

N. S. W. School of Social Science
1942 Conference

o o
o

S O C I A L I S M

By J. BRANDON,
Secretary, Newcastle Branch, N.S.W. School of Social
Science.

o o
o

SYDNEY
ROBERT DEY, SON & CO.,
66-68 Bathurst Street.

1942.

10989

S O C I A L I S M

By J. BRANDON,

Secretary, Newcastle Branch, N.S.W. School of Social Science.

Research and Analysis.

Max Hirsch's book, "Democracy Versus Socialism," is commended to all who may be interested in a critical analysis of the commonly accepted proposals of socialism. Those who are familiar with this work appreciate the author's lengthy and thorough investigation into a mass of abstruse and contradictory material even to the extent of seeking a meaning for the term "Socialism". Through lack of space this brief paper is confined to an examination of the most important socialistic concepts, including that of State ownership and control.

Ideals and Practicability.

The ideal behind Socialism is a state of social justice—freedom from unemployment, exploitation, poverty and war. The ideal is fine—no social reformer could possibly quarrel with it and it is attainable by scientific means. But ideals totally divorced from economic facts and practice are like the opium-smoker's dream—they have no reality. The ideal or goal and the means to that goal are not separable—still less can they be antagonistic—as those who look to war to usher in a new social order seem to imagine. Good results never follow as a consequence from bad activities; if they did the whole system of conduct, obligations and restraints, indeed all moral codes by which we order our behaviour, and the degree of civilisation we enjoy, would be utterly preposterous. Were the sanctions against robbery and theft in society abrogated, a minority might have more goods, but could it be said that society as a whole would be a better place in which to live?

War, with its mass murders and destruction of property, its lowered moral outlook and changed avenues of activity, is a deplorable evil; nobody seriously could contend that it is the means of bringing about a better world order.

The moral identity of means with ends is stressed because of the popular failure, through loose thinking, to realise this

identity. Hence socialism has a following out of all proportions to its merits and to an alarming extent reason has been supplanted by the comforting, though ostrich-like, thought that a better world will follow "as the night the day".

Need for Clear Thinking.

We must then examine the MEANS by which socialism proposes to implement its policy of justice and not allow our minds to be clouded by the emotional appeal of the imaginary socialist state.

The socialist mind is conscious of all the evils with which society abounds and in seeking the cause of those evils erects a synthesis of social forces, which appear to work naturally toward the degradation of the people. These forces are attributed to the private ownership of capital or more properly in "the means of production". In socialist terminology "means of production" includes land as well as all forms of industrial capital. Thus in more primitive epochs land constituted the principal means of production, but with the industrial revolution land lost its priority to machines and money.

Marxian Views of Land-Monopoly and the Servile Rabble.

Karl Marx gives a pretty accurate description of how land-appropriation gives rise to a propertyless proletariat:—

"The 'glorious Revolution' brought into power, along with William of Orange, the landlord and capitalist appropriators of surplus-value. They inaugurated the new era by practising on a colossal scale thefts of State lands, thefts that had been hitherto managed more modestly. These estates were given away, sold at a ridiculous figure, or even annexed to private estates by direct seizure. All this happened without the slightest observation of legal etiquette. The crown lands thus fraudulently appropriated, together with the robbery of the Church estates, as far as these had not been lost again during the republican revolution, to-day form the basis of the princely domains of the English oligarchy. The bourgeois capitalists favoured the operation with the view, among others, to transforming land into a commercial article, to extending the domain of modern agriculture on the large farm-system, and to increasing their supply of the free agricultural proletarians ready to hand. Besides, the new landed aristocracy was the natural ally of the new bankocracy, of the newly-hatched haute finance, and of the large manufacturers, then depending on protective duties.

"Whilst the place of the independent yeoman was taken by small farmers on yearly leases, a servile rabble dependent on the pleasure of the landlords, the systematic robbery of the Communal lands helped especially, next to the theft of the State domains, to swell those large farms, that were called in the 18th century capital farms or merchant farms, and to 'set free' the agricultural population as proletarians for manufacturing industry.

"In the 19th century, the very memory of the connexion between the agricultural labourer and the communal property had, of course, vanished. To say nothing of more recent times, have the agricultural population received a farthing of compensation for the 3,511,770 acres of common land which between 1801 and 1831 were stolen from them, and by parliamentary devices presented to the landlords by the landlords?"

But you may search socialist literature in vain for any logical argument showing how the alleged power of capital monopoly originated. Once unemployment is evident, Marx's energies turn to elaborate calculations of the extent to which employers are able under the existing conditions to take the bulk of the workers' production. This is the theory of surplus value and it savours of the imposing mathematical formulæ, on which Henry George scathingly commented in the then modern writers, who called economics "the science of exchangeable quantities."

Source of Confusion.

The confusion of course arises basically from the confusion of (1) Land with capital, and (2) Monopoly with capital. As to the first confusion the following essential differences must be clearly recognised. Land is the source of all production; whether we live in an agricultural or an industrial age, this basic fact never varies. All wealth is made of natural materials which are nothing but land.

Land cannot be increased in quantity nor changed in geographical position. It is a natural monopoly in that the supply is inescapably fixed. Machines and factories on the contrary can be produced ad-infinitum by human labour, for basically they are simply raw materials which men work up into different shapes and combinations. This consideration should be sufficient to show the absurdity of lumping Nature and machines, etc., together under the label "Capital". They should also show that in the absence of artificial restrictions on the accessibility of land to producers and in the absence of sanctions on the producers themselves no monopoly of

capital could possibly exist. I now use capital in its only logical sense of man-made things used to aid production.

Origin of Privilege and Monopoly.

Land and labour are the indispensable elements in the production of capital, and if artificial restrictions, laws and customs withhold the one from use and subject the other to thinly disguised slavery, then the production of capital as of all other forms of wealth must always be for the benefit of those whom the law and social customs favour. Under such circumstances the people will have no legal recourse to prevent their capital being taken from them as it is produced, because, as Ricardo, Dove, George and others have shown, land ownership carries with it the valuable privilege of appropriating ultimately the whole of production save enough to support the life of the producers. Often it does not even leave this. In the light of these facts the alleged monopoly of the means of production commences to be revealed in its correct relation as something arising from faulty human laws; faulty in the sense that they fail to preserve the rights of people to the source of wealth and capital, i.e., to land, and that they fail to secure the right of the individual to his own person and powers. This slavery of the individual is an inevitable accompaniment of land monopoly, because the value which attaches to land represents a toll that must be paid by producers to non-producers for access to that which Nature has provided and to which nobody can show a title.

Necessity for Scrutiny.

Any impartial analysis of the causes of bad social relations simply cannot support the Socialist dialectic which attributes exploitation to the "Capitalist" mode of production for profit. This dialectic in the more modern writers has been dignified by the name of a social science, but since it denies the existence of natural law in economic life it can lay no claims to be anything more than a pseudo-science.

If universal poverty and distress are not traceable to the private ownership of capital—and even Marx cannot show the origin of poverty as lying anywhere but in faulty land-laws—then the laws which men institute among themselves, or have forced upon them, must be subjected to the strictest scrutiny. This, despite the lessons of history, is what socialism does not do.

The Upward Struggle and the Fetters of Socialism.

The history of mankind has been a struggle for freedom—freedom from the tyranny of kings and princes (equivalent to our modern dictators) and in latter years freedom from the restrictions of freedom imposed by governments. The Declaration of the Paris Commune and the American Declaration of Independence are indications of the upward struggle of the human race. This is ignored by socialist reason, and the partial heritage of freedom, won at much cost, is not to progress further, but is to be scrapped and replaced by iron fetters, which are to bind the whole output of human productive energy.

Is it any wonder that Walter Lippman in his book, "The Good Society", tracing the gradual liberation of human beings, should have exclaimed that the socialist proposals, far from being self-evident truths, were the mighty fallacies of an apostate generation.

This brings us to the form of Society, which the proposals of socialism involve.

Who Will Decide?

One of the most modern and authoritative writers on Socialism is John Strachey, and in his latest work he sets out the system of rewards which will apply to workers in the socialised State. He says that in deference to human nature equal rewards for all classes of work must be avoided and that pay must be according to quality of service. This, of course, scotches the idea of equality of income under socialism, but it also raises the question of how and by whom different types of work are to be valued. The market, which provided this gauge under the despised "capitalist state", is anathema to the socialist and presumably a price-fixing tribunal will operate. This tribunal, however, to be consistent must refrain from using the standards of capitalism. In this connection Max Hirsch makes some interesting observations.

Toadyism, Terrorism and Corruption.

"Who, for instance, will say how many hours of labour by a navvy equal one hour of labour by a great landscape painter; or how many hours of labour done by a mechanic working on a bridge equal one hour of labour done by a great engineer in planning and designing the bridge? Free and equal competition settles these questions with unerring certainty; in its absence, they cannot be settled even approxi-

mately, for there is no common standard of measurement. Likewise, the value of goods cannot be discovered in the absence of competition and markets. Who can say in these circumstances what is the value of wheat, when, as is the case, the same labour produces five times as much wheat from a more fertile than from a less fertile piece of land of equal area? Who can discover the relative value of a pair of boots made from the best part of a skin, and that of another pair made from the worst parts of the same skin? Or who can discover the value of by-products which appear in many industries, and especially in nearly all chemical industries? Competition alone can discover these values. In the absence of competition, they cannot be discovered; can only be determined arbitrarily by the dictates of officials. If then, Socialism were to adopt unequal rewards, these officials would have to arbitrarily settle the value of the services rendered by each worker, as well as the value of every kind and quality of goods; if equal reward is adopted, they would only have to perform the latter task. Fortunately this latter one is not so open to corruption as the former. But in determining the value of services, the road is open to every kind of favouritism, jobbery, terrorism and corruption."

Outcome Viewed with Horror.

Socialist conditions can be seen working out in thousands of our larger industrial undertakings and monopolies, where rewards and prospects have ceased to be occasioned by merit and production and hinge on gaining the favour of higher officials. The resultant toadying and corruption is simply degeneracy, and if, as Strachey indicates, human nature will not change, then the outcome of officials taking the place of the market can only be viewed with horror. This process is proceeding rapidly at the present time, but it has been going on in a less acute form for many years. Marketing Boards, Arbitration Courts and protective policies are all socialistic schemes aimed at avoiding the Natural Laws of economic science and, as Mr. Brett has so cogently pointed out, when human laws try to break natural laws they only break the human beings. Despite all our artificial attempts to avoid the market-value of goods, to run counter to the downward trend of wages, to elevate society, we have not overcome one single social problem, we have simply enhanced them and the present legislative enactments are only a concentrated form of something that has failed miserably in its objects.

Equality in Poverty.

The object of production is enjoyment and the more satisfactions which a man retains as a result of his efforts the

greater is his incentive to produce. If greater and greater proportions of the production of the individual are taken from him, the reaction of the human mind is instantaneous and the result is a complete or partial cessation of production according to the degree of confiscation. This actually happens under our so-called capitalist mode of production and socialism, falling into all the vulgar errors of orthodox economics, proposes to carry the same measure to the fullest extreme, with the only difference that the recipients of the booty will be armies of taxgatherers in lieu of capitalists.

This must promote further the idea, which has gained so much ground since governments entered the economic sphere, that production and reward have no relation of cause and effect and that government benevolence rather than work is the cause of wages. Production must lose its efficiency and decline until the point is reached where everyone will enjoy a measure of equality—but of equality in poverty.

This Paper was read at the third Annual Conference of the N.S.W. School of Social Science, on 15th February, 1942.

All social problems can be solved by the application of social science.

For further information, apply to the School, Box 666 F.F., G.P.O., Sydney. Telephone BW 6602.

Free Classes, correspondence courses, etc., are provided. A wide range of splendid literature on all economic subjects is available.