

Why We Have Socialism

SEVENTY-FIVE years ago Karl Marx prophesied the collapse of Capitalism and the consequent advent of Socialism. In the stars of history were written two theories which foretold the inevitable. These theories he called the "concentration of capital" and "increasing misery."

The theories and the prophecy are worked out in great detail over hundreds of pages of fine print, but briefly they come to this: The power of exploitation inherent in private property will ultimately destroy the institution. Its doom is foretold in the "surplus values" which it extracts from labor. Why? Because these confiscated "surplus values" reduce the purchasing power of labor and thus become a burden on capital. There is nothing the owners can do about this over-production, for the very nature of private capitalism forces it to accumulate, at the expense of the worker, and in the search for new markets, domestic or foreign, the owners come into conflict. The larger swallow the smaller. This centralization of capital makes of it a top-heavy structure, ready to topple over at the first good push.

While this process of centralization is going on, and because of it, the lot of the worker becomes progressively worse; and this degradation stirs in him a spirit of revolt. This disaffection grows in magnitude by the increasing membership of his class, the new adherents coming largely from the small capitalists, the petty bourgeoisie, who have lost out in the competitive struggle. The proletariat not only grows in size, but is also "disciplined, united, organized, by the very mechanism of the process of capitalist production itself." At the right moment—Marx expected the culmination in his lifetime—"the knell of capitalist property sounds. The expropriators are expropriated."

Three quarters of a century should be time enough to test these theories. And the evidence of this period, even as a number of his idolaters admit, completely refutes Marx. Instead of an increasing centralization of capital, the figures

show a constantly expanding class of capital-owners; instead of intensified misery the lot of the proletariat has vastly improved, even if wages have to be periodically supplemented with public charity. These "scientific" theories, like others with which Marx hoped to lift Socialism out of dreamy utopianism, have been knocked awry by facts, and his prophecy, based on these theories, seem to have been the vision of an arm-chair revolutionist.

And yet, it happens that he did hit upon an eventuality. Private capitalism is indeed on the way out, Socialism is with us.

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HERE it might be well to attempt a definition of Socialism. The task would be hopeless if it involved the inclusion of every doctrine extant among the multitudinous sects which lay claim to the name. To some it is a goal, to others it is a system of revolutionary tactics; it is an end in itself, it is a means toward some other end, and on what that ultimate end may be there are opinions; in truth it must be said that to the vast majority of its devotees Socialism is the undefined "good society" of which mankind has dreamed since the beginning of time. Since no all-inclusive definition is possible, the best that can be done is to find among the various shadings of doctrine some common thread of thought. And this common denominator is this: *the public ownership and operation of the means of production and exchange.* This, of course, will not satisfy all, if any, group. Some will take umbrage at

the word "public" and demand that "common" be substituted; the lack of a social goal in this definition will shock many, though the inclusion of a specific social goal would raise a howl of dissension; many socialists demand a limit to public ownership, while others would leave nothing but personal articles in the hands of the individual. However, the common denominator is common enough to make it a working definition.

Public ownership of capital, no matter what it may ultimately lead to, comes to State Capitalism. Capital is inanimate. Somebody must produce, manage and look after it. If private persons are prevented by police power from accumulating and employing capital the job must be undertaken by the police—that is, if there is going to be any capital—and that, however one tries to camouflage the fact, is State Capitalism. Nor is it anything else if the regime is instituted without the use of prohibitory laws; as when private enterprise is wiped out in a competitive struggle with State-owned capital because it is under the handicap of supporting its competitor with taxes.

Only in Russia is outright and unequivocal State Capitalism a going business. England is on the way of adopting it; while the present regime proposes to monopolize only certain forms of capital, the question which experience will decide is whether the intrusion of the political state in one phase of a country's business can stop at that predetermined point. The odds are against it, simply because in a highly specialized economy every industry impinges on many others, and the State may be obliged to go into businesses related to those already nationalized. In America, where the tradition of individualism relucts at

admitting the fact, State Capitalism is making headway. What else would you call federal ownership and operation of vast hydro-electric plants? Or the government's entry into the housing business? Or its extensive banking enterprises? In almost every country in the world the political State has acquired monopolies of particular forms of capital and the trend is very definitely toward an extension of the practice. So that, if the statement that Socialism (which, for the present, must be identified with State Capitalism) is with us seems to be hyperbole, it is only so in point of degree; the baby is lusty and everything points to its growing up.

Well then, if the fulfillment of Marx's prophecy cannot be attributed to his theories, how can it be explained?

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BETWEEN those who worship at the temple of Capitalism and those who, to propitiate the gods of Socialism, spit on that edifice, there are points of essential similarity;

that is, similarity in their essential articles of faith. For instance, a tenet common to both is that only under the aegis of the political State is economic betterment to be found. The bitterest hater of Socialism is as quick to call on the State to solve his economic problem as is the Socialist. Those unions which reject communism (for practical discussion, communism must be considered a socialistic sect), and those which openly espouse it are both in favor of a partnership with political power; hard-headed business men and visionary pink professors join in asking the State to tax-and-spend the country into prosperity; socialized medicine, unemployment insurance, social security and all manner of political cures for economic ills find support in the opposing camps. The difference between the two simmers down to the question of who shall control the power of the State; both are committed to the doctrine of more bread through more police.

Capitalists will demur at this statement and protest that the cardinal prayer in their liturgy is Individualism. Yet when you parse this prayer you find it is only a supplication for privilege. Privilege from whom? The State, the source of all privilege. Privilege for whom? Themselves, of course. Privilege against whom? Those who, deprived of access to the source of power, are put under compulsion to give up part of their production to those who have been favored by the State. Every privilege involves an advantage, and every advantage predicates a disadvantage. Therefore, the Individualism about which the going Capitalism prates is a decidedly one-sided arrangement. It is quite the opposite of that equality of rights which is the keystone of Individualism.

When we consider the history of what is called Capitalism we see that its principals never concerned them-

selves only, or even mainly, with private ownership of the means of production and exchange. At the inception of the laissez-faire economy in the eighteenth century, the rising class of entrepreneurs put forth every effort to acquire for themselves the position previously occupied by the nobility; and the task of producing goods and services for exchange has always been secondary and unwanted. Slavery, patents, franchises, protective tariffs, cartels, subsidies, land grants—any kind of monopoly position to reduce the demands and risks of competition has been and is the hope and the goal of the business man. He is a capitalist only by necessity; his ambition is to be a monopolist. Since every privilege amounts to getting something for nothing, which is confiscation of somebody's labor product, none can be self-enforcing. The coercive power of the State has to be involved. The State, far from being an impersonal fiction, is composed of men whose inclinations are not unlike those of other men. Their invariable price for granting a privilege is a further grant of power. Patents require a patent office, tariffs call for an extensive customs service and a sizeable navy, cartels must be regulated, land grants demand a department. Every privilege granted by the State enlarges its personnel, its prestige and its income by way of additional tax levies. Capitalists have never quibbled over the price.

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IN this business of peddling privilege for grants of power the State could not confine its clientele to the owners of the means of production and exchange. Others had the vote. Feudalism had kept everything in ship-shape order by limiting privilege and political power to a well-circumscribed group. When the growing class of entrepreneurs broke through this crust they demanded a share in the political power; by the use of such shibboleths as "no taxation without representation" and "the rights of man" they managed to secure for themselves a place with the police. For some time this class emulated the practices of its predecessors, but its favored position could not be held indefinitely simply

because the principle of suffrage which it had used to push itself up was being employed constantly by those who paid the price of privilege. The vote is by definition a piece of sovereignty; the theory behind it is that through the vote the will of the citizen is transferred to his agents, the government, whose exercise of coercion thus gains moral sanction. But the demand for the vote was never motivated by an abstract principle; it has always come from an economically depressed class, and its lure has ever been the promise of betterment. In the recent campaign for woman's suffrage in this country the argument for the property rights of women was emphasized as strongly as the moral principle involved,

and it is doubtful that the latter would have engaged sufficient support by itself. At any rate, as more and more people acquired a share of sovereignty, more and more demands were made on the privilege-dispensing group. Never has the vote been used to abolish privilege; it has been used either to demand new ones or to effect a change of beneficiaries. What is the pressure group technique but a clubbing together of many miniscule pieces of power into a substantial instrument of trade? Privilege is an over-the-counter proposition.

And so, as the suffrage was extended the State's customers increased both in number and in ferocity. The more privileges it granted the greater grew its powers, particularly its power to levy taxes. But a society of all thieves is an impossibility; somebody must produce. The cost of privilege plus the cost of maintaining the growing State eventually reduce the returns to capital and labor to a point so low that production makes no sense. You would imagine that at this point people would come to their senses, go to work, quit trying to live on other people's labor, and abolish the predatory State by refusing to support it. That presupposes, however, that in their social relations people are rational, and history does not support this thesis. They simply demand more privilege, regardless of cost; one must live. The accommodating State, finding the drain on production so

great that a further levy may choke it off, meets the demand for doles by borrowing from future production first, and finally by levying on capital. Now, it is bad enough to steal a man's bread, but when you also steal his oven you make it impossible for him to bake bread. Taxes on capital, therefore, have the effect of further curtailing the production from which wages and taxes come.