

The War and the Myths of Capitalism

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The War and the Myths of Capitalism

PROFESSOR GLENN E. HOOVER has criticized Franz Oppenheimer's strictures on the efficiency of capitalism as an economic system.¹ I should like to take this opportunity of questioning some of Professor Hoover's apologetics. First, Professor Hoover seems to mention but one criterion for the success of capitalism or (by implication) of any other economic system. It is that "capitalism in the Nineteenth Century enabled the population of the world to double in number and to make greater economic progress than was made in any previous century." What "economic progress" is he leaves us to guess, except that he does say: "From 1840 to 1929 the foreign trade of the world increased from 2.8 billion dollars to 66.7 billion."

Now, Dr. Hoover was simply writing a short letter of comment and it would be manifestly unfair to saddle him with so naïve a defense of an economic system. Yet there is no mention in his note—despite opportunities that more than once present themselves—of the industrial horrors of his precious nineteenth century (precious because it flourished "before the capitalistic system began to suffer from the governmental restraints that have recently been imposed upon it"), a period which, for violation of human dignity and natural decency, has had few equals, at least in the economic dimension.

Quite correctly, Dr. Hoover speaks of "the advantages that would result from the social appropriation of economic rent." I agree with this completely; if not, I should not be interested in *THE JOURNAL*. But it seems to me that he, along with so many other contemporary Georgists, blinks the fact that such social appropriation would be the function of a government, and of a very powerful government, one that would have a staggering political control of the nation's economic life. Despite Albert Jay Nock and other "enemies of the State," a government that put Henry George's theories into operation would be anything but *laissez-faire* or capitalistic: it would be, despite all the frantic shoutings of many Georgists today, a "planned" state economy. And if Professor Hoover would be revolted at its "socialism" and "collectivism,"—well, he should probably consult a practicing semanticist.

Which introduces another point in some sentences from Dr. Hoover's concluding paragraph:

¹ *AM. JOUR. ECON. SOCIO.*, Vol. I, No. 2 (Jan., 1942), pp. 191–2.

But I hope never to see our economic system turned over to the collectivist "planners" who, I fear, would operate it as a gigantic W. P. A. project. Our troubles have been due, in large part, to the fact that we have forgotten the conditions under which a free enterprise system can effectively operate . . . Nor shall we ever make such progress again if our economic system is turned over to the politicians, even if they call themselves "planners" rather than socialists.

I must confess that these statements seem incredible to me. I don't mind that they sound like Republican campaign slogans of 1936 and 1940. I do mind that they follow publication of the T.N.E.C. and Truman reports, that they are printed while the "socialistic" state is trying to undo the almost treasonable negligence of Dr. Hoover's "free market capitalism"—(if the T.N.E.C. reports have not killed the myth of a free market, I wonder what can.) I do mind that an eminent economist like Dr. Hoover can write as if Keynes and Hansen had never lived. Does Professor Hoover think that we can fight and win a war without "planning?" Does he think that we can avert the depression supposed to follow the war (I have a hunch that, along with others, Dr. Hoover is looking forward to that in a rather masochistic way: it will be one more proof of the New Deal's failure) without planning? And one more question, just for the record: Does he think we can ever have full employment without planning? And I'll include land value taxation planning . . .

I don't mean to be impertinent in these remarks, and I'll freely confess that my professional status is in philosophy rather than economics. (That permits me many liberties . . .) But I am very worried that so many followers of Henry George are taking such trouble to alienate the very people who should be their supporters. Not the defenders but the critics of modern "capitalism" should be cultivated, for Henry George will always appeal to reformers, not to apologists.

Moreover, to end on a note of cynical opportunism, the economic and political future is one in which Professor Hoover's Nineteenth Century Capitalism will no longer exist. Despite Dr. Hoover, that's a very good betting proposition! Georgists do not have to fight that future, even if they want to; and they shouldn't want to.

GEORGE RAYMOND GEIGER