since their position as managers would give them a certain amount of control over the Company's activities although they would no longer have control through holding Ordinary Shares.

The importance of these twin measures—the abolition of Ordinary Shares and the legal limitation of the return on capital—cannot be exaggerated; for, in conjunction with other measures of Nationalist policy to stabilise the economic life of Wales, they would to all intents and purposes eliminate the financial gambling which has been the curse of capitalism.

Gambling in stocks and shares has been one of the chief causes of the recurrent booms and slumps which have disorganised our economic life for generations. Stock Exchange gambling is favoured by the power-politics State, for it inflates values artificially and enables a few speculators to amass huge fortunes at the expense of impoverishing many small investors, as previously pointed out. This increases the taxable capacity of the State, since taxes can be collected more easily and at a higher rate from a few big incomes than from many small ones. And the power-politics State is always greedy to increase its taxable capacity to the utmost degree possible, since it needs a vast tax revenue to pay its war debts, to meet its military expenditure, and to maintain its horde of centralising bureaucrats. The present English Government takes the ridiculous figure of 40 per cent. of the National Income in taxes alone. But in a State based on the principle of welfare, not of power, this capitalist gambling could find no place.

We in Wales have already had bitter experience of its effects in slumps and depressions, unemployment and forced emigration. We have seen one of our best industries—the anthracite coal industry, which at one time had an almost insatiable market and a “natural monopoly” in virtue of the high quality of its product—virtually ruined, and brought to the point where it could only pay its way through “driving” its workers to the limit of human endurance, by the crushing load of inflated capital created by Stock Exchange speculation. We have seen our other large industries going the same way, and coming more and more into the clutches of financial speculators. And when his daily economic life is at the mercy of financial forces over which he has no control, the worker can have neither security, nor freedom, nor responsibility, in any real sense. In such conditions a co-operative economy is impossible.

But with ordinary shares abolished and the return on capital limited to 5 per cent. at most, the incentive to this irresponsible

financial speculation will be removed. Even under the present system, there is comparatively little fluctuation in the shares of concerns which are accustomed to pay a fixed and unvarying dividend—the Bank of England is one example. Many semi-public “non-profit” corporations, like the Port of London Authority and the Central Electricity Board, already raise much of their capital in the form of shares on which the dividend is limited. Building Societies are compelled by law to limit the return on capital. The Co-operative Societies, which also pay limited dividends on capital and whose shares never come upon the Stock Exchange, can, with few exceptions, though working in an economic system whose principles are diametrically opposed to theirs, display a record of steady economic progress in striking contrast to the uncontrolled “ups and downs” of capitalism.

Outcries will no doubt be raised that these measures are unjust to the investor. But since the investors's liability has been limited by law for a century, there appear to be no strong ethical arguments against a similar limitation of his profits. As far as the ordinary investor is concerned, he would probably welcome an arrangement which gave him greater security even at the cost of lower profits, and, as for the share of control over the business which his holding of Ordinary Shares is supposed to confer on him, it has long been merely nominal—and for the most part he has been glad to have it so. As Drucker says,

“For the average stock-holder to-day, the attraction of stock ownership over other forms of property lies precisely in the complete freedom from ‘bother’ such as attends any other form of property ownership—the need to make or to confirm decisions, to take a part in the management or, at least, in the selection of the management, the need to learn or to understand something about the business, in short the need to assume some of the responsibilities and to exercise some of the rights of ownership.”

Where there is no shouldering of the responsibilities of ownership it is only right that there should be no share in control.

With the possibilities of extortionate profits removed, there will be no longer the same incentive for big Combines and “holding companies” to extend their financial control over smaller concerns, and in any case it will be impossible for them to do so, since the Ordinary Shares which confer the legal right to such control will be abolished. Hitherto any speculator could obtain

control of a Company by buying up a majority of its Ordinary Shares; henceforth it will have no Ordinary Shares for him to buy, and its Preference and Debenture Shares will carry no control.

In view of the need of creating a genuinely Welsh economy, this is a fact of cardinal importance for us in Wales, for it enables us at one stroke to free our industries from the control of the alien financial speculators and banking interests which have hitherto exploited them. No longer subject to the machinations of "high finance" and the fluctuations of the London Stock Exchange, the economic life of Wales will be enabled to develop in a new stability in accordance with the real needs and resources of the country.

This new stability of the nation's economic life will give the Welsh worker a hitherto unknown security; and security, freedom and responsibility will be further assured to him by measures designed to make him more fully a partner in the industry in which he works.

The chief means to this end would be the issue to the workers of what Derrick calls "Proficiency Shares," on which no dividends would be paid, but which would carry certain rights to security of employment and to a share in control. Every worker employed by a Company would (after a short period of probation on first joining it) be given at least one "Proficiency Share" which would make him a member of the Company. Thereafter, reasonably competent workmen would be given "Proficiency Shares" at the rate of, say, two per annum, till they had acquired ten of them and thus become entitled to "Certificates of Co-ownership." They would then become full members of the Company, and no longer be subject to dismissal under any circumstances, though they might be put on lower pay for bad work or fined for absenteeism, etc. Thus the issue of "Proficiency Shares" would eventually guarantee to the worker the same security of employment in his particular industry as the farmer-owner enjoys upon his farm. It is easy to say that the earth "belongs" to mankind, or that a nation's industries "belong" to the people; the important thing is to ensure for each individual worker the right to work in a particular place, thus giving him in fact, not merely in name, the security of ownership. This is one of the objects which the issue of "Proficiency Shares" is intended to achieve.

Another object of their issue is to give every worker an increasing measure of freedom and responsibility in his work by giving

him an increasing share of control. Especially in large and complex industries, it would seldom be practicable to transfer the whole control at one stroke to the general body of workers, making the management merely their paid servants, liable to dismissal without any safeguards. (Even in the small and simply organised producers' co-operative societies of the 19th century, attempts to introduce full-blown "workers' control" precipitately in this fashion often led to failure.) The principle of self-government has been defined (by Aldous Huxley) as "the principle of the division of power, the balancing and compromise of independent forces." Thus "democracy means the division of power," and the problem of industrial democracy is the problem of "balancing the aristocratic or vocational principle against the democratic or representative principle, in such a way that the experienced will be secured against the inexperienced and the inexperienced secured against the experienced."

Moreover, generations of deprivation of responsibility have made many workers definitely afraid of responsibility and unwilling to assume it. But "experience of responsibility brings a sense of responsibility," and the assumption of responsibility for those aspects of the running of their industry which most directly concern themselves would gradually fit the workers for wider responsibilities.

To this end Derrick proposes that at the outset the management of each Company should be given an unlimited number of "Proficiency Shares," which (except in those matters concerning the industry where workers' control was ensured by law—and these would include a number of important matters) would give them a majority of votes at General Meetings, and therefore full control in certain spheres. ("Sleeping partners" and figure-head Directors who took no active part in the business would not be entitled to receive any "Proficiency Shares.") This would happen whether "management" meant the Managing Directors of a big concern or a small shop-keeper employing wage-labour who had converted his business into a Private Company as required by the law. But this does not mean that the workers would be exchanging the autocracy of the Ordinary shareholder—the autocracy of capital—for the autocracy of the management—the autocracy of technocracy. Democracy within the industry would be ensured by a legalised division of powers. The approval of the General Meeting would be required on all major issues of

policy, expansion of operations and capital construction; the General Meeting would decide the distribution of the previous year's surplus revenues and any modifications desired in hours and conditions of work (subject to the over-riding authority of the State, which might, e.g., set an upper limit to working hours in any industry); it would appoint a Works Committee and (where necessary) sub-committees for sports, educational activities, etc., and deal with various other matters affecting the workers.

The voting at the General Meeting would normally be in proportion to the number of "Proficiency Shares" held, but on certain issues "one man, one vote" might be the rule. Workers' control would be further safeguarded by legally requiring agreement between managers and other Company members (i.e., workers) on certain issues, and giving statutory powers in certain other matters to a majority of Company members *excluding* the managers, while leaving residual powers to the management.

In practice, the total effect of these measures would be to take each industry out of the nominal control of the Ordinary shareholders and the real control of the few financial bosses holding a majority of its Ordinary shares, and to put it instead under the control of the workers employed in it with regard to a number of specified issues directly affecting their interests, while leaving full control to the management in those technical matters which they alone (at first, at any rate) possessed the knowledge to handle.

Like those workers who had become full members of the Company, the management would be secured against dismissal, unless it exceeded its legal powers, and a management thus secured in its position, though limited in its powers, could "*tolerate a much greater devolution and personal responsibility than one which has been elected for a term.*"

The division of powers between management and labour would vary from industry to industry in accordance with the varying character and circumstances of each, and would also be varied as time went on in accordance with experience and with the wishes of the workers themselves. If after a number of years, for instance, the workers in any industry wished to take over fuller responsibility for its running, they could do so either by agreement with the management or by referring the matter to the State, which in most cases would no doubt be prepared to pass the necessary legislation.

The State's power to vary the conditions of control in industry by legislation would always be there in the background, but would be very sparingly used, unless at the direct request of the workers concerned (here again the State would be the servant, and not the overlord). Meantime, the issue of "Proficiency Shares" would from the very beginning give every worker a status and a say in the running of the industry in which he worked.

It would also give him a definite right to a share in the fruits of his labour. After paying wages, salaries (limited), dividends on Preference and Debenture Shares, taxes, etc., the gross surplus on each year's working would be allocated by the General Meeting either to capital development, or to welfare, or as cash dividends on wages and salaries. Thus, in one form or another, the gross profits of each Company would go *wholly* to the workers employed in it, whereas even in the avowedly Socialist U.S.S.R. the return on capital is not limited, and "**half the surplus profits of Soviet factories go not to labour but to the State**"; and the policy of the English Labour Party would give the *whole* surplus revenue of nationalised industries to the State.

In the co-operative economy, capital (whether State or private capital) would no longer be employing the industrial worker, but workers and management in conjunction would be employing capital—

"Companies as we know them would disappear with the stockbroker and the dead hand of capital would be replaced by living associations of free people."

Workers would of course be free to leave one Company and join another if they wished. In general, however, if the demand for the products of a Company fell off it would be assisted, by the State or by the "Guilds" to be described later, to adapt itself to some other line of production, so that its workers' security in their place of employment would be preserved. Work would be brought to the men instead of shifting the men to work elsewhere, and they would not be forced to break their human ties with their own district and with their neighbours and fellow-workers there because of economic fluctuations. The occupational security thus ensured would encourage men to invest in the Preference Shares of their own Companies, and thus have a powerful anti-inflationary effect.

In all industries, workers would be accepted on a seasonal or part-time basis, though with the option of becoming full members

later on. In this connection it is interesting to find Derrick, quite independently and as a result of his own experience, endorsing the principle of "alternating work" which has long been advocated by the Welsh Nationalist Party as part of its economic policy (e.g., in the pamphlet, *Silicosis and the Welsh Miner*.) Alternation of employment between different industries, he says, would be a good thing for the worker, not only to meet irregularity of demand, but because interchange of occupation is good. "It is certainly more healthy to spend part of one's working life inside and part out than wholly inside or wholly out," and he points out that

"part time work is encouraged as a norm by the W.P.A. in the U.S.A. by persuading as many as possible to work part time in a factory and part time on a holding."

This practice relieves the monotony of repetitive work in the modern factory, and gives relief from the heavy and dangerous work of the mine; and its application in a free Wales will be made easier by the Nationalist Party's policy of a wide distribution of landed property and the establishment of decentralised light industries in rural areas.

Trade Unions would still have their place in the new system, but their functions would no longer be mainly defensive and negative as in the past, but essentially professional and constructive. They would be differentiated in accordance with craft to a greater extent than formerly, and would have a Welsh Trade Union Congress of their own.

Wales would have her own Miners' Federation once more; and the other Unions, too, would no longer be mere subsidiary branches of English Unions, though no doubt they would maintain close fraternal relations, on an equal footing, with their fellow-workers across the border and in other lands. The right to strike would not be abolished, but "the end of the Ordinary Share would mean that strikes as well as stockbrokers would become redundant," since there would no longer be any capitalist control to strike against, and if managers failed to carry out the policies agreed to by the workers' representatives at the General Meeting they could be made answerable for their failure in a court of law.

When labour ceased to be treated as a cost, the divergence of interest between management and labour would disappear, as in the existing co-operative co-partnership societies. In these

societies, where the workers are co-partners, strikes are unknown, though they occur among municipal workers and the employees of consumers' co-operative societies, where labour, though no longer employed by private capitalists, is still merely wage-labour. Like the managers, Trade Union officials would have no power to expel a worker from his job once he had become a full member of his Company.

The limitation of interest on capital and the redistribution of income which this implies would increase the demand for consumption goods, and so save industry from the periodical slumps due to over-capitalisation, when over-investment in the capital equipment of certain industries has caused their productive capacity to outrun the purchasing power of consumers. More evenly distributed incomes mean more evenly distributed purchasing power, and an increased demand for foodstuffs and other consumption goods. This increased demand would raise agricultural incomes in relation to urban incomes, as it would give the farmer a better market for his products, and this would help to keep people on the land.

It might be argued that the limitation of interest would mean that industry would be starved of capital; but the co-operative movement, though it limits interest, has been able to build up large capital reserves out of its undistributed profits. Also, those engaged in industry would have every incentive to redeem outstanding Preference and Debenture Shares as soon as possible, so that interest payments on these would then no longer be a charge on their Company's profits and more would be left for distribution among themselves as dividends on wages and salaries. The State could also assist in providing capital for industry where necessary; and still more desirable, from the point of view of decentralisation and self-help, would be the provision of capital by co-operative banks and by Trade Associations or "Guilds" within industry itself.

A "Guild" would be formed by a federation of the Companies within an industry. Membership of the Guild would be voluntary, and this, in conjunction with its federal and democratic character, would be a safeguard against its becoming an instrument of the political State. It would be governed by a Joint Council representing equally the management of its member Companies and the Trade Union functioning in that particular industry. The rank and file would thus be represented both

directly and indirectly, and both nationally and locally; and, unlike the existing Trade Associations or Joint Industrial Councils, the Guilds would be controlled democratically, not financially or politically.

Their function would be to co-ordinate and regulate, not to initiate and direct; but they would render services of great value to their constituent Companies and to industry in general. They would undertake research, provide training facilities and machinery for settling disputes within the industry, co-ordinate pension and insurance schemes, conduct audits, take over when a member Company dissolved, and arrange temporary work or maintenance for members in industries where work was erratic.

The Guilds would also provide capital to finance new Companies and to re-equip old ones and, unlike Banks to-day, would charge as low a rate of interest as was safe. Projects thus financed would be previously examined by experts; and interest payments by borrowing Companies, and loans repaid by them, would make money available for further loans. Individuals or co-operative groups putting forward an economically feasible proposition for starting a new Company would have to provide comparatively little capital themselves, and this would make it easier for people who had capacity and character, but little material wealth, to launch out in industry on their own.

The supply of capital through the Guilds would have a stabilising influence on industry as a whole, since it would mean that the provision of capital for the Companies concerned would be determined by the expert judgment of responsible trade organisations and not by the whims and share-pushing tactics of financial speculators. The Guilds would not be the *only* channel for the provision of capital, which could also be independently supplied by co-operative banks, the State, etc.; and this availability of alternative sources of credit would prevent them from developing a tyrannical control over their respective industries.

Guilds would exercise a stabilising influence on prices and industrial development in general by keeping their member Companies supplied with relevant statistics and expert estimates of demand, to which they could adapt their production. The law would require Companies to insure the holders of their Debenture Shares against loss of capital, thus giving them a guarantee of security to counterbalance their lower rate of interest, as com-

pared with that on Preference Shares. The Companies could do this by issuing Preference Shares which would be taken up by the Guilds; in the event of the Company being wound up the Guild would call up the capital on these Preference Shares and use it to repay the holders of the Company's Debentures. The Guilds would thus help to share the burden of industrial risks.

The Guild would undertake a good deal of the wholesale trade of its industry; and Guilds might be federated with similar organisations in other countries, as cartels and Trade Unions are to-day, and thus help to put international trade upon a more stable basis. Unlike the cartels, the Guilds in any regulation of international trade undertaken by them would have as their motive the common welfare of the many, not the financial profit of the few.

Within the nation, inter-industrial joint Committees would provide representation for suppliers of raw materials and consumers; and if Guilds tried to charge excessive prices, non-members could undersell them and consumers' representatives would complain. Guild activities (e.g., the standards for produce, workers' qualifications and conditions of work which they might lay down for their members) would be subject to some State supervision and control; but the State would exercise these to a much less extent in the case of small industries than in the case of large ones. Not only on inter-industrial Committees, but also at the General Meetings of the individual Companies, Derrick suggests that consumers should be represented, though without voting power except in certain matters directly affecting their interests. He also suggests that regular suppliers of raw materials to a Company should be given a dividend (say 1 per cent. of the gross profits) on their supplies, and that consumers who were regular customers of the Company should be given a similar dividend, ranging from 1 per cent. of the gross profits in the case of industrial Companies to a half of the net surplus in the case of Companies engaged in commerce. The network of common interest and mutual benefit would thus be extended to include others associated with the Company besides its actual workers; and in the general determination of industrial policy the workers, consumers, local managements, statistical experts and the State should all have a voice, thus maintaining that division of power which means democracy.

Derrick considers that under his scheme it would not be necessary to nationalise the existing Banks, but henceforth, "instead of crediting borrowers with money they do not possess," they would become simply commission agents of the State, or of industrial organisations such as the Guilds, in providing industry with capital. In our own particular case, however, the probability is that when Wales achieves self-government all the Banks within our territory will still be branches of English Banks controlled from London. No country could enjoy full freedom or self-sufficiency while the control of its banking system was in alien hands; and therefore, unless Welsh co-operative societies or "Private Companies" (in Derrick's sense) formed by Welsh citizens were immediately forthcoming to take them over, the new Welsh Government would probably find it best, as a first essential step towards popular control, to nationalise all these Banks within its territory and amalgamate them into a single Welsh Central Bank. Thereafter, however, in accordance with the principle of decentralising responsibility, its policy would be to encourage the provision of credit through co-operative banks, Guilds, and the like, and to reduce the functions of the State Central Bank to a minimum.

A valuable feature of Derrick's scheme is that it can be applied to Companies of all kinds, from the Banks and the railways to the village shop. Not only so, but its application can ensure to the workers in public as well as private enterprise that share in the control of their working lives which human dignity demands. Not only the employees of industrial Companies, but those of the State, local authorities, and Public Utility Boards, are entitled to the issue of Proficiency Shares, and to the measure of control, security and profits conferred by their membership of the concern employing them.

Naturally the sphere of this control must vary widely in different circumstances; the Civil Servant, for instance, cannot expect to have the same say in deciding the policy of his employer (the State) as the labourer on a farm or the worker in a textile factory. But workers in every form of employment should be guaranteed as a legal right that measure of responsibility and control over their working lives without which they cannot be said to be really free men.

Derrick's book contains many other valuable suggestions which deserve study. Among these is his scheme for meeting the risks

of production by empowering Companies to issue (in addition to the classes of shares already mentioned) so-called "Labour Shares," the holding of which would be compulsory for the Managing Directors and optional for the workers in the Company. The holders of these "Labour Shares" would assume a limited liability (say, 5 per cent. of the nominal value of the shares) to pay up capital in the event of the Company's making a loss, in return for which they would be paid a 5 per cent. dividend on the shares in years when the Company made a profit. But our concern here is not with details of this kind, but with the way in which Derrick's main proposals could be adopted and adapted to facilitate the building of a co-operative economy in Wales.

In general, there is a remarkable resemblance between Derrick's ideas and those of the Welsh Nationalist Party, a resemblance all the more striking in view of the fact that both have arrived at their conclusions independently. This is not to say that Derrick's proposals could or should be adopted wholesale in a free Wales. They would have to be modified in the light of our own traditions, social conditions and economic circumstances of the time (the case of the Banks is an instance in point). But undoubtedly the devices of abolition of the Ordinary Share, limitation of the interest on capital, and issue of Proficiency Shares with their accompanying rights, would furnish a free Welsh Government with a powerful weapon which it could use both to release our economic life from alien control and to make individual freedom and responsibility in their work a reality for all the people of the nation.

Socialist Governments like those of England and Russia may impose a centralised totalitarianism upon the people in the name of popular control, but a Government inspired by the principles of the Welsh Nationalist Party would never use the weapon of industrial legislation in such a way as to extinguish individual liberty in the supposed interests of collective solidarity.

THE CO-OPERATIVE ECONOMY IN ACTION.

We are now in a position to form a clearer picture of the main outlines of the co-operative economy in action, though only experience and practical experiment can fill in all the details. To some it may seem a highly theoretical picture; but many of the elements of this co-operative economy are already in successful

operation in other countries. And with every year that passes more and more people in every land will be driven to turn to this co-operative *Third Way* in consequence of the breakdown of capitalism and the failure of State Socialism to ensure the essentials of the "good life" for the individual worker.

Welsh Nationalist policy with regard to specific industries such as coal, agriculture, etc., and basic services such as electricity and transport, has already been set out in detail in separate memoranda, articles and pamphlets, so all that will be attempted here is to outline some of the main features of the new co-operative order.

In economic as well as in other affairs, the democratically elected Welsh Government would be a co-ordinating and nationally unifying force ; but its policy would be to place responsibility to a large and increasing extent in the hands of those actually engaged in industry, subject to its powers of supervision in the interests of the community as a whole.

On the attainment of self-government, the Welsh industries "nationalised" by the English Government would automatically be transferred to the Welsh Government, and in the period of transition it would run them as a State concern, through the agency of Public Boards, e.g., a Welsh Coal Board. It would, however, seek to transfer the control of these industries as speedily as possible to the workers engaged in them, by encouraging the formation of producers' co-operative societies and of "Private Companies" on Derrick's lines. And from the first it would give the workers a statutory right to a share in the control of their working lives and prepare the way for the establishment of full workers' control and ownership. Similar principles would govern its policy with regard to the nationalised Banks.

Some aspects of financial policy in a self-governing Wales have been discussed earlier in this pamphlet, e.g., the establishment of a Welsh Central Bank to act as banker for the Government, and the encouragement of co-operative and municipal Banks (of which we have some already), to handle most of the credit supply and ordinary banking business of the community. Other aspects have been discussed in detail elsewhere (e.g., in *Can Wales Afford Self-Government?*), including such matters as the balancing of the Budget, the issue of currency, and the floating of loans to finance the work of economic reconstruction.

There is no need to cover this ground again ; but it may be emphasised that a self-governing Wales would, of course, have full powers of taxation, and would use those powers in furtherance of its co-operative economic policy. If necessary, it could use its tariff powers to protect Welsh industry and agriculture from indiscriminate "dumping" by foreign producers at cut prices.

It could prevent the transmission of excessively large private fortunes by the imposition of graduated death duties, and check their accumulation by a relatively high unearned income tax. Derrick suggests that there should be a tax-free limit of, say, £250 on all incomes, and that thereafter unearned incomes should be subject to a heavy and steeply rising tax. Earned incomes should be subject to a lower rate of tax, and the earned incomes of industrial Companies should be taxed at a still lower rate than the incomes earned by individuals. Small businesses which were not legally obliged to convert themselves into Companies, and even individuals like doctors, could, however, qualify to pay income tax at the lower "Company" rate by formally registering as Private Companies.

Individuals could be prevented from buying up land and holding it out of use by imposing a heavy Land Tax on all land, whether bringing in an income or not ; this would be payable to local authorities, and adjustable from time to time, and could be used to prevent all the benefit of great increases in the value of land, due to community developments, from going into the pockets of private landowners, as at present.

For the first couple of years of self-government, the Welsh Government would carry on with the existing tax system ; but its aim would be to simplify it and get rid of its unnecessary complications as soon as possible, and remould it to suit the conditions of a country where moderate incomes were the rule instead of extremes of wealth and poverty, and where the economics of welfare prevailed instead of the economics of power.

Undoubtedly the Welsh people would have to bear a far lighter tax burden under self-government than they do at present. This would be partly because the colossal military, imperial and war debt expenditure which weighs so heavily on our people under English rule would be cut out of a Welsh Budget, and partly because the Welsh State, with its policy of decentralising responsibility, would interfere far less in

the daily life of the people than the English Government does, and so would not have to pay for the upkeep of such an army of bureaucrats.

In the sphere of social services, too, expenditure would be rapidly reduced, as the establishment of a self-sufficient and well-balanced economy did away with the need for heavy expenditure on "doles." The Government, too, would encourage people to provide social services for themselves by co-operative effort in many spheres, instead of being dependent on "State charity" for everything, though the State would be ultimately responsible for seeing that certain minimum standards of health services, education, etc., were within reach of everyone.

In local government, the aim would be, not to centralise administration and authority in ever larger units, but to decentralise them in small units so that the people served by them might have some real control over, and interest in, them. Instead of being merely instruments of centralized State control, they should have power to express and carry out the wishes of their own districts, while at the same time they could secure many of the advantages of large-scale organisation by uniting in joint Committees and Co-operative Public Utility Boards to deal with economic and other matters of common interest.

"Responsible local self-government," as Rolt observes, "is only practicable in a self-sufficient, and therefore responsible, society."

It is impracticable to-day under English rule; it would be practicable and natural in a free and self-sufficient Wales.

In accordance with the accepted policy of the Welsh Nationalist Party, agriculture would be the basic industry in a self-governing Wales. It would be organised on the lines of "*perchentyaeth*" or peasant proprietorship, and the continuity of ownership thus ensured would make for long-term crop rotations and good husbandry. At present "*half the farms of the U.S.A. and three-quarters of those of Britain are farmed by tenants*," whose insecure position tempts them to make quick profits at the expense of the fertility of the soil; but the peasant proprietor cultivates his farm with the future as well as the present in view, and "*the magic of possession turns sand into gold*." "*Good farming cannot be achieved by fits and starts*," and continuity of ownership and continuity of Government policy towards agriculture (in

place of the present policy of neglecting it in peace-time and boosting it frantically in war-time) are essential pre-conditions for making the best use of our land.

Many small farms would be owned and worked by individual farmers and their families, but on the larger farms employing wage-labour the labourers would be admitted to a share of ownership and control by the issue of Proficiency Shares. This would also be the case with the employees of such institutions as co-operative creameries, and the group of farmers running the creamery would be in the same position as the Managing Directors of an industrial Company under Derrick's scheme. Most farmers would be members of one or more co-operative societies, and these societies would be linked together in Co-operative Federations on a national scale as in Denmark.

Under the present system, as Mr. Percy Ogwen Jones has pointed out, milk from Welsh rural districts is sent to England while the children in those districts are in need of fresh milk; the best Welsh meat is sent to England while frozen meat from overseas comes here instead; and Wales does not even grow enough potatoes for her own requirements. The Medical Officer for Cardiganshire in 1935 warned us that "*the imported foods, being deficient in lime and vitamins, cannot exert the same protective influence as dairy products and vegetables. Consequently, their use results in a reduced resistance to disease, especially to tuberculosis*." Under self-government, this topsy-turvy agricultural economy would be reversed; products of Welsh agriculture would be used in the first place to ensure a satisfactory standard of nutrition for our own people, and only the surplus would be exported.

Afforestation would be developed as an integral part of the life of the Welsh countryside, and not as a rival and enemy of Welsh agriculture as it is to-day. Farmers would be encouraged by Government grants to grow small plantations and "shelter belts" for themselves, and large-scale afforestation would be confined to areas not suitable for agriculture.

The water resources of Wales would be developed for the benefit of her own people, and English municipalities wishing to draw their water supplies from Welsh reservoirs would have to pay for the privilege. Decentralised electricity development, as already indicated, would be widespread in both rural and industrial areas, either coal or water power being used in accordance with the economic circumstances of the particular area concerned.

As Mr. F. O. Harber, the City Electrical Engineer of Bangor, has pointed out

"Wales could hardly be better situated for the formation of a single electricity supply area—with coal in the extreme North and South, and its Water Resources in Mid and North Wales."

Wales could easily generate more than enough electricity to supply her own needs (especially when the possibility of utilising tidal power resources, on the lines indicated by Mr. Harber in his pamphlet on *North Wales Electricity Resources*, is taken into account); and any surplus exported to England would have to be paid for like other exports.

To guide and co-ordinate development in these and other spheres on a national basis, at any rate in the initial stages, a Welsh Planning Authority would be set up; it would work by persuasion, consultation and the provision of expert assistance and (where necessary) finance, on the lines of the T.V.A., and not by compulsion.

The principal object of the Welsh transport system would no longer be to facilitate the journey into Wales of English speculators and Government officials and cheap mass-produced goods from English factories and the journey into England of Welsh wealth and of Welsh exiles unable to find work in their own country. Instead, it would be developed so as to promote Welsh national unity by facilitating communications between the different parts of the country, by opening up the neglected areas of Mid Wales, and by bringing the complementary rural and industrial districts closer together as a market for each other's products.

The backbone of the whole system would be the great North-South Road, plans for which were worked out in detail by the late Mr. R. O. Rowlands. As the Welsh Reconstruction Advisory Council (putting it very mildly) stated, a North-South Road *"is important if for no other reason than that the national unity of Wales is to some extent hampered by the distance and still more the time used in travelling from one part to another of a physically quite small area"*; and, on the other hand, its existence would be one of the greatest possible material contributions to Welsh national unity.

Air services would also be expanded, and a self-governing Wales would realise the necessity of developing her own Merchant Navy and trading direct with other countries instead of, as at present, allowing most of her imports to pass, at enhanced prices,

through English ports and through the hands of English middlemen. The appointment of Welsh Trade Commissioners abroad would facilitate trade with other countries; but this would be the "true trade" which has been defined (in the Industrial Christian Fellowship pamphlet, "Present Politics") as *"the exchange of natural surpluses, . . . the friendly interchange of mutually needed goods: trade in which there can be no thought of 'trade war.'"*

The organisation of industry has already been discussed in some detail. The abolition of Ordinary Shares would ensure that freedom from alien control which Eire, for instance, has sought to secure by enacting that 51 per cent. of the Ordinary share capital of a Company set up in Eire must be held by Irish citizens. Little need be added here, except that, in cases where the industrial unit was necessarily large, as in some factories and coal-mines, the application of the principle of workers' responsibility might be further promoted through the practice of "sub-contracting" by small co-operative groups of workmen, on lines somewhat similar to those suggested by Dubreuil and practised, e.g., by the Bata Shoe Factory.

These groups would in effect be small co-operative societies within the larger unit of the Company, and would ensure to all their members a considerable degree of freedom and responsibility in the working of their own district of the mine or section of the industry. In general, however, the tendency would be for large-scale industrial units to give way to smaller self-governing units, and industry and population would no longer be concentrated in a few grimy valleys as they are to-day.

In the coal industry, the emphasis would be upon the extraction of oil and by-products from coal rather than upon the export of coal in its raw state, once the present abnormal world demand for raw coal had diminished.

The adoption of the Welsh Nationalist proposals for the reorganisation and re-direction of industry would undo the evil wrought by the Industrial Revolution, which (to quote the I.C.F. pamphlet already mentioned) *"destroyed the natural three-fold purpose of work. For the satisfaction of human need, it substituted the prior satisfaction of a monetary demand. For the expression of human personality, it substituted wage slavery and machine minding. For the strengthening of the associative principle, it substituted an essential strife."* The whole of our industrial policy is designed to restore these three principles of the satisfaction of human need,

the expression of human personality, and the strengthening of co-operation, to their rightful place in the nation's economic life.

In commerce, the Consumers' Co-operative Societies would continue to play an important part, but, like other Companies, would be obliged by law to admit their employees to a share in ownership and control by the issue of Proficiency Shares and would be required to distribute a proportion of their net surplus as a dividend on wages and salaries.

The small shopkeeper would not disappear, but, where he employed a number of hired workers, would have to admit them to co-partnership by the issue of Proficiency Shares, and so "would find himself a little autonomous consumers' co-operative," while still retaining his personal relationship with his customers, to whom he would pay a dividend on purchases like other trading Companies. He would probably unite with his fellows in a Shopkeepers' Guild to obtain the benefits of bulk purchasing and other advantages which such co-operation would confer. Under this system the evils of competition, and the insecurity of the small shopkeeper, would be largely eliminated.

In an economic system organised on this basis, there would be little incentive for men to pile up money. The limitation of dividends on capital would hinder the accumulation of large unearned incomes, and insurance and security of employment would make it unnecessary for the worker to hoard his earnings; the bulk of most incomes would be spent on consumption goods.

Under the present system, both capitalist and wage-earner think primarily in terms of money gain because their relation to industry is financial, but in a co-operative economy

"the rich are no longer tempted and the poor are no longer compelled to think first of the accumulation of wealth; they can think of work rather than wages, life rather than money."

In the new order work itself would be far pleasanter and more leisurely than under the "drive" of capitalism (whether State or private); men who controlled their own working lives would no longer enslave themselves to maximum production and mechanisation as they have to do when they are obliged to work for another's profit, either State or private. They would make machines their servants in order to make the day's work more congenial; they would enjoy it as a social activity, and

"take an interest in their work as they take an interest in their garden or as housewives take an interest in their homes when they work for one another instead of one for another."

When property, liberty and responsibility were shared by all, men would be free to think less of rights and bare justice and to think more of generosity and comradeship.

Such, in brief outline, is the co-operative economy which we may yet see established in our own lifetime if we, the people of Wales, will it strongly enough, and give expression to our will in action. Writing during the recent war, Mr. Saunders Lewis declared,

"It is not by revolution that Nazism will be destroyed but by patiently and laboriously building up new ideals in small communities and some small countries. Men will have to develop anew and, at first, on a small scale, new communities in the shadow of the industrialism of the modern State."

Only in this way, too, can the rival totalitarianisms of the Great Powers who claim to have "defeated" Nazism be destroyed.

The new yet old ideals of the co-operative economy are shared (as quotations in this pamphlet show) by the best thinkers in many lands; but we have warrant in history for the hope that Wales may be a pioneer in putting them into practice. The economic historian Sombart has observed that, *among all the peoples of Europe, the Celtic nations are singularly unsuited to the life of capitalism and industrialism.* And yet it has been the fate of Wales under foreign rule to be over-industrialised to an extent which has few parallels in other countries.

Other small countries, notably those of Scandinavia, have already pioneered in the realisation of the co-operative ideal in agriculture; but no country has as yet fundamentally reorganised its industrial life on a co-operative basis. Wales has two legacies from her past which should peculiarly fit her for this task—the glorious legacy of her early tradition, in which a passionate love of liberty was combined with a high degree of co-operation in small units, and the nineteenth century's dark legacy of industrialism.

Perhaps these two legacies, the bright and the dark, may yet combine in a pattern of co-operation which will include every aspect of the nation's economic life, in industry as well as agriculture. Should this happen (and, humanly speaking, the decision lies with us) it will be one more example, among the many which history has to show, of the truth of the statement that the greatest contributions to the life of humanity have come from the small nations.

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