CHAPTER 8

Socialist Theory

PREVIEW

Socialism arose as a protest against the inhumanity of unregulated, raw capitalism. Decrying private property, individualism, and selfishness, socialism is founded on three principles: public ownership of production, the welfare state, and improving the human condition by eliminating poverty.

While socialism's origins reach back to the French Revolution, the ideology is rooted in the Industrial Revolution. It gradually evolved two great branches, humanitarian socialism and "scientific socialism." The Utopians—early humanitarian socialists—though well-meaning, discredited socialism with their impractical idealism and their failed social experiments. Their failure left the field open to Karl Marx's "scientific" approach.

Believing he had discovered the formula by which human history could be understood, Marx thought that people's ideas are conditioned by their economic environment and that economic change fosters a dialectic conflict between those ruling and those ruled in society. Eventually, the social class controlling the new dominant means of production will win the struggle to create political and social conditions beneficial to it. According to Marx, the final conflict will find the capitalist and proletarian classes engaged in a struggle that the proletariat will win because, although the capitalist system is productive, it is also exploitative and parasitic. When the proletariat class comes to power, it will establish a dictatorship, which, in turn, will create a socialist economy and eliminate all nonproletarian classes. This development will lead to greater productivity and the elimination of poverty. As each country becomes socialist in its turn, national boundaries will disappear and eventually a single utopia will replace the divided, exploitative, and cruel world of capitalism.

THE DEVELOPMENT OF SOCIALISM

Socialism began to emerge as an ideology just before the turn of the eighteenth century. It developed as a protest against the harsh exploitation of workers and of other ordinary people that was common to capitalism. The Industrial Revolution had given people a new framework for thought. It also brought mechanized production and replaced human or animal energy with steam. Yet, as machines and energy sources became more sophisticated, the costs

of mass production exceeded the resources of the individual. Consequently, cottage industries were replaced by the factory system. Family ownership of industry was eventually displaced by stock market investors and professional managers. Each of these developments removed ownership from production and estranged the owners from the workers.

This new economic system allowed people with money to buy up the machinery and factories needed to produce goods. People who had been self-employed, or who at least had worked closely with their employers, found themselves forced into huge factories, mills, and mines. The resulting depersonalization of labor was increased by the new machinery, which tended to make old skills obsolete. Workers were put behind machines to perform monotonous and menial tasks requiring no skills beyond those needed to keep the machines functioning properly, even as wages were suppressed because skilled jobs disappeared.

The factory system brought with it a whole new way of life. People were herded into the cities, where housing was cramped and squalid. Sanitation facilities were so woefully inadequate that people were forced to live in filth. The factories themselves were dark, damp, and poorly ventilated, and workers found themselves isolated from anything that might reduce their productivity. Thousands died of asthma and tuberculosis because the air they breathed was contaminated by smoke, steam, dust, and filth. Many people toiled as long as sixteen hours a day in the summer and thirteen and a half hours in the winter, sometimes seven days a week. At times workers could not even leave the factories and were forced to sleep beneath the machines to which they were enslaved.

Women and children were the most desirable laborers because they could be paid less and were least likely to resist the harsh discipline imposed on them. The family unit disintegrated. A working mother might seldom see her children unless they also worked in the factory. Small children were left completely unattended for long periods. Men, usually the first to be fired, sometimes had to depend on the earnings of their wives and children for subsistence. The disgrace and humiliation of these circumstances often drove men to leave home, to dissipate in drunkenness, to perpetrate cruelties on their families, or even to commit suicide.

The owners were often indifferent to the suffering in their factories. Some capitalists rationalized the wretched conditions of the laborers by claiming that industry saved these people from idleness, the greatest sin of all. Others used Social Darwinist arguments, claiming that the laborers were obviously inferior to the owners and *should* be worked hard. They resolved that eventually the inferiors would die out, leaving a more wholesome and intelligent race. (Who would then do the mundane, repetitive tasks of industrialized production was not offered by these pseudo-scientists.) The owners imposed heavy fines and even corporal punishment for whistling or talking at work, for working too slowly, or for being late. The law gave the workers no protection and demanded a heavy penalty for theft. When a woman was put on trial for

stealing a few coins to feed her starving children, Thomas Hood, a poet of the time, wrote in anguish, "Oh God, that bread should be so dear and flesh and blood so cheap!" Charles Dickens, however, is probably the best-known author inspired by the plight of the worker. Just a glance at *David Copperfield, Hard Times,* or *Oliver Twist* impresses the reader with the hopeless circumstances of the poor during this era. Decrying the imposed misery, reformers demanded exploitation be replaced by a system that treated people justly and humanely: socialism.

Communism and Socialism

The confusion of communism and socialism should be examined. **Communism** is an ancient concept extending back to prehistory. Indeed, there is evidence suggesting that communism was the first mode of human social existence; virtually all primitive people practiced some form of communal existence. Communistic societies are composed of four essential properties: they are *collective* (people work and own in common); they are *rural* (although some experiments in urban communism now exist, before the closing years of the nineteenth century communism was usually not associated with urban areas); their economic base is *agrarian,* or agricultural; and they are *local in their orientation.* That is to say, the people who live on communes—the "communists"—usually have abandoned the societies in which they found themselves and fled to a communal farm. Rejecting the values and regulations of society, they create their own universe. The commune becomes the entire world for its occupants as they ignore the environment surrounding them. So it was historically, and communes are largely so today.

Communism has also become associated with applied Marxism: the "Communist Bloc" or "Communist China." This newer application of the term, you will soon learn, is because Karl Marx sometimes used the word *communism* but, as you will soon see, the world he envisioned was not rural, agrarian, and locally oriented.

Socialism, by contrast, is a relatively recent phenomenon. Socialism advocates the application of collectivist principles, not to a single agricultural enterprise but to the entire national economy. Since the transportation, communications, and bureaucratic capacities to administer such a national economy did not exist until the 1800s, little serious thought was given to this idea until then, although both Plato's *Republic* and Sir Thomas More's *Utopia* speculate about systems that would be considered socialist.

Socialism also has four fundamental properties. It shares *collectivism* with communism; however, rather than being local in orientation, socialism proposes applying collectivist principles to a national economy. Its base is *industrial* rather than agricultural, meaning that it is largely *urban,* and not rural, as is communism. Socialism has, of course, been tried in rural societies, but it has not been very successful there. Rural societies seldom produce sufficient wealth to feed, house, and clothe everyone in the society adequately; so when the wealth

is equalized, it improves people's lives only marginally. Indeed, *the greatest irony of socialism is that it is most successful in highly productive societies; yet, people in those societies are already relatively wealthy and are not interested in socialism.* Put differently, socialism is most attractive to societies that cannot afford to apply it successfully. This is a fundamental dilemma. Whether this contradiction will be overcome in the rural societies in which socialism is currently being tried is impossible to tell, but the odds seem long indeed.

THE COMPONENTS OF SOCIALISM

Socialism is a complex idea system, one that is often misunderstood in this society. It is not only an economic system, it is also a social, political, and moral philosophy. Often wrongly equated with communism in the United States, socialism is a buzzword sometimes used to discredit otherwise legitimate ideas and proposals. Opponents of the 1994 proposals for a national health system in the United States, for example, dismissed it as "socialized medicine," as if to suggest that if an institution is associated with socialism it is wrong on its face. Fortunately, much of the debate in 2009–2010 regarding adopting a national health care system was more somewhat focused on substantive issues.

Socialism, as distinct from communism, can be described in terms of three basic components. Two of them, *ownership of production* and establishment of the *welfare state,* are mechanical and are not necessarily related to each other. The third, however, belief in the **socialist intent,** is the most fundamental aspect of socialism and must be present together with one or both of the mechanical features; otherwise, true socialism does not exist.

Ownership of Production

The concept of public ownership and control of the major means of production, distribution, and finance is a fundamental principle of socialism. The traditional way to socialize an economy is by **nationalization.** Nationalization exists when government expropriates and operates an industry. In Western societies, nationalized industries are usually managed by boards or commissions appointed by government officials and may be removed only by parliamentary vote. Some good examples of this kind of arrangement are the British Broadcasting Corporation, the Tennessee Valley Authority in the United States, France's Renault Automobile, and the Indian Railway. In the few remaining communist countries (the People's Republic of China, Cuba, North Korea, and Vietnam, for example), a government-owned industry is more likely to be closely connected to the society's political leaders than is true in noncommunist countries. Although it is the traditional method of socializing the economy, nationalization has gradually lost favor in Western countries. Following the Scandinavian model, socialists in the advanced Western states have increasingly turned to **cooperatives** as a means of socializing the economy.

Attempting to combine the virtues of private motivation with the benefits of collective ownership, cooperative enterprises are composed of individuals who collectively own them and who share in the work, the risk, and the profits. Usually they elect a board of directors to manage the enterprise. Such cooperatives can become quite extensive. For instance, a village that owned a fleet of fishing boats could expand by buying a cannery, which would become part of the cooperative's assets. With part of the profits from these two *productive co-ops,* the village could buy large quantities of groceries, clothing, and hardware and create its own *consumer cooperative,* making the best possible price available to its members by buying in volume. Almost any kind of enterprise can be collectivized in this way; there are even cooperative banks similar to our own credit unions.

Cooperatives were developed because serious problems with nationalization became apparent as various enterprises were expropriated by the state. To begin with, not all enterprises can be operated as well under a nationalized structure as in a less centralized system. The size and remoteness of the central government are major drawbacks. No matter how well intentioned it may be, the bureaucracy necessary to run a nationalized enterprise tends to be insensitive to consumers' needs and to the dynamics of the market itself.

© Dinodia/The Image Works

The Indian Railway is one of the largest rail transportation systems in the world. It is owned and operated by the Indian government.

The political limitations of nationalization are perhaps even greater than its economic problems. When a large part of society's production, exchange, distribution, and employment is controlled by the government, the latter's involvement in the lives of individuals is greatly increased. Totalitarian states can be born of such enormous power. Any free society must be very cautious of centralized power. In addition, free people must be wary of placing all their productivity in the hands of government. To whom would they turn for settlement of economic disputes if all enterprises were owned by the state?

When socialization has been used, however, the cooperative has worked best with the middle to light industries. Retail sales, appliance manufacturing and servicing, and housing construction are examples of industries that have succeeded in a cooperative setting. Heavy industry and certain nationwide services are usually better socialized by the nationalization process. Basic industries such as weapons production, utilities, transportation, and communication are too vital and perhaps too big to work well under the cooperative structure. Some other industries, such as automobile manufacture, energy production, insurance, and metal production, may also be best suited to nationalization.

Socialist countries not only differ on the method of socializing the economy but also vary greatly in the degree to which their economies are socialized. Of all the socialist societies, only the communists saw total socialization as the ultimate goal. In the past three decades, however, even the communist states have begun to experiment with some limited forms of market economics. The country most resistant to change is North Korea, but now even it has been compelled by severe economic problems to modify some economic policies, if only slightly so far. In all other socialist countries, regardless of how long socialist governments have held power, large portions of the economy remain under private ownership. Non-Marxist socialists long ago concluded that some enterprises work poorly when they are not privately owned. Thus, they support socializing only those industries that function best under collective management, leaving the rest to the private sector. During the 1980s and 1990s several European economies denationalized many industries. With the advent of the "Great Recession," however, there may be a retreat from privatization. We must wait to see.

In most noncommunist socialist societies, as well as in capitalist countries, an important half-step is employed to protect the public against the excesses endemic in private enterprise. An economy principally motivated by private gain tends to encourage cutting corners. Increasingly, profits at the expense of decent wages and benefits, or at the expense of safe, well-made products, is virtually unavoidable in capitalist systems unless government oversight inhibits them. Thus, all modern economic systems regulate the economic behavior of capitalists. Minimum wage laws, industrial safety regulations, government inspection of food, workers' rights, fair competition practices, truth-in-advertising requirements, and so on, are standard features. There are always arguments about the exact nature of these laws and protections, but few question the wisdom of the existence of such safeguards. And, as we saw in Chapter 5, failing to adequately regulate important industries can be ruinous.

The Welfare State

Production, however, is not the central economic focus of socialist thinking. Much more important to the socialist is the distribution of the goods and services produced in the society.

To the capitalist, private property is the reward for individual effort and economic achievement. Consequently, wealthy people are treated with respect, implying that somehow they have accomplished something particularly virtuous. A value system that puts wealth on a pedestal is not likely to look on poverty with much understanding. The stigma of being poor or even only unemployed was very real during the 1920s, when unregulated capitalism was at its height. However, also during that decade, government economic policies were extraordinarily favorable to big business, and government regulation of the marketplace was virtually nonexistent. The result was catastrophic. The Great Depression of the 1930s saw a quarter of the workforce without jobs, long lines at soup kitchens, lives ruined, fortunes evaporated, families devastated, and futures truncated.

Dazed and disoriented, the American people were slow to realize that they were victims of an irresponsible economic system captained by people not necessarily devoted to the public interest but rather motivated by personal benefit. Once the blinders of the laissez-faire myth were lifted, the public viewed society in a more realistic way and capitalism was modified, becoming more sensitive to economic diversity.[1]

In the 1930s, President Franklin Delano Roosevelt (FDR) employed Keynesian economics techniques, introducing the **New Deal**, a massive reform program that injected enough socialism into the system to give capitalism a human face. Although the New Dealers stopped short of nationalizing more than a handful of industries, they vigorously regulated business and encouraged workers to organize unions and bargain collectively for better wages and benefits. The greatest attention, however, was given to creating the **welfare state** so that wealth might be more equitably distributed throughout society and individual suffering reduced. Following Europe, which had already developed the welfare state, FDR introduced programs in the United States in the 1930s that have become commonplace: Social Security, government price supports for agriculture, unemployment and workers' compensation, welfare programs, federal guarantees for housing loans, government insured savings deposits. Since the 1930s, the welfare state in this country has been expanded to include public health plans, job training, federal aid to education, public funding for small business opportunities, and so on.

[1]The "Great Recession" beginning in 2007, while not nearly as severe, was in many ways very similar to the Great Depression in that the public was lulled by a false belief that the market was self-correcting and could not become too badly distorted, and by the fact that unregulated businesspeople led us to disaster through incredibly irresponsible behavior. Yet, perhaps because the debacle in this century was not as severe as it was in the 1930s, the American people don't seem to have learned the lesson quite as well as their predecessors.

Although the United States is still far from a socialist country, the lessons of the Great Depression led the government to adopt some socialist policies in order to prevent a recurrence of the suffering encountered during the 1930s.[2] We were not alone in this attempt, however. Indeed, many countries preceded us and went far beyond the United States in developing policies that would redistribute wealth within the society. The communist countries tried to invoke total socialism, but their efforts have largely failed. More successful are the Western European countries, which have socialized banks, utilities, transportation, and some manufacturing while also developing extensive social welfare policies. Although programs vary from country to country, virtually every Western European country spends almost twice as much of its economic output as the United States on its social programs. Western European countries and Japan provide far more generous housing subsidies, parental leave plans, prenatal care, grants to the poor, public health protections, and unemployment benefits, as well as a plethora of other programs.

It should be noted here that the generally held American belief that capitalism is more efficient and cost effective than socialist welfare programs is far from universally true. Medicine is a good case in point. While the medical care in the United States is among the most advanced in the world, the system it uses to deliver medical care is by some important measures the worst among advanced economies. In 2005, the United States spent $5,267 per capita on health care, far higher than any other industrial country, each of which has national health programs.[3] (Switzerland, the next highest spender, paid $1,821 per capita.) Yet, as profits for private insurance companies, pharmaceutical corporations, and even hospitals have increased sharply, the United States, as compared with other industrial countries, has a higher infant mortality rate, the lowest rating for its children's health (it ranks forty-seventh in the world for deaths of children below five years old and the rate of women dying in childbirth has actually increased over the past twenty years), a shorter average life span for its citizens, and higher health care inflation (an 81 percent increase between 2000 and 2005). Furthermore, over 49 million people in the United States had no health insurance at all in 2010,[4] a circumstance duplicated in no other industrial society. (Incidentally, the United States also ranks at the bottom among industrial countries in safety and economic well-being of its children, according to a 2007 UN report.)

Regardless of the specific programs used, socialism is not always completely egalitarian. It tends to narrow the gap between the haves and the have-nots.

[2]Regrettably, some of these bitter lessons were ignored in the past decade, resulting in the Great Recession beginning in the United States in 2007 and sweeping across the world's economies.

[3]In 2010, Rush Limbaugh threatened he would move out of the United States if Obama's health care reform passed. Since every other advanced society enjoys a far more extensive national health care system than ours, one wonders where he intends to flee: Zaire?

[4]Even with Obama's health care plan, passed in 2010, millions of people are still expected to be without coverage in 2018, when it kicks in fully.

TABLE 8.1

Total Tax as % of Gross Domestic Product, 2008

Denmark	50.0%	Spain	37.3%
Sweden	49.7%	Portugal	37.0%
Belgium	46.8%	Russia	36.9%
France	46.1%	New Zealand	36.5%
Norway	43.6%	Luxembourg	36.4%
Austria	43.4%	Ireland	34.0%
Italy	42.6%	Canada	33.4%
Germany	40.6%	Australia	30.5%
Netherlands	39.5%	US	28.2%
UK	39.0%	Japan	27.4%

Source: Heritage Foundation

Yet, only the most extreme socialist wants to eliminate all differences in material status. Most socialists recognize that people are different: Some are more talented or hard-working than others and should be rewarded for their extra contributions. Still, they believe that all people have a right to a reasonably comfortable life. Consequently, they want to eliminate poverty. Extreme wealth is not necessarily incompatible with socialist ideals, however. Indeed, people with great wealth may be found in almost every socialist society.

Although Western Europe has successfully reduced poverty and its accompanying social anxiety, these gains have not been achieved without great costs. The tax rates in these societies are extremely high. Indeed, the United States, largely because it spends relatively little on social welfare programs, has the lowest tax rate as a percentage of gross domestic product of all industrial countries except Japan. (See Table 8.1.) Also, many European states are experiencing serious economic difficulties in maintaining their generous social welfare benefits and have trimmed them. No advanced society is likely to retrench enough to fall to the low level of benefits provided in the United States, however. The growing disparity in wealth among the citizens of nonsocialist states is simply not attractive to any, save societies like the United States that are wedded to notions of individualism and to the market system ideal.

The Socialist Intent

As explained earlier, the first two basic features of socialism (ownership of production and the welfare state) are mechanical in nature and are not necessarily related to each other. It is conceivable that a society could socialize many, or even all, of its major means of production and still avoid creating a

welfare state. Although no state has yet adopted such a policy, it is theoretically possible. It is also possible for a government to establish a welfare state without, at the same time, socializing production. In fact, the United States has generally followed this policy since the Great Depression.

A third basic feature of socialism, the **socialist intent**, unlike the first two, is essential if the system is to be truly socialist. This is the goal of *setting people free from the condition of material dependence* that has held them captive since the beginning of time. It is the wish to liberate people from the fetters of poverty and to make resources available to all people with which they can improve themselves individually and collectively advance civilization. In short, the main focus of socialism is economic: improving the material well-being of most people in society because that will better the human condition.

Socialists look forward to a time when the productivity of society will have been increased to the point at which there is abundance for all. It is hoped that this happy state of affairs, impossible in earlier times, will bring about profound changes in people's conduct, attitudes, and beliefs. In previous eras, scarcity made it necessary for people to compete with one another. In the competition for goods, they treated each other inhumanely in order to survive. Forced into conflict with each other in order to make a living, people became trapped in a pattern of conduct that not only was harmful to them but also prevented them from developing their nobler aspects.

Now, however, for the first time, technology has created a condition in which people can produce enough to satisfy all their basic needs. As the general material conditions of society improve, the specific differences in material status among individuals will decrease. Since there will be plenty for all, traditional property values such as private ownership, the use of money, and the accumulation of luxuries by one class while others live in squalor will disappear. A new society will emerge, one in which citizens are on an equal footing with one another reducing class strife. Of course, only Marxist socialists argue that all conflict is caused by class differences. Yet, all socialists are convinced that materialism is a major feature in social and political relationships. Removing the cause of material anxieties, therefore, greatly improves social relationships.

Economic equalization is central to socialism and it will lead to democracy, socialists believe. Socialism is inherent in democracy, since it is to the individual economically what democracy is to the individual politically. The venerable British socialist and political scientist Harold Laski wrote, "Socialism is the logical conclusion of democracy." Taking an even more extreme stance, some socialists claim that democracy is *impossible* without socialism. Money, they reason, is a major source of political power. Thus, as Rousseau argued, economic systems that distribute wealth unevenly make political equality—democracy's most fundamental predicate—impossible.

By this time, the perceptive reader is probably wondering about the classification of such obviously undemocratic (in the sense of liberal democracy) systems as those of fascist, national socialist, or communist states. Clearly, these systems use socialist economic techniques such as nationalizing industries

and creating the welfare state. Yet, each of these systems, in practice if not in theory, reduces human equality rather than increasing it. In each of these systems the society is highly stratified and popular government is barely a pretense, let alone a realistic goal. In fact, these systems appear to be socialist because they have some collectivist institutions, yet they fail the test because they do not aspire to socialism's essential component: the socialist intent. Rather than encouraging equality and democracy, these systems oppose the development of these concepts. They often claim to have egalitarian goals, but in fact, they are simply trying to replace old ruling classes with new ones, denying basic human equality in the process. They are, as Michael Harrington wrote, *antisocialist socialisms*. By contrast, the socialist intent asks individuals to produce as much as they can and, in the spirit of social consciousness, to share their product with the society at large. By this means, it is assumed, each will get the greatest benefit, thereby creating the best possible life for all.

THE HISTORY OF SOCIALISM

From the French Revolution to Marx

The stirrings of socialism began shortly before the French Revolution. Jean Jacques Rousseau, although not a socialist, developed several ideas that became the foundation of the new ideology. Rousseau's concept of the **organic state** is basic to the ideology of socialism. Rousseau viewed people as individual parts of a holistic society. So complete was the union of individuals with the group that the value of their accomplishments would be measured by the amount of benefit the society derived from them.

Rousseau's ideas deeply influenced history's first socialist, **François-Noël Babeuf** (1760–1797), who lived during the early stages of the French Revolution. A visionary, Babeuf recognized that the revolution would fall short of its radical goals of "Liberty, Equality, and Fraternity" (a phrase taken from Rousseau's writing). Accordingly, Babeuf called for yet another revolution, one that would create social justice for the common person. Babeuf, however, did not live long enough to make more than a momentary impact on the left wing of the French revolutionaries. Falling afoul of less radical leaders in France, he went to the guillotine in 1797 at the age of thirty-seven.

After Babeuf, socialism can be divided into two basic types. **Humanitarian socialism** (the Utopians, Revisionists, and Fabians) is the older of the two. It is based on the conviction that human morality demands that people share in the work and in consuming the fruits of labor. It is thought perverse to allow some people to prosper while others suffer in a society that produces enough for all. Helen Keller, the remarkable deaf mute who, with the help of the resources of a well-to-do family, overcame her limitations, wrote in her memoirs this poignant statement reflecting humanitarian socialism:

> I had once believed that we were all masters of our fate—that we could mould our lives into any form we pleased. . . . I had overcome deafness and blindness sufficiently to be happy, and I supposed that anyone could come out victorious if he threw himself valiantly into life's struggle. But as I went more and more about the country I learned that I had spoken with assurance on a subject I knew little about. I forgot that I owed my success partly to the advantages of my birth and environment. . . . Now, however, I learned that the power to rise in the world is not within the reach of everyone.[5]

"Scientific" socialism,[6] by contrast, is founded on the Marxist notion that human social evolution (history) is governed by certain objective laws that are inexorably leading humankind to socialism. (See Figure 8.1.)

Utopian Socialism[7] After Babeuf's death the violent approach to socialism he developed became dormant, awaiting a new generation of leftist thinkers. As the time line in Figure 8.1 illustrates, the momentum passed to a far less radical group. The **utopian socialist** movement developed from a sincere desire for equity within society and from genuine compassion for the masses at the bottom of the social structure. Members of this movement were among the first to appreciate the social implications of the Industrial Revolution. For the first time, they concluded, society would be able to produce enough for *all* to have enough. This fortunate circumstance confronted them with a moral dilemma, however. "If it is possible to feed, house, and clothe everyone, thus satisfying the most basic human needs, is it moral not to do so?" Predictably, they argued that lavishing wealth on a few while most others languished in squalor was, indeed, immoral. Furthermore, holding that people were both rational and moral creatures by nature, the utopians believed that people would, with some encouragement, come to understand that socialism was the only moral socioeconomic system. For the moment, however, the value of egalitarianism was obscure to most people, they thought, because no example of an egalitarian society existed to prove how productive and blissful such an arrangement could be. Consequently, the utopians decided to create small local communal colonies, believing such settlements would become prototypes of the new social order.

Much more important to the socialist movement than the communal experiments was that the utopians were the first to mobilize the working class. Asserting the **labor theory of value**, they claimed that only workers create

---

[5]Helen Keller, *Midstream: My Later Life* (New York: Greenwood, 1968), p. 156.

[6]The term *scientific* is used here in the nineteenth-century sense of the word. Today we have a very rigorous notion about what science is, but until the twentieth century, this was not the case. Before then, almost anything that relied on an empirical rather than metaphysical base was considered scientific. For example, in the eighteenth century, clock makers, because their field depended on numbers and calibrations, were accepted as members in the British Academy of Sciences.

[7]The word *utopia* is taken from Sir Thomas More's philosophical romance *Utopia,* written in 1514–1516. Grounded in the philosophy of Plato and the romantic accounts of travelers like Amerigo Vespucci, More's work featured an ideal state where private property was abolished.

* To be discussed in Chapter 9.

FIGURE 8.1
Time line of the socialist movement. Dates are approximate.

wealth; therefore, society should adjust its social, economic, and political systems to prevent unequal distribution of wealth. Utopian support of the worker against the owner gave an important boost to the development of trade unionism by giving it an economic doctrine and moral justification.

The utopian socialist movement originated with the help of two unlikely, almost unwilling, founders and a third who was more deliberate: Saint-Simon, Owen, and Fourier. Ignoring Babeuf, some people consider **Claude Henri Saint-Simon** (1760–1825) the founder of French socialism. A soldier in the French Army sent to help the fledgling United States in its war for independence from England and, later, a successful banker, Saint-Simon is perhaps more socialist in the reading than in the writing. His followers read into his works a socialist intent that he may not have meant to convey. Besides his wish for mutual human kindness and compassion, Saint-Simon's strongest socialist arguments were his criticisms of capitalism. Capitalism, he concluded, was wasteful because it pitted people against each other and imposed poverty on many to produce wealth for a few. Moreover, he contended that capitalists made profits far beyond their own productivity, a fact Saint-Simon despised, thereby making himself popular with the French working class.

As a partial solution for the evils he saw in the capitalist system, Saint-Simon proposed a centralized banking system that would make social investments. He also called for the elimination of property inheritance and supported universal education. His ideas did not become generally known until after this desperately unhappy eccentric's suicide, however, when a cult of admiring followers lionized him and probably credited him with beliefs he did not actually hold.

An equally enigmatic figure is the second founder of utopian socialism, **Robert Owen** (1771–1858). A self-made industrialist, Owen was basically a conservative man who ardently supported Britain's social, political, and economic institutions. A talented administrator, he had risen from the position of clerk to that of owner of a textile mill by his mid-twenties. He, however, was concerned about the wretched condition of his employees and became associated with **Jeremy Bentham** and other social reformers of the day.

Owen was strongly opposed to "dole" programs in which people were simply given money by the government or by charities. However, he realized that capitalism had to be tempered by concern for the basic humanity of people and that it could destroy human dignity when left unchecked. Further, he was convinced that exploitation of the worker was ultimately unprofitable and that everyone would be better off if the working environment were improved.

Acting on these convictions, Owen reformed the management policies of his New Lanark, England mill. By raising wages, encouraging trade unionism, rejecting the exploitation of women and children, encouraging universal education, and creating a company store where employees could buy goods at reduced rates, he achieved remarkable results. In less than five years, production at New Lanark had risen markedly, the workers at the mill were far better off than workers anywhere else in England, and Owen had made a fortune. This happy circumstance proved, to Owen's satisfaction, that, as Marx was later to

contend, character was conditioned by the economic and social environment. Bad working conditions were not only immoral but simply bad business, unnecessarily depressing the workers and lowering profits as well.

Encouraged by his early success, Owen retired from his business enterprises at the age of fifty-eight and dedicated himself to popularizing and testing his controversial ideas. Traveling widely on speaking tours, he was even well received by the U.S. Congress. He opposed the imposition of *socialism* (a term he coined) on people by government and warned that people themselves had to be prepared to adopt it before it could be successful. However, he believed the worst excesses of capitalism had to be curbed so that the worker would not be exploited. Owen also opposed nationalization of industries, though he favored producer cooperatives.

Like Saint-Simon, Owen was perhaps more a liberal capitalist than a true socialist. Still, he is considered the founder of British socialism, and his moderate approach set the tone for many of England's social reforms. Like most other utopian socialists, Owen was convinced that communal living was the wave of the future and that a few successful examples would prove the attractiveness of this lifestyle. So convinced was he that he invested several years of effort and his entire fortune in unsuccessful attempts to establish communes. Most noted was the effort at New Harmony, Indiana (1825–1828). A third influential utopian socialist, **Charles Fourier** (1772–1837), was not only a critic of capitalist economics, but he also became a vocal opponent of traditional institutions such as religion, marriage, and the family. Perhaps his most important criticism centered on the structure of society under capitalism. Objecting to the nation-state, Fourier envisioned a society broken up into thousands of small, politically independent, self-sustaining communal entities. These communities might associate with one another in a type of confederacy in which the fundamental independence of each unit remained unchanged. The government of the communes was to be democratic, the labor and its products being shared equally by all the members. In such a simple setting, Fourier believed, life would be pleasant and work would become an enjoyable activity in which all would take part willingly.

Fourier's influence was significant. Several communes based on his model were started, but each failed and was abandoned. Still, Fourier's thought influenced many well-known socialists: Charles Dana, Horace Greeley, Nathaniel Hawthorne, and George Ripley were among his American disciples. Fourier also impressed later thinkers such as Proudhon and Marx, and his theories influenced the collectivization of farms in the Soviet Union.

Because it was a new country when utopianism became popular, the United States was often the scene of communal experiments. Interestingly, America was regarded as the land of opportunity and hope by socialists as well as capitalists. Here, it was thought, a new society could be founded, one that was insulated from the stratification and prejudices of the old world. Although these communal experiments failed, several attained an importance beyond their role as socialist experiments. Intellectual leaders were often drawn

to these societies. Important literary, technological, and scientific works were sometimes inspired by them, especially by Brook Farm in Massachusetts and by Owen's New Harmony. Similarly, the experimental commune at Oneida, New York, became the site of America's largest flatware producer after the commune collapsed. Even so, the failure of the communes led to a general disillusionment with the theories on which they were based, and popular attention soon turned from utopianism to more practical approaches.

MARXISM

Important as the utopians were to the development of socialism, their influence is largely limited to their own and the following generation. Far more important to socialist theory was **Karl Marx** (1818–1883). Prior to Marx, though socialist theories differed greatly in details and structure, the basis of the proposed socialist societies had been the humanitarian hope that people would treat each other better as their material conditions improved. Furthermore, the development of socialism in any particular society was not seen as inevitable. Rather, socialism was a practice that had to be chosen by the people it was to serve. Though Marx was a compassionate person and certainly not an opponent of free choice, his conclusions were not based on a humanitarian desire for a better life. His theory postulates certain "laws" of human motivation and conduct that can be scientifically understood, and that make socialism an inevitable product of human historical development. Though his theory was a radical departure from the views of his predecessors, his intellect and scholarship were so superior to theirs that he captivated the socialist movement until his death in 1883.

Karl Marx (1818-1883)

By Marx's time, the naiveté of utopianism had discredited socialism in the minds of most Europeans. Significantly, his theories rescued it from oblivion, transforming it into an idea that captivated the imaginations of millions of people. Marx was also responsible for adding to the meaning of communism. In his introduction to the *Communist Manifesto,* A. J. P. Taylor tells us that Marx used the word *communism* not as a descriptive term but as a polemic intended to arouse people. It excited some and frightened others. Utopian idealism, on the other hand, had led Europeans to regard *socialism* with indifference, because

it was impossibly visionary and idealistic. Consequently, although Marx espoused *socialism,* that is, a national collectivized economy, he used the word *communist* for the title of his call to revolution, hoping that the substitute term would inflame the political passions of his audience. For that reason, "communism" has come to be associated with Marxist socialism.

Born in Trier, Germany, to prosperous Jewish parents in 1818, Marx earned his Ph.D. in philosophy at the University of Jena. Following his graduation, however, his radical political ideas frightened Europe's governments during this reactionary, post-Napoleonic era, resulting in his being forced out of one European country after another between 1844 and 1848. Along the way, he befriended **Friedrich Engels** (1820–1895), the son of a wealthy Prussian industrialist family. Engels became Marx's lifelong collaborator and benefactor.

Meanwhile, the political situation in Europe became more repressive as various leftist groups demanded political reforms of the intransigent ruling monarchies. Finally, rebellions broke out across the continent in 1848. Thinking that the proletarian revolution they awaited was at hand, Marx and other socialists belonging to the Communist League feared that the opportunity might be wasted for want of a doctrine directing the revolutionaries. Accordingly, Marx wrote the *Communist Manifesto* in Belgium, a brief essay setting forth the ideology of the impending revolution. It contains a brief sketch of Marx's ideas and includes several important thoughts that Marx adapted from the work of his friend Engels.

As the rebellions were suppressed one after the other, Marx took refuge in England in 1849. There he settled into a scholarly life, spending most of his time in the British Museum researching and writing his major work, *Das Kapital.* Much more the scholar than the practical politician, Marx brooded over the years as the proletarian conflagration he anticipated failed to materialize. Yet, he remained confident of the acuity of his theory, and his intellectual prowess was so great that he dominated the socialist movement throughout his life. It was only after his death that major variations of his thought attracted substantial followings among socialists.

MARX AND CAPITALISM

Whatever the ultimate validity of his theories, Marx has been shown by history to have erred in a number of important respects. Our understanding of Marx will be enhanced if we consider a few of his greatest mistakes before studying his theories.

Marx firmly believed that his generation came at the very end of the capitalist era, and he fully expected the socialist revolution to occur at any moment. Given the despicable conditions of the working class during his life, Marx can be forgiven for expecting that the masses would rise up to cast off their chains should things continue to deteriorate. Perhaps they would have done so had capitalists been as blind and insensitive as Marx imagined. He was quite wrong, however, in his estimation of both the productivity of capitalism

and of its capacity to adapt to threatening conditions. In fact, industrialization organized by capitalism far outproduced even the wildest expectations of its nineteenth-century enthusiasts and the Western capitalists grudgingly responded to proletarian demands with policies that shared with the worker enough of the newly created wealth to put off a disastrous conflagration.

As it turned out, Marx was witnessing the beginning of the capitalist era rather than its end. Premechanized economies are usually incapable of producing enough to satisfy all the economic needs of their people. Thus, productivity usually falls below the level we shall call *subsistence.* In these conditions, scarcity is a fact of life, causing anxiety. To escape depravity, a few people in such societies manage to become wealthy by accumulating enough, or more than enough, to satisfy their needs, thus leaving even less to be consumed by the already hard-pressed masses. Thus, the portion of production left for ordinary people to consume falls even farther below subsistence, aggravating the suffering of the majority.

Industrialization of an economy can eventually increase productivity, but first money must be found to buy the factories, resources, and machines. Where does the money come from? Some undoubtedly comes from the coffers of the wealthy, but history knows of no wealthy class impoverishing *itself* to increase production. Instead the wealthy have consistently demanded sacrifices from the poor to pay for most technological advances. So, wages are suppressed and working conditions decline, thus creating capital to invest in mechanization. Consequently, if the masses are already suffering because they must consume at less than the subsistence level and are required to sacrifice even more to create enough capital for industrialization, their conditions of life and work must be terrible indeed.

Such sacrifices do not come voluntarily. To enforce these deficits for the workers, the owners of production used the powers of government, forcing workers to toil for meager wages under terrible conditions. Labor unions were suppressed; strikes were broken by thugs, the police, or the army; and social welfare benefits were nonexistent. Blatant collusion between government and the owners of production occurred in every society that industrialized, including England and the United States. Brutal force had to be used to induce the already suffering workers to make the additional sacrifices they would not otherwise make voluntarily. It can be taken as a rule that, in the earliest stages of industrialization, the living conditions of ordinary people decline dramatically as capital is squeezed from the worker.

This stage of the Industrial Revolution—its most exploitative period—was witnessed by Marx and by Dickens. Marx's error was not in decrying these conditions but rather in concluding that the workers' circumstances would continue to degenerate rather than eventually improve. What actually did occur is, with the forced increase of capital, production began to climb. Marx anticipated that, driven by the need to increase profits, capitalists would intensify exploitation of the workers until the latter could no longer stand their misery: Revolution would then erupt. This bleak prediction has not come to

pass in the West. Industrial productivity grew to such an extent that it brought huge profits to the owners and, at the same time, vastly improved living and working conditions for the common people. Perhaps sensing that Marx was indeed correct in predicting their doom if they did not provide improved conditions for the workers, the capitalists have slowly accepted collective bargaining, fringe-benefit packages, wage increases, and social protection programs. Each of these benefits, however, followed great struggles by workers for their rights. Interestingly, with the recent decline of the labor unions and the rise of conservativism, American workers are again experiencing a severe reduction in real wages and debilitating loss of benefits, even as corporate profits climb and executive compensation reaches obscene levels.

Yet, contrary to Marx's predictions, capitalism has not engineered its own doom. Industrialization is hugely more productive than Marx, or anyone else in the nineteenth century, could predict. Furthermore, capitalism was far more flexible and pragmatic than Marx anticipated, thus far surviving long beyond the centennial of his death. Although it has received some very serious blows, the worst of which were the rise of fascism and the Great Depression, capitalism continues, albeit in modified form, while lately, socialism has been in retreat. But, one might ponder the continued efficacy of American capitalism should the recent trends of wealth concentrating in the hands of the very few while the middle class emaciates and the multitudes experience increasing impoverishment. However, even if Marx's prediction of capitalism burning itself out is ultimately to be prescient, his confidence that socialism must ultimately follow remains suspect since his arguments for the inevitability of socialism's succession are far less compelling.

THE BASIC PRINCIPLES OF MARXISM

The ideas of Karl Marx were fostered by three major factors characterizing nineteenth-century Europe. First, the Industrial Revolution had created previously unimagined levels of production, even as the methods of producing and distributing wealth saw a tiny number of people enjoying sumptuous lives while the vast majority of people toiled and lived in inhumane conditions. Workers left their poor but relatively wholesome lives in the countryside only to find themselves confronted by the humiliation of depersonalized sweatshops surrounded by utterly squalid urban slums.

Second, with the 1815 defeat of Napoleon, Europe's monarchs, hoping to preserve their antiquated privileges, inflicted on their subjects the most repressive political conditions experienced up to that time. They tried to return Europe to control of the ancient regimes, ignoring the popular goals of the French Revolution. Third, previous advances in science fostered in the nineteenth century's intellectuals an exaggerated confidence that science would lead to the solution of all human problems. Sir Isaac Newton (1642–1727) and Charles Darwin (1809–1882) had developed explanations of the laws governing the physical universe and biological development, thus giving rational explanations for things that

previously could be explained only by fables, myths, and fairy tales. Reveling in this liberation from the darkness of ignorance, many nineteenth-century thinkers, including Jeremy Bentham, Herbert Spencer, and Sigmund Freud, sought to discover the laws governing human behavior, and to use that knowledge to improve political and social conditions. Karl Marx, chafing under the heavy heel of reactionary monarchical oppression, and bitterly offended by the greed and exploitation he saw in capitalism, became a leading figure among these "social scientists."

Wretched as the social and political conditions had become, Marx was still optimistic about the future of humanity. He saw people in historical terms. Individuals, he believed, were destined for freedom and creativity but had been prevented from developing completely because they were slaves to their own basic needs. Before the Industrial Revolution, human productivity had not been great enough to provide a sufficient supply of the necessities of life to free people from **compulsive toil** (a term coined by Marx to express Locke's concept of the necessity to work incessantly just to survive). With the emergence of industrialization, people became—for the first time—productive enough to provide an abundance of goods. They could now devote more time to the development of their own humanity. Yet capitalism, the economic system used to industrialize Europe, failed to distribute its abundance fairly. Indeed, Marx saw that it tended to take away from the workers more and more of the products they created, giving them instead to the capitalist, a non-worker who exploited the toilers.

The irony of the dilemma Marx witnessed is clear: For the first time in history, humanity had created means to produce enough for all people, potentially liberating them from compulsive toil, so that they might now enjoy the spare time necessary to refine their humanity—to be free, in other words. Yet, what nature had denied people for millennia was now being withheld from them by human-made economic, social, and political institutions. Clearly, in Marx's view, capitalism was to be appreciated for its productivity, but it was also to be despised for its oppression, and must be abandoned for a more equitable system.

Marxist Theory of Social Structure

A major assumption in Marxism is **economic determinism.** On this premise Marx built the rest of his theory. Economic determinism suggests that the primary human motivation is economic. "It is not the consciousness of men that determines their existence," Marx argues, "but their social existence that determines their consciousness"; that is, what we value and what we do politically is determined by our economic circumstances. It stands to reason, therefore, that people in similar economic circumstances will have much in common.

This idea is not unique to Marx. The political effects of economics were widely understood among the intellectual community. Even James Madison

proceeded from a similar assumption about human motivation. Consider this statement from *The Federalist* (no. 10):

> But the most common and durable source of factions (political adversaries) has been the various and unequal distribution of property. Those who hold and those who are without property have ever formed distinct interests in society. Those who are creditors and those who are debtors, fall under a like discrimination. A landed interest, a manufacturing interest, a monied interest, with many lesser interests, grow up of necessity in civilized nations, and divide them into different *classes, actuated by different sentiments and views.* (Emphasis added.)

As a matter of fact, economic determinism has gained general currency in the world today, with most people believing that economics plays an important part in determining political behavior. In this respect at least, Glenn Tinder posits that we are all now Marxists.[8]

Marx saw all societies as composed of two basic parts: the **foundation** and the **superstructure.** The foundation of any society, according to this theory, is material. In other words, the economic system is at the base of the society. Marx further divided the economy into two basic factors: the means of production and the relations of production. The *means of production* are the resources and technology at the disposal of a particular society, and their interrelationship determines the kind of economic system the society enjoys. The *relations of production* (or social classes) are determined by the affiliation between human beings in the society and the means of production. The owners of the means of production enjoy the most beneficial position in the economy and thus become members of the most influential social group—the ruling class. (The acuity of this part of Marx's proposition becomes clear if one tries to imagine a wealthy class that does not have great influence in society.) Thus, in a pastoral society the ruling group would be those who own the most livestock; in an agrarian society the greatest landowners would dominate; and in an industrial society the capitalist class rules.

The foundation of society (the economic and social class systems) determines the nature of society's superstructure, which rests upon the foundation. The superstructure is composed of all nonmaterial institutions in the society, and each is arranged in a way that suits the ruling class. Included in the superstructure are values, ideology, government, education, law, religion, art, and so forth. (See Figure 8.2.) *The function of the superstructure is to assure the rulers continued dominance and to keep the ruled in their place.*

Marx conceived of government as a tool of class oppression that manipulated all the cultural elements in the society to the advantage of those who controlled the economy. "Political power, properly so called," he wrote, "is merely organized power of one class for oppressing another." Marx called religion "the opiate of the people" because he believed that it drugged them, numbing their senses and disposing them to put up with their wretched

[8]Glenn Tinder, *Political Thinking*, 4th ed. (Boston: Little Brown, 1986), p. 184.

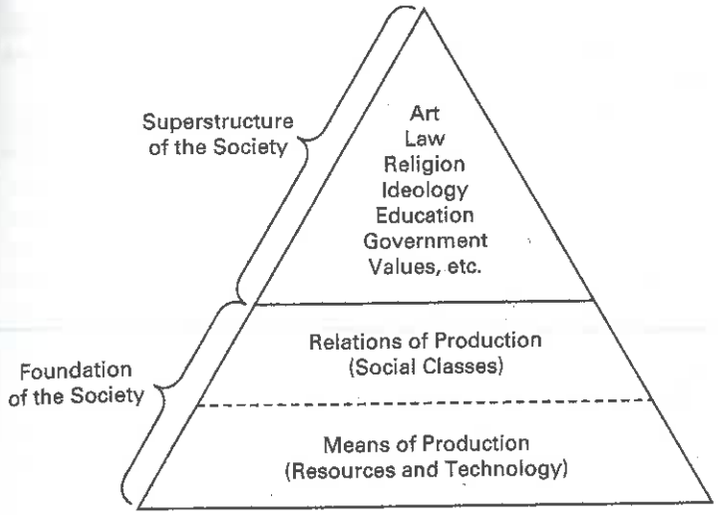

FIGURE 8.2
Marxian abstract of society's structure.

existence on earth so that they would be rewarded in a "mythical" afterlife. The aphorism "That's the cross I have to bear" illustrates the attitude to which Marx objected. He wanted people to abandon the rationalizations with which they had been programmed by their rulers. When they did, they would become aware of their plight, and take the first step toward revolution and freedom.

Extrapolating, the principles of economic determinism, Marx suggested that two societies with similar economic systems would develop similar superstructures (similar political and social systems). For example, societies with feudal economic bases (that is, agrarian societies in which the land is owned by a tiny elite and the bulk of the population works the land of the great nobles) will develop similar social and political institutions in their superstructures. Their political systems include monarchies supported by a powerful aristocratic class of landowners. The values, laws, ideologies, and educational systems tend to justify these political and economic systems. The dominant religion tends to be structured in a hierarchical fashion similar to the structure of the Catholic Church, and the Church also acts to support the system.

On the other hand, according to Marx, capitalistic systems (those whose economies are based on money and industrial production controlled by a small elite) evolve different institutions in their superstructures. Representative democracies give the illusion of popular control, but the governments are actually captained by the moguls who own the means of production. The values, laws, ideologies, and educational systems encourage sympathetic public attitudes toward these political and economic systems. Protestantism advanced individualistic and egalitarian doctrines, and it was free of the Catholic bias against usury and commerce. Further, espousing the ethic that hard work and frugality result

in individual progress, social good, and even (perhaps) eternal reward, Protestantism anointed moneymaking with moral justifications and would therefore replace Catholicism as the dominant creed during the capitalist era.

Although it is certainly not difficult to find circumstances that contradict Marx's views about how economics predisposes society, one would be remiss not to recognize that indeed there is much to be learned from this analysis. It is true, for example, that the areas which developed extensive capitalist systems—England, Holland, Switzerland, northern Germany, Scandinavia, and the United States—also accepted Protestantism as the dominant religious form. Even in Catholic France, which also built a substantial industrial base, the Huguenots (French Protestants) own a disproportionately large percentage of the capital wealth.

It is also true that societies make concerted efforts to socialize their citizens. That is, they take great pains to inculcate in their people the dominant values and norms of society and these attitudes invariably accrue to the benefit of the people who control the system. In the United States, for example, American Government is a required course in most states at the elementary, high school, and college levels. Why is this subject thought to be so important? Other than creating jobs for political scientists (your author included), society assumes democracy depends on a well-informed citizenry; thus the requirement. Yet, these courses (especially in the lower grades) do more than simply inform students. Great effort is expended to develop a positive attitude among students about their system of government thus illustrating a conscious attempt by society's leaders to instill in each generation the values that society espouses.

Marxist Historical Theory

One need not be a Marxist to believe in economic determinism. Indeed, as Tinder tells us, all modern people do, to one extent or another, though few rely on it to the extent Marx did. However, one must believe in economic determinism to be a Marxist since it is fundamental to the ideology. However, **dialectic materialism** is even more fundamental to Marxism; indeed, it *is* Marxism. Consequently, anyone who accepts dialectic materialism is, by definition, a Marxist. It is a theory of history and it is the basis for the belief by his followers that Marx created a "scientific" theory of socialism.

The Dialectic The concept of the **dialectic** progress reaches back to the ancient Greeks. This belief suggests that progress is achieved by the tension created by competing phenomena. This creative tension results in improvement, or so the theory goes. The application of the dialectic dynamic to historical progress was first made by **Georg Hegel** (1770–1831), one of the most influential political philosophers of modern times. Hegel developed a theory of history in which change, which he believed was motivated by dialectic conflict, was the central theme. He suggested that any reality is two things. It is itself, and it is part of what it is becoming. Thus, the only consistency Hegel saw was change itself.

Hegel thought in this process of change brought on by struggle, no truth was ever lost, since today's reality would become part of a more perfect truth tomorrow.

To better understand Hegel's theory, let us consider the following example. We will call the existing state of affairs the *thesis*. Eventually, any thesis will be challenged by a new idea, which we will call the *antithesis*. A conflict between the thesis and the antithesis will follow; the *dialectic process*. The result of this conflict will, according to Hegel, be a *synthesis* of all the good parts of the theses and of the antitheses. Then the synthesis becomes the new thesis to which another antithesis eventually develops. Struggle between them ensues, and a new synthesis, and eventually a new thesis evolve, and the process begins again. The negative aspects of the thesis and antithesis are destroyed in the dialectic process. This, Hegel called the "negation of the negative." Thus, Hegel saw history as inevitably progressive, with each new era an improvement over the last. And he expected the dialectic to continue refining and improving human institutions until the society reached perfection. (See Figure 8.3.)

Dialectic Materialism Marx agreed with Hegel that humanity would eventually reach the end of the process of change. In other words, both Hegel and Marx were idealists, each believing that people could develop a perfect social and political existence. However, Marx did not accept Hegel's version of the dialectic but changed it to suit his own view of historical progress. Hegel had argued that the dialectic, or the struggle between the thesis and the antithesis, was actually guided by the will of God and resulted in spiritually inspired changes in the earthly social or political environment. Marx, it is said, stood Hegelianism on its head by suggesting the opposite. Citing economic determinism, Marx claimed that the dialectic was a conflict among worldly interests—social classes, to be

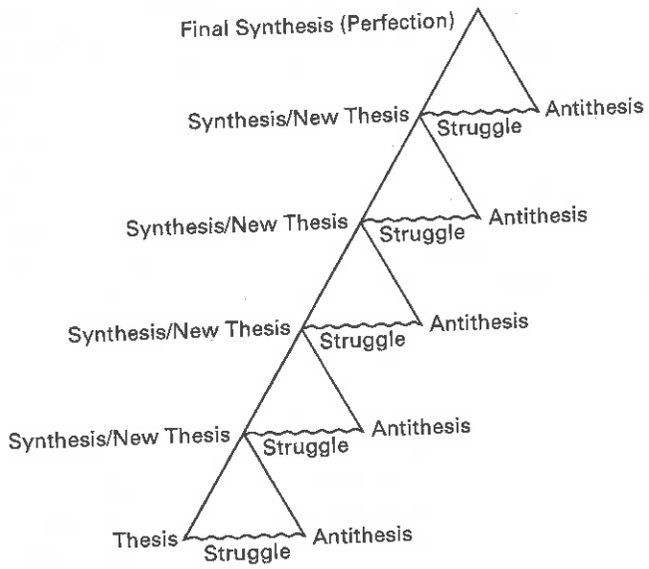

FIGURE 8.3
Hegelian dialectic.

exact. *Materialism,* not *spiritualism,* inspired the dialectic, according to Marx. You will recall that in Marxist theory society's superstructures are designed to keep things unchanged, thus serving best the interests of the ruling/ownership class. Yet, Marx pointed out that society's foundation inexorably changes, albeit gradually, eventually causing transformation of the economic system and the social class structure. As a new economy evolves, it becomes dominated by those who own it. Inevitably, according to Marx, the newly emerged dominant class serves as an antithesis or challenge to society's old dominant class. Struggle between these antagonistic classes—the dialectic—motivates historical change and progress.

Marx, therefore, believed that human conflict was caused by social class differences. In addition, he held that the struggle occurring at the end of one historical era and leading to the dawn of a new one was a struggle between opposing social classes. Further, he believed that humanity had passed through four historical stages and was about to enter its fifth and final era. Each historical era was characterized by a unique economic system, leading to a specific political system (superstructure).

The first era of human history, Marx believed, was based on *primitive communism.* People were unorganized and unsophisticated during this age. There was no occupational specialization or division of labor. Every person worked at producing, and people necessarily shared their produce with one another in order to survive. The antithesis to this system developed as people began to specialize in the production of certain goods. This **division of labor** resulted in more abundant and better-quality goods, but it also caused a major division within society. As people focused on producing their specialty, the original collectivism of society was lost. The spears an artisan produced became his spears, and he traded them for products that other people produced. Thus, in Lockean fashion, *private property* was born, but with it the nemeses of humankind. Society tended to value various objects differently, and the value of the individual became equated with the things he or she owned. This fateful differentiation resulted in the beginnings of a class structure that created strife within the society. This strife led to a new era. As the members of a tribe began to differentiate among themselves, they also began to develop prejudices against other tribes. Eventually, after much strife, a new order was born because one tribe, or group of people, came to dominate others. The dominant people forced the dominated people into servitude. Hence, *slavery* became the basis of the economic system in the next era.

Empire, one nation of people governing another, became the dominant political system based on a foundation of slavery. The antithesis to the era of slavery and empire was the challenge from the barbarian hordes. When the barbarians finally prevailed over the empire, a new political-economic system emerged, called *feudalism.* Feudalism was a system in which a landed aristocracy provided police and military protection to the peasants, who soon became *serfs* (people legally bound to the land—"land slaves") and farmed the nobles'

lands. Since feudalism depended on a large number of self-sufficient manors, trade was almost completely stopped for a time. Gradually, the stability provided by the nobles and the demand for luxury items stimulated a rebirth of trade. The aristocrats, however, usually looked down on commerce, so trade and its profits were left to a new class, the **bourgeoisie.**[9]

The bourgeoisie antithesis grew in strength until it finally toppled the feudal aristocracies in a series of revolutions; the English Revolution in the 1640s and the American and French upheavals of the late eighteenth century are among the earliest and best-known examples. The new era initiated by those revolutions featured capitalism as its economic system. Marx called the new political systems *bourgeois democracies.* The term *democracy* was given to these political systems because, as Marx explained, there was a pretense of popular government through legislative representation; in reality, however, the capitalists always controlled the system.

Capitalism fostered factory workers, the **proletariat** (or "wage slaves"), a class that would act as the antithesis in the fourth historical era. Marx believed that the tension between the two classes would intensify into a new, and this time final, dialectic struggle. Capitalism had increased human productivity to the point at which all basic material needs could be satisfied. Nevertheless, it was exploitative in nature, so that the goods produced were not equally distributed; in fact, the reverse was true. Marx assumed that the victory of the proletariat was inevitable; it would be a victory of the exploited over the exploiter. He also believed that the proletariat itself would not be exploitative because it would have evolved a socialist mentality. If all other classes were eliminated, the source of all human strife would disappear and a new, classless society holding its goods in common would emerge. In this socialist society all people would find peace and happiness. (See Figure 8.4.)

Marx, however, spent most of his time analyzing capitalism rather than discussing socialism; consequently, his theory is very hazy in places. For instance, he never described the communist utopia in detail. He did say that it was to be democratic, but, as we have already learned, that could mean any number of things. Practically the only specific he mentioned about the utopia was that its economic system would be totally socialist. In other words, in the new society there would be absolutely no private property except for personal effects. Marx is also vague about what part he expected the peasantry to play in the final revolution. This question is vital to students of Marxism because they note that, without exception, the countries that developed Marxist systems as a result of indigenous political movements (for example, Russia, Yugoslavia, China, North Korea, Vietnam, and Cuba) had populations consisting largely

[9] *Bourgeoisie* is a French term translated as "middle class" in English, but care must be taken not to think of the middle class as being between the rich and poor. Marx meant the word as it is defined in French: the educated, professionals, wealthy merchants, and tradespersons who developed as commerce increased.

FIGURE 8.4
Marxian dialectic.

of peasants.[10] Vladimir Lenin and Mao Zedong, as we will see in Chapter 9, filled in some of the details of peasant participation in the building of socialism. They also answered many other crucial questions about the practical application of Marxist theory.

Marxist Economic Theory

Marx studied capitalism and the ideas of Locke, Smith, Ricardo, Malthus, and others very carefully, analyzing them perceptively in *Das Kapital.* In this work, he concludes that "capitalism has within it the seeds of its own destruction." In short, Marx believed that the fall of capitalism was inevitable and that it would lead to socialism.

The Theory of Work Marx, like John Locke, believed that work could be the way in which people might express their creativity. Indeed, both men believed that work is the process through which people develop their humanity and fulfill themselves. By interacting with nature in what is termed labor, individuals develop and change their own character. The essence of human beings, therefore, becomes closely related to their work. To Marx work was a form of "self-creation." Describing the laboring process, Marx wrote, "Man is constantly developing and changing—creating his own nature." In other words, the product of our labor is part of us, and something of us is in the things we produce through work. This attitude might appear naive at first glance, yet which of us has not felt great satisfaction and a closer relationship with objects we have made ourselves?

[10]You will remember the socialist dilemma: *socialism is actually a rich man's sport.* Only wealthy countries produce enough so that, if shared adequately, the majority will see a marked improvement in their material lives. The rub comes from the fact that in wealthy countries the standard of living of most people is sufficiently high to make socialism unattractive. Thus, it is usually only in poor countries that the notion of equalizing the wealth enjoys much currency. Yet, to spread the wealth equally in an underdeveloped country is only to make everyone equally poor.

The Theory of Self-Alienation Marx's theory of work and his attitude toward capitalism led him to his theory of human **self-alienation.** He believed that workers became alienated from themselves because of three exploitative features of capitalism. First, since work can be a form of "self-creativity," it should be enjoyable, Marx reasoned. Yet, because the capitalists squeeze every possible cent of profit from the workers, they make the conditions of work intolerable. Consequently, instead of enjoying work or the act of self-creation, the members of the proletariat grow to hate the very process by which they could refine their own natures. Consequently, they become alienated from a part of their own selves. Second, Marx believed that capitalists *must* exploit the workers in order to produce a profit. The capitalists force the workers to sell the product of their labor and then use that product against the workers to exploit them further. This, Marx claimed, forces the workers to regard their own product, something that is actually part of them, as alien and even harmful to them; thus, it becomes another cause for self-alienation. Third, and here Marx is truly paradoxical, the capitalist is criticized for mechanizing production because this process robs laborers of their skills and reduces them to little more than feeders of machines. All the creativity is taken out of work, making it impossible for people ever to develop their humanity fully: This is the ultimate alienation. Marx is curiously contradictory at this point. Clearly, he saw himself as a prophet of the future. He claimed that socialism was the coming economic system and that it would become even more productive than capitalism. Yet, in this theory, he is resentful of mechanization and even appears to look back nostalgically to an earlier era. In a passage from *Das Kapital,* Marx, often a laborious writer, displayed unusual eloquence while discussing human self-alienation.

> Within the capitalist system all methods for raising the social productiveness of labor are brought about at the cost of the individual laborer; all means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the laborer into a fragment of a man, *degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into a hated toil;* they estrange from him the intellectual potentialities of the labor-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labor-process to a despotism the more hateful for its meanness; they transform his lifetime into working-time and drag his wife and child beneath the wheels of the Juggernaut of capital. (Emphasis added.)

The Labor Theory of Value The **labor theory of value** was not created by Marx. It was generally accepted during the eighteenth and nineteenth centuries; in fact, it was openly supported by the great classical economists Adam Smith, John Locke, and David Ricardo. Living as he did at the end of the period dominated by classical economists, Marx is probably the last major economist to support the labor theory of value. In fact, Marx was once called "a Ricardo turned socialist" because he shared so many assumptions with the great capitalist economist yet adapted them to different conclusions.

The labor theory of value is concerned with the *intrinsic worth* of an object. Value is a complex concept. The value most modern economists are concerned with is the *exchange value* of items, that is, the amount of money one can get for items on the market. *Sentimental value* is another measure. Though the market value of one's dog may be high, one may not wish to sell the dog because its sentimental value is greater than anything anyone will offer for it. *Use value* is a third expression of worth. Though the sentimental value one attaches to an old car used to drive back and forth to work may be low and the exchange value little higher, the usefulness of the car might be quite high since it adequately performs a needed function. *Esthetic value* is yet another assessment. The grace of an old building may far exceed its commercial value or its usefulness.

By contrast, the labor theory of value is concerned with establishing a standard for measuring intrinsic value. In other words, what is a given item worth by objective measure? What is it *really* worth? This concept assumes that two kinds of value are brought to the production process. Resources, machinery, and finance are termed *constant value;* that is, these factors, when applied to the production of an item, cannot add any value to the item greater than their own intrinsic worth. Only labor is a *variable value* because only labor produces something of greater worth than itself.

Here Marx pays tribute to the genius of human creativity. The materials necessary to produce a watch, for example, can be placed next to the tools and machines used in watch making; nevertheless, a watch will not be produced until human creativity—*labor*—is applied. Similarly, the components of an unassembled building have an aggregate value, but when they are combined through labor to become a house, something new has been produced, and its value far exceeds the sum of its individual parts.

The intrinsic value of any object, Marx assumed, is therefore determined by the amount of labor—human creativity—needed to produce it. The *price* of the object, the amount of money it will fetch on the market at any given time, is determined by supply and demand. However, the *value* of the object is determined by the labor time needed for its production.

The Theory of Surplus Value The **theory of surplus value,** according to Engels, is Marx's most important discovery. Marx observed that capitalists held a monopoly on the means of production—resources, factories, and machinery. Ordinary people must work to survive, but because the capitalists control the means of production the workers must sell their labor at whatever price the capitalist will pay. Marx accepted Ricardo's **iron law of wages,** which you will recall, suggested that capitalists, driven by the need to make profits and capital, will pay their workers only subsistence wages—enough to feed themselves and their families—because that much is necessary to bring them back to work the next day. Therefore the workers are enslaved to the masters who pay them only the most meager wages, regardless of how much value they produce.

According to this theory, the workers' intrinsic value is the money needed to feed themselves and their families. Anything they produce above the subsistence level is *surplus value*. Since under Ricardo's iron law of wages the capitalists pay only a subsistence wage, barest amount necessary to bring the worker back the next day, Marx concluded they keep the surplus value produced by the workers as their profit. For example, let us say that it takes six hours of work to produce the necessities of life for a laborer and his or her family. If the employer forces the laborer to work for thirteen hours, yet only pays a subsistence wage, the capitalist has forced the laborer to surrender seven hours of surplus value. Because the surplus value can be produced only by labor, Marx goes on to argue, it belongs to the laborer by right. Accordingly, any profit the capitalists make from the labor of their employees is ill-gotten and exploitative. The capitalist is, therefore, a villain, a parasite who lives by sucking the economic lifeblood of the proletariat, and must be erased from society when the proletariat takes over. Needless to say, Ricardo, the capitalist economist, would not have agreed with this conclusion. Ricardo believed that the capitalists' control of property distinguished them from other people and justified their exploitation of the worker, for such exploitation creates capital, thus assuring further productivity. The difference between Ricardo and Marx on this point is not so much a question of economics; rather it is a dispute about what is moral.

At this point you might be wondering how Marx expected capital to develop if profits, or surplus value, were not allowed. The answer is simple: Marx did not oppose capital per se; *he rejected the capitalist.* He did not condemn profit; he opposed private profit. The German scholar knew that capital was necessary for production, but he rejected the notion that it should be controlled by private individuals. Capital, he suggested, was created by all and should be owned by all. Marx certainly did not oppose creating surplus value to be used to invest in increased productivity. What he objected to was that private citizens should be allowed to monopolize the means of production and use that power to force workers—the creators of value—to surrender their goods in order to survive. Put differently, no one should be allowed to profit from the labor of another.

Marxist Theory of Revolution

Marx vacillated over whether violence was necessary to achieve socialist goals. During the early part of his professional life, he clearly suggested that one could not hope for a change from a capitalist system to a socialist one without

violence. Gradually, however, he began to weaken this position until finally he admitted that certain systems (such as those in England, Holland, and perhaps the United States) might be responsive enough to adopt socialism by nonviolent means. Violence was still necessary elsewhere, however. Later, Lenin would again insist that no meaningful change could occur without violence.

The basis of Marx's argument for violence was his perception of the dialectic process. He believed that technological change cannot be stopped: Resources will become depleted, and new means of production will inevitably evolve, resulting in economic change. When the economy changes, economic determinism dictates that the entire foundation of the society must be transformed, compelling a change in its superstructure as well. In other words, economic change cannot be prevented. Economic change forces social change, which, in turn, drives political change. Violence is necessary in this process because the rulers who control the economy feel their economic and political power threatened by the uncontrollable changes taking place in the means of production. Vainly trying to resist the inevitable, they use their governmental power to keep themselves in control. However, they are resisting the progress of history. History is therefore propelled from one era to another. A series of revolutions punctuate the dialectic dynamic; each new era is born in the victory of those who control the new dominant means of production. In the final struggle the proletariat will confront their capitalist exploiters. The capitalists will use force, but their resistance is doomed to defeat at the hands of the irresistible pressure of history.

More specifically, Marx predicted the demise of capitalism. Competition, he argued, would force the capitalists to buy more machinery. Yet, only human labor can produce a surplus value; thus, the capitalists' profits would decline as they employed fewer people. At the same time, unemployment would increase among the proletariat as competition forced increasing numbers of former capitalists into the proletarian ranks. On the one hand, the size of the proletariat and the depth of its misery would increase; on the other, the wealth in the society would be held by fewer people. Marx predicted that every capitalist society would be subject to increasingly frequent and ever more serious economic convulsions. Eventually, the misery of the proletariat would increase to a point that could no longer be endured and a revolution would erupt, bringing the system to its knees. "The knell of capitalist private property sounds," Marx wrote, savoring the irony, "The expropriators are expropriated."

Using the French Revolution as his model, Marx envisioned a spontaneous uprising of the workers. Conditions for the common people in prerevolutionary France had degenerated to miserable levels. Yet, little was done in the way of advance planning for a popular revolt prior to its eruption in Paris in 1789. The precise cause of the French Revolution remains a mystery, but what is clear is that after centuries of aristocratic abuse, the people of France had quietly reached the breaking point; on a hot day—July 14, 1789—some seemingly trivial event sparked public fury that culminated in a frightful period of social and political chaos, and the world was changed forever. Just as the French had

vanquished their aristocratic oppressors with little prodding, so too did Marx expect the proletariat to dislodge their bourgeois masters.

The principle of class consciousness is critical here. Marx assumed that the workers had not yet fully comprehended that they were a group completely separate and distinct from the bourgeoisie. When the proletariat became fully aware of its unique situation in society—when it developed *class consciousness*—it would realize the full extent of its oppression and the parasitic nature of its rulers. It would then spontaneously rise up in revolution.

Helping to develop class consciousness is the role Marx saw for himself and his revolutionary colleagues. Calling his followers the **vanguard of the proletariat**, Marx advised that their function was to do what they could to instill in the worker an understanding of the true nature of their class-riven society. Importantly, Marx did not advocate that revolutionaries should organize and lead the revolution. He saw their function as more educative than combative. Once fully aware of their circumstances, the proletariat would initiate the revolution themselves. Marx's attitude toward revolution and revolutionaries is particularly important because, as we shall see in Chapter 9, Lenin, who was supposedly a disciple of the German master, abandoned this rather passive role for a more activist one.

The Marxist Political System

Of all the subjects on which he wrote, Marx is probably least clear in discussing the political system that would exist after the revolution. Basically he conceived of the proletarian state as developing in two steps. First, he expected that the proletariat would create a dictatorship. The purpose of the **dictatorship of the proletariat** would be to eliminate all but a single proletarian class. Since all human strife emanated from social class differences, according to Marx, human harmony was possible only if class differences were eradicated. This goal could be achieved through a process of reeducation.

Although the purpose of the dictatorship of the proletariat is quite clear, the exact nature of the institution remains shrouded in ambiguity and has been the subject of considerable debate. Lenin, who took an elitist attitude, insisted that the dictatorship should be *over* the proletariat as well as superior to all other elements in the society. He argued that not only should the Communist Party (the Bolsheviks) lead the revolution, but that it should also become the dictator of the proletariat.

Since Marx insisted on a democratic format in all other things and since he never attempted to form a communist party, as Lenin later did, it is highly unlikely that he meant to imply the model Lenin employed. Indeed, Michael Harrington, a noted American socialist scholar, suggested that Marx actually intended something approaching a democracy when he called for the "dictatorship of the proletariat." Marx expected that the overwhelming number of people in society would be among the proletariat when the revolution occurred. If he meant that the dictatorship was to be *by* the proletariat, the situation would

indeed be different. The huge majority of people—the proletariat—would impose its egalitarian policies on the tiny corps of remaining capitalists. In numerical terms, at least, such a system would be more democratic than that which Lenin ultimately put in place.

In any event, as the dictatorship succeeded in redirecting the society toward the socialist utopia, more and more people would adopt the socialist ethic, meaning willingness to work to one's capacity and to share the fruits of labor with the rest of society. This concept is clearly the most revolutionary aspect of Marx's thought. Like all leftists, he believed people could change, redirecting their lives and actions toward more desirable goals. To this end, Marx expected the dictatorship to encourage people to abandon their selfish, atomistic ways, adopting collective, or organic, values that accrue to the good of society as a whole. The new society would operate on the principle "From each according to his ability, to each according to his needs."

If people could be encouraged to enjoy their labor, they would become more productive than was possible in a capitalist system. If the productivity was shared equally by all, social anxieties and frustrations would most probably abate, creating a happy, contented populace. Thus, crime, war, and human turmoil would disappear. As strife and anxiety declined, a gradual change in society's foundations would lead to the second Marxist state. The need for the dictatorship would disappear. Eventually, when the last of the nonproletariat was gone, the state would have "withered away": The police state would have ceased to exist. Then, all the individuals in society would be "free" to *govern themselves* responsibly for the good of all, and the system would have evolved into a *democratic utopia* similar to that desired by many anarchists. Only a skeletal shell of the former state would be left, and it would simply administer the economy. As Engels put it, "In the final stage of communism, the government of men will change to the administration of things."

Internationalism

Since Marx believed that dialectic materialism was a law of historical development, he expected that socialism would be adopted in every country in the world sooner or later. The exact schedule for the adoption of socialism in any country depended on its economic development. Though he made no specific predictions, Marx clearly expected that the most industrialized nations of his day (England, Germany, France, Belgium, and Holland) were on the verge of the proletarian revolution. Ironically, the first successful Marxist revolution occurred after his death in Russia, an agrarian, deeply religious country.

During Marx's lifetime, the nation-state system was an important political fact, as it is today. Indeed, since the nation-state system had developed along with capitalism, Marx believed that it was part of the capitalist superstructure. He argued that nation-states were organized by the capitalists to keep people who really had a great deal in common separated from one another. People of the same social class from different countries, he reasoned, actually had more in common with each other than did people of different classes within the same country. National boundaries were only artificial separations designed to reinforce the capitalist system. Indeed, Marx declared that "workingmen have no country." Consequently, he believed that as various countries became socialist, they would recognize the divisiveness of national boundaries and would erase the lines that separated them until finally all national boundaries would have "withered away" and the entire world would be a single socialist utopia.

Because humanitarian socialism had been discredited by the utopians, and because of Marx's intellectual preeminence, he dominated socialism throughout his life. Almost immediately after his death, however, humanitarian socialism revived with new vigor, even as Marxism was transformed from theoretical speculation to practical political action. We shall now consider these developments in the following chapter.

QUESTIONS FOR DISCUSSION

1. Compare and contrast the major features of communism and socialism.
2. How do humanitarian socialism and "scientific" socialism differ historically and ideologically?
3. What are the major components of Marxism?
4. How do economic determinism and dialectic materialism relate to each other?
5. In what ways was Marx perceptive about his world and in what ways did he err?

SUGGESTIONS FOR FURTHER READING

A' Amato, Paul, *The Meaning of Marxism*. Chicago, IL: Haymarket Books, 2006.
Bernstein, Edward, *Evolutionary Socialism*, trans. E. C. Harvey. New York: B. W. Heubsch, 1909.
Harrington, Michael, *Socialism*. New York: Bantam Books, 1972.
Hegel, Georg Wilhelm Friedrich, *Reason and History*, trans. Robert S. Hartman. New York: Liberal Arts Press, 1953.
Hook, Sydney, *From Hegel to Marx: Studies in the Intellectual Development of Karl Marx*. New York: Columbia University Press, 1994.
Howard, Michael W., ed., *Socialism*. Amherst, NY: Humanity Books, 2001.
Jarnow, Jesse, *Socialism: A Primary Source Analysis*. New York: Rosen, 2004.
Jennings, Jeremy, ed., *Socialism: Critical Concepts in Political Science*. London: Routledge, 2003.
Marx, Karl, and Friedrich Engels, *The Communist Manifesto*. Baltimore: Penguin Books, 1967.
McLellan, David, *Karl Marx: His Life and Thought*. New York: Harper and Row, 1973.
Miliband, Ralph, *Marxism and Politics*. Oxford: Oxford University Press, 2003.
Mongar, Thomas, *The Death of Communism and the Rebirth of Original Marxism*. Lewistown, NY: Edwin Mellen Press, 1994.
Taylor, Keith, *The Political Ideas of the Utopian Socialists*. London: Frank Cass, 1982.