

## CHAPTER IX

### KARL MARX AND SOCIALISM

“There are serious things to do. Does any man doubt the great discontent in this country? Does any man doubt that there are grounds and justifications for discontent? . . . Within the past few months we have witnessed (along with other strange political phenomena, eloquently significant of popular uneasiness) on one side a doubling of the Socialist vote and on the other the posting on dead walls and hoardings all over the country of certain very attractive and diverting bills warning citizens that it was ‘better to be safe than sorry’ and advising them to ‘let well enough alone.’”  
— WOODROW WILSON, *The New Freedom*. Chap. II, p. 36.

A REVOLUTION to be successful must be a democratic triumph, not a political victory. Political victories are merely the exchange of one set of politicians for another, and democracy gains so little in most revolutions that one is forced to wonder what lasting value there was in causing so much suffering. Relief after the most successful revolution does not last more than a generation or two. The exception will always be the American Revolution, owing to the free natural resources of this continent a century and a half ago. In France many years had to pass, owing to Napoleonic wars, before the people enjoyed the change. It is a most remarkable fact that the two greatest political revolutions known were within

an age of being ~~the~~ democratic triumphs. If Quesney and Turgot in France had succeeded there would be now a quite different story to tell. If Paine and Jefferson in America had carried their fundamental principles into effect how vastly different would be the history of this land! But their influence was as naught when their opponents took hold of government. When the individualists were supplanted by the politicians the fundamental of democracy — natural rights — was lost. This is the most impressive fact all history records. It is private ownership of the basis of subsistence, natural resources, which defeats the purpose of revolution, and enables the monopolist to keep fast hold of the political means. Dominion, not freedom, is the end of political revolution. Franz Oppenheimer, in his work of unique excellence, *The State*, puts this quite clearly. He says:

“The developed feudal state is, in its essentials, exactly the same thing as it was when yet in the second stage of state formation. Its form is that of dominion, its reason for being, the political exploitation of the economic means, limited by public law, which compels the master class to give the correlative protection, and which guarantees to the lower class the right of being protected, to the extent that they are kept working and paying taxes, that they may fulfil their duty to their masters. In its essentials government has not changed, it has only been disposed in more grades; and the same applies to the exploitation, or as the economic theory puts it, ‘the distribution’ of wealth.”

There has indeed been no change in the essentials of government. The difference is one of degree. It is “differentiated much more minutely, and integrated much more powerfully.” And now we find the struggle is on the one hand between the rival politicians for dominion; and on the other be-

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tween two factions in production, labour and capital. The landlord, the owner of the basis of subsistence, to whom both labour and capital must apply for permission to use the earth, from which they draw their sustenance, all the "raw material" of industry, may rest supremely indifferent. While the politicians of the great groups struggle for mastery, he cares not which wins dominion, for his position will be secure so long as the inherent, as it were, law of the State is the political exploitation of the economic means. He is in an almost impregnable position while labour carries on its fight against capital, and politicians struggle for dominion.

Now, however, we have to reckon with another change in degree. The essentials of government remain pretty much the same, but there has grown up, owing to wide differentiation of the bureaucracy, the vast official class: departmental government controlled by almost inaccessible Cabinets. Politicians are therefore become more powerfully autocratic than kingly despots. This growth of power has brought about a wide-spread distrust among the proletariat. Many groups of labour, suspecting the efficacy of the political machine, have lost faith in its power to grind out beneficent reforms. These groups say the politician has failed, and must be "scrapped." The crisis is here. Government is face to face with a new condition. Hence an altogether new movement, partly anarchistic in its nature, called Syndicalism: the general strike with violence. It is quite unnecessary to write the history of the failure of the politician, for it is to be found writ large in the history books of every country under the sun. Strip the politician of personality, let him be re-

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vealed without the cant and hypocrisy and bias of the hero-worshipping historian and we shall see how ephemeral is his legislation, and how steadfastly he has ignored fundamental principles. There is, however, a history we might well refer to, for in doing so many misconceptions may be cleared away. The history of Socialism, say of the past hundred and fifty years, is not so easy to find. A great part of it is hidden away in the literature of various schools of political thought. Much of its history has been overlooked by our historians. Much of it has been suppressed in the works on modern Socialism. When one considers how hazy are the notions that the ordinary intelligent workmen and business men have of Socialism, it seems necessary every one should be in possession of at least a brief outline of its history. The many kinds of socialists, the many kinds of reforms that are called socialistic, are just so many indications of a prevailing ignorance that is inexcusable at this time of day. A day in the courts when a so-called socialist is on trial for his or her opinions, will suffice to prove that bedlam reigns on both sides, and that the judge himself, by his comments, is usually not nearly so well informed on the question as the prosecution or the defence. Again, let me point out the very lamentable display of sheer ignorance of many newspaper editors and reporters: Socialist, Communist, Collectivist, Fabian, Labour, Bolshevik, etc., are terms which to them have no particular meaning. Any one may be used as an opprobrious epithet for scaring newspaper readers.<sup>1</sup>

<sup>1</sup>“While we hear so much of the horrors of the French Revolution, it is singular that we hear so little of the horrors that caused it. The most infamous injustice, systematically established by law, seems to excite little or no indignation; while the popular reaction consequent on that injustice (although only a consequence flow-

They mean in general anything that one does not like and anything that one is particularly afraid of.

Let me therefore try to shed some light on the meaning and experiences of Socialism. I have already referred to the Socialism of ancient States which many historians have mistaken for democracy. I shall now consider the question since the days of Rousseau, who is regarded by a good many writers as a socialist. Your thorough-going modern state socialist would disown him at once, and rightly so, for Rousseau maintained that "the right of property is the most sacred of the rights of citizens, in some respects even more important than liberty itself." There are many men of the early days of the French Revolution who have been called socialists indiscriminately though their theories diverge widely. Warville said, "property is robbery." Mably believed in the abolition of private property and that all goods should be used communally. Even Turgot, who was as thorough-going an individualist as I know of, has been classed with the socialists of that day. I refer to this period and these men merely to show that there were differences of opinion then, and that were the French Revolution to be enacted again, it is quite likely the uninformed people of this day would call all and sundry in favour of the overthrow of the old régime, socialists. Socialists there were then, but they had very little to do with the Revolution. Anyway, what was advocated as Socialism in that day would not be acceptable to the state socialist of our time. How the author of the *Social Con-*

ing from the laws of human nature), is branded with every epithet that language can supply. Surely this is a most unphilosophical method of studying history."—Patrick Edward Dove, *The Theory of Human Progression*.

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*tract* came to be regarded as a socialist is something of a puzzle. Godwin, whose work, *Political Justice*, startled England at the end of the eighteenth century, has also been classed with the socialists, but though his views were in the early days communistic, he afterwards preached an individualism far too strong for the sensibilities of the smug folk of his day. Nevertheless, it is difficult to understand how Liberalism could have been without Godwin. He was the prime mover of the philosophic radicalism of that day, but like so many pioneers in the philosophy of states he suffered from his absolute opposition to the institution of marriage which he said was a system of fraud. Saint Simon was quite another political personage, for Saint Simon did undoubtedly found a society which preached a doctrine as far removed from state Socialism as individualism is from monopoly. Still his school was socialistic in some respects, notably in its antagonism to hereditary property. Another man, whose name will not be soon forgotten, who added considerably to the political and industrial thought of his time, was Robert Owen, whose teachings undoubtedly paved the way for the great co-operative and trade-union movements. But Owen has been claimed by socialists and radicals, yet he was neither one nor the other. He came after the radicals and before the state socialists. The radicals during the 30's seem to have passed out of sight; they had given place to those imbued with socialistic ideas not yet formulated into a system. But during the period between the revolutions of 1830 and 1848 in France there arose a new school of political thinkers and writers which contained some of the pioneers of modern Socialism. It was about this time that the

word "Socialism" was put into use, but it came without a precise definition. It covered many different methods of so-called reform, and probably because it was vague it seemed to gain immediate popularity. At the revolution of '48 the word was used to convey the desire on the part of the revolutionists for the State to control certain services of production and distribution.

There is a great deal to be learned from a study of the legislation passed by the Provisional Government of the French Revolution of '48. Most of this legislation was fathered by Louis Blanc and Ledru-Rollin. The hours of labour were at first reduced to ten in Paris, and eleven in the Departments; six months later a new law was enacted that the hours of actual labour should not exceed twelve in manufactories and mills. Though the Government did not favour regulation of wages by law, and the abolition of piece work, an agitation took place which compelled employers to abolish piece work and raise wages. All foreign workmen were expelled. The State formally guaranteed work to all who needed it. National workshops were opened, and at one time it seemed that Louis Blanc's dream, that the State should be the supreme industrial organ in the community, would be realized. It is said that over 120,000 men were in a few weeks in receipt of State pay. Idle persons from every direction flocked in to Paris. Prices went up by leaps and bounds. Securities fell, and credit was nearly destroyed. The principal railways were disorganized. On one line the workmen claimed the right of electing the men who directed and controlled them. Employers restricted their business and shortly unemployment increased rapidly. Intimidation was

prevalent, and on one occasion the mob burst into the body of the legislature making extreme demands. The extermination of property and capitalists; the immediate installation of the proletariat into community of goods; the proscription of the bankers, of the rich, of the manufacturers; the destruction of all superiorities derived from birth, fortune, and heredity, so Lamartine tells us in his history of the Revolution, were some of the demands of the mass. Every department of life was reduced to chaos. At one time there were 100,000 workmen in Paris out of work. Industry was completely disorganized. But it all ended in blood. In the four days' fighting which brought the Provisional Government down it is said that there were 16,000 men killed or wounded in the streets of Paris. So ended the experiment of the national workshops.

George Brandes' *Ferdinand Lassalle* is unfortunately a work so little known that one rarely finds it quoted, yet it is invaluable as a statement of the most striking period in the history of Socialism. It is written with the sympathetic charm of a great scholar who thoroughly appreciated the genius of Lassalle. Brandes not only gives us a vivid picture of the man, he deals deftly with the arguments of Lassalle and Marx, and other socialists, and he points out precisely where certain socialists differ from one another. This work is deserving of the closest study, for the influence of Lassalle was far-reaching. He was spoken of as Bismarck's tutor; he was a brilliant pupil of Hegel. The Germany we knew before the war owes not a little to him. Brandes sums up in a paragraph Lassalle's ideals of Socialism:

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"If now," says Lassalle, "we turn our gaze from capital property as existing, which has certainly accrued in due correspondence with the prevailing state of affairs, we have the indisputable right to make the property of the future, as yet unproduced, the property of labour, by reforming the methods of production. There is to be no breach with the division of labour, the source of all civilization; only capital is to be once more reduced to its position as a dead implement of work in the service of man. For this purpose it is only necessary that throughout the realm of production individual private capital for productive purposes should be abolished; that the labour of society, which was previously common, should be maintained in employment by the common capital of society, while the profits of production should be divided among the fellow-labourers according to the value of their achievements. The means of transition to the purpose, the simplest and mildest of all, are, in Lassalle's opinion, productive unions supported by State credit."

It is not, however, to Lassalle's teachings that the socialists of today look for guidance. It is rather to Marx from whose theories of value and surplus value the fundamental economic conceptions of Socialism arise. Mr. Thorstein Veblen says: "The Socialism that inspires hopes and fears today is of the school of Marx. No one is seriously apprehensive of any other so-called socialistic movement, and no one is seriously concerned to criticize or refute the doctrines set forth by any other school of 'Socialists'." This may be so in the United States where there has not been anything like the controversy on the subject which has raged in Britain. For those who are not familiar with Marx's great work I shall quote two paragraphs from *Capital* in which he sets out his theories of value and surplus value:

"That which determines the magnitude of the value of any article is the amount of labour socially necessary, or the

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labour-time socially necessary, for its production. Each individual commodity in this connection is to be considered as an average sample of its class. Commodities, therefore, in which equal quantities of labour are embodied, or which can be produced in the same time, have the same value. The value of one commodity is to the value of any other, as the labour-time necessary for the production of the one is to that necessary for the production of the other. As values all commodities are only definite masses of congealed labour-time. . . . The value of labour-power is determined, as in every other commodity, by the labour-time necessary for the production, and consequently also for the reproduction, of this special article. . . . The fact that half a day's labour is necessary to keep the labourer alive during twenty-four hours does not in any way prevent him from working a whole day. Therefore the value of labour-power and the value which that labour-power creates in the labour process are two entirely different magnitudes, and this difference of the two values was what the capitalist had in view when he was purchasing the labour-power. . . . The action of labour-power, therefore, not only reproduces its own value, but produces value over and above it. This surplus-value is the difference between the value of the product and the value of the elements consumed in the formation of the product."

It must be said that many socialists of today repudiate these theories; still the vast majority of socialists do not hesitate to preach what has been deduced from them. Numbers of English socialists, however, look for a theory, to Jevons, who takes human desire as a basis of value. Jevons says, "we may state as a general law that the degree of utility varies with the quantity of commodity, and ultimately decreases as that quantity increases." It was, however, Professor von Böhm-Bawerk who, in his masterly work called *The Positive Theory of Capital*, developed and extended Jevons' quantita-

tive theory of value. Max Hirsch renders freely von Böhm-Bawerk's conclusions:

"All human action is prompted by desire and resisted by distaste for exertion. In order that a thing may be produced, the desire for it must conquer the distaste for the exertion which its production necessitates. The acquisition of goods through exchange is dominated by the same law. In an exchange of, say, boots for hats, the desire of one party for hats must conquer his reluctance to part with boots, and vice versa, i. e. the thing to be acquired must be more ardently desired than the thing to be given up on both sides or no exchange can take place. But desire and utility are merely two aspects of the same relation. Men desire things because they are of some use to them, i. e., because they possess utility, unless they can satisfy some desire. Things may, however, be valued from a subjective standpoint — that is, for their power to satisfy the owners' desire for themselves; or from an objective standpoint, when the desire is for other things which they bring through exchange. In either case their value depends upon, and is a consequence of the utility of the things. Hence it is clear that utility is the cause of both subjective or use-value, and of objective or exchange-value."

This, it will be seen, destroys entirely the Marxian theory of value.

Now let us examine his definitions of capital. With Marx the circulation of commodities is the starting point of capital and he says, "as a matter of history, Capital, as opposed to landed property, invariably takes the form at first of money; it appears as moneyed wealth, as the capital of the merchant and the usurer." Such absurd definitions run through most of the works written by socialists and force one to the belief that these socialists never made any serious attempt to find out what capital is. Frederick Engel said, "the appropriation of unpaid labour is the basis of the capitalist's mode of

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production, and of the exploitation of workers that occurs under it." Numbers of quotations could be given from works of socialists that are just as absurd as these I have quoted. That they have laboured under extraordinary difficulties to define their terms is undeniable. Some of the greatest intellects of the nineteenth century were devoted to the cause of Socialism, so it must not be imagined that the lack of proper definitions is to be put down to what vulgar critics call "the ignorance of the rag-tag and bob-tail." The Fabian Society of England has members whose names are known all over the world of literature, so when we find Fabian Tract No. 7, "Capital and Land," saying, "when we consider what is usually called capital, *we are at a loss to disentangle it from land, as we are to find land which does not partake of the attributes of capital,*" we must accept the statement as a confession coming from men of intellect who are baffled.

The real fact of the matter is this: the most serious-minded socialists and Fabians have been carried away by theories which they have not submitted to thorough analysis. Actuated by a burning zeal to ameliorate the economic condition of the people, they imagine private enterprise to be the source of evil conditions, and that national undertakings will be for the benefit of the people, because the state will have all power of direction. To them the private ownership of capital seems economically and morally wrong; for have not so many great intellects in sympathy with the poor denounced private property and private enterprise? These men and women have accepted at some time or another all the theories of the socialists without examining their terminology and definitions. How impatient they are with those

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who criticize their terminology and definitions, must have been evident to any one who has addressed a socialist meeting when the proposals and conceptions of Socialism have been under close examination. Their gods are gods, indeed, above reproach, beyond criticism. It is just as well to recognize this and not attempt to discredit their intelligence because of their zeal and faith. Would to Heaven their opponents had their zeal and faith in approaching social problems! But if these problems are to be solved we must proceed intelligently, and not perpetuate past blunders. It seems to me the best way to avoid repeating blunders of the past is to realize clearly what is wrong, what the great injustice is, where the great injustice lies, and then agree on the method of righting wrongs.

In considering the proposals and conceptions of Socialism it is first necessary to ascertain what is the conception which Socialism has formed with regard to the relations existing between individuals and the social entity to which they belong. Sidney Webb, in *Socialism in England*, says, "the first step must be to rid our minds of the idea that there are any such things in social matters as abstract rights." Laurence Gronlund in *The Co-operative Commonwealth* lays down the conception for thorough-going State Socialism. He says:

"It" (the conception of the State as an organism), "together with the modern doctrine of evolution as applied to all organisms, deals a mortal blow to the theory of 'man's natural rights,' the theory of man's unalienable right of life, liberty, property, happiness, etc. . . . These so-called 'natural rights,' and an equally fictitious 'law of nature' were invented by Jean Jacques Rousseau. Philosophic socialists repudiate that theory of 'natural rights.' It is Society, organized Society, the State, that gives us all the rights we

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have. . . . As against the State, the organized Society, even Labour does not give us a particle of title to what our hands and brain produce."

But the State is not Society. They are as far apart in purpose as they well can be. The purpose of the parasite is to live on another. In neither an economic nor a political sense can it be demonstrated that the State and Society are identical. Organized Society is not the State. Society has not yet under a highly organized State shown any desire to be organized for an economic purpose. As to the State giving us all the rights we have, it may be safely asserted that the State abrogated rights and instituted privileges.

Anyway, Socialism denies natural rights and maintains that the only rights we possess are granted by the State. Thus we are driven back to the days of the Tudors and Louis XIV. Does it mean that George III was right and Paine and Jefferson wrong? Does it mean that the Bourbons' conception of the State was correct and the French Revolution was a mighty blunder? It is not so long since English Toryism scoffed at the idea of natural rights. The literature of the Liberty and Property Defence League reeked with evidences of this conception of Socialism. In Lord Bramwell's *Land and Capital* he says:

"Be it that there are natural rights — that is, in a state of nature, where there is nothing artificial. But men have formed themselves into a social state; all is artificial and nothing merely natural. In such a state no rights ought to exist but what are for the general good — all that are should."

And this denial of natural rights has always been the barrier behind which English landlords have

taken shelter. So Socialism begins its modern career by nestling in the cradle of the Toryism which forced America to declare its independence. The fight then was for the supremacy of the ideal of natural rights, and this ideal animated the hopes of the revolutionists who placed so high a value on the ethical conception of the Independent States of America that they gave the first place in their Declaration to the affirmation of these rights.

Socialism denies to the individual any rights independent of society, so Professor Robert Flint tells us, and "assigns to society authority to do whatever it deems for its own good with the person, faculties, and possessions of individuals." The State absorbs the man, and all is duty without right. All individuals must be subordinate to the will of the State. It would be startling, if there were no history to teach us and guide us.

It is time to warn the people of the danger they approach by supporting the method of obtaining Socialism increment by increment. How many people who are not socialists realize the fact that though socialists governed nowhere in Europe or the United States before the war, their policy was being carried to fulfilment by non-socialist political parties? It is one of the most amazing pieces of political ignorance history records, for a people to attempt to protect themselves from a system of government which they abhor by conceding instalments of that system to palliate and mollify their opponents. Let us therefore clearly understand what one of the fairest critics of Socialism, basing his definition of this system on the statements of the best-known socialists, tells us of the state we are preparing to enter. Hirsch,

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in his *Democracy versus Socialism*, gives us the following definition of Socialism:

“Socialism is an empiric system of organization of social life, based on certain ethical and economic conceptions. Its ethical conceptions consist, generally, of the denial of individual natural rights and the assertion of the omnipotence of the State; specially, of the denial of the right of the individual to the possession of the products of his labour, and the assertion of the right of the State to the possession of the products of the labour of all individuals.

“Its economic conceptions are, that competition and private property in land and capital, and the consequent exaction of rent, interest and profit, i. e., surplus value, by private persons, are social evils, responsible for the material and mental destitution of vast masses of the people.

“On these conceptions are based its industrial, distributive, and political proposals. They are: The gradual abolition of private property in and private control of the instruments and materials of production, land, transportation, trade, loan-capital, and public debts; such abolition to take place without compensation, or through partial compensation only, of present proprietors as a whole. For these private rights it would substitute the collective ownership and management by the community, acting through local and central governmental bodies, of the instruments and materials of production, land, transportation, trade, and loans, continuing private property in and private control of all consumption-goods awarded to individuals as their share of the products of the national industry.

“The only arrangement possible under Socialism, for awarding to individuals a share in the products of the national industries, is, to allot to each an equal share, measured by value, in that part of the national income which remains, after due deduction has been made for the replacement and extension of national capital. The only possible standard of value, labour-time, however, would lead to inequality in the share of the national income obtained by each, and must, therefore, be supplemented or superseded by the arbitrary determination of the value of all products by State officials.

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**“The political proposals of Socialism are: equal political rights for all adult individuals of both sexes; extension of the powers and functions of local governmental bodies, and international control of international production and trade.”**

**This definition is eminently fair. Only so-called socialists can quarrel with it, or those writers who weave hazy apologies for the system to soothe those of their disciples who fear catastrophic Socialism.**