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Recent development has led the rival theories of Socialism and Liberalism much nearer to one another. Socialism, after the critical experience of Soviet Russia, has accepted Liberal economic theory regarding the management of producing units. It agrees that all articles, which are intended for distribution for the benefit of individual needs, must be produced on commercial principles: with a view to profitable sales. For all such goods Socialism now accepts production "for the market" instead of collectivist production "for use" (i.e. as conducted independently of prices and profits). This new school of Socialist thought which might be called "Commercial Socialism" has been initiated, by Mr. Dickinson in 1933 and further developed by him only recently in his book "The Economics of Socialism".

Liberal theory has also seen great changes. It has gone through a continuous development, which has narrowed down its claims very nearly to the position now accepted by Commercial Socialism. Liberalism has, in particular, given up its opposition against public economic activity in all fields, where communal responsibility is apparent. It has definitely disclaimed absolute rights of property, and does not any more consider the distribution of income, arising from the commercial exploitation of property, as justified but considers now that the equitable distribution of incomes is a communal responsibility. Nor does it believe any more that unemployment will vanish automatically if only economic life is left to itself, but admits now that the avoidance of unemployment, is a public responsibility, to which all individual property rights have to be subordinated.

The difference between the Socialist and the Liberal theories becomes localised to what is technically called the institutional field. The question is: what kind of property rights will best ensure efficiency, liberty and social justice? Socialism demands State ownership of all capital, while Liberalism

favours private ownership, which, however, should not be hereditary to any considerable extent.

We are thinking here, in particular, of industrial and commercial property, most of which is now owned by joint stock companies. Socialists would wish all the shares of such companies to be held by the State, while Liberals favour holdings by private investors. The Liberal argument lies in the advantages of competition and of decentralisation.

The numerous private investors will compete with each other for the best possible opportunities of investment, and will see to it that every bit of capital finds its way to the most profitable exploitation. It will also keep up a steady local interest in the management of the plant to which its investments are entrusted.

I beg you to keep this in mind, while you listen to Mr. Dickinson, to whom I now yield my place.