

CHAPTER X

FABIANISM VS. STATE SOCIALISM

"I do not want to live under a philanthropy. I do not want to be taken care of by the government, either directly, or by any instruments through which the government is acting. I want only to have right and justice prevail, so far as I am concerned. Give me right and justice and I will undertake to take care of myself. If you enthrone the trusts as the means of the development of this country under the supervision of the government, then I shall pray the old Spanish proverb, 'God save me from my friends, and I'll take care of my enemies.' Because I want to be saved from these friends."—WOODROW WILSON, *The New Freedom*. Chap. IX, p. 198.

It is not easy to find a work on Socialism which will satisfy all socialists. The literature of the question is voluminous, but a work by a socialist stating clearly the proposals and conceptions of Socialism is rare. The ordinary business man not versed in the economic and political controversies of the schools says it is not only difficult to read bulky works on Socialism, but almost impossible at times to follow certain of the lectures which would explain its proposals and conceptions. I sympathize with such a man. One confessed to me that he had attended the lectures of three fairly well-known socialists, and that the deepest impression they made on his mind was that they contradicted one another

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and sometimes themselves. Still, the question, "What is Socialism?" is not a conundrum now. There are numbers of works which set out clearly the ideas of Socialists of many varieties and through thorough analysis of their ideas arrive at a precise definition of the term. In Britain and Australia, owing to constant political discussion, the question is kept properly in the open, and considered freely by the people of all classes. Debates are frequent, and no one is afraid of public discussion. These are perhaps the reasons why Socialism is far better understood in those countries. In Britain there are, of course, several different schools of Socialism, and they frequently quarrel amongst themselves; but on the whole, knowledge of the question is deeper and far more general than here. Socialists themselves in Britain certainly read stronger works by modern writers than American socialists do. Somehow the sociologist has in this country stolen "the thunder of the timid dabblers in Socialism." They have switched the larger question away from its main line on to the side-tracks and by-ways of data, detail, and docketing. These men deal in crossing the t's and dotting the i's of industry and banking; and many of them, showing great aptitude in working up superficial data, showing smatterings of socialist teachings, do not however show in their books that they have one drop of the red blood of true Socialism in their veins.

I set out a little while ago to find the last work on Socialism by an American writer and learned from the booksellers that it was Mr. John Spargo's *Socialism* in a new and revised edition. I bought it and read it. Now let me say at once that I know of no school of socialist thought in Britain that

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would accept it as the work of a modern socialist. If there be one, I confess I never came across it. Of course, Mr. Spargo is conscious that his Socialism is a somewhat different brand. He says: "I do not, let me again warn you, set this plan before you as one which Socialism depends upon, which must be adopted. I do not say that the Socialist parties of the world are pledged to this method, for they are not. The subject is not mentioned in any of our programmes, so far as I recall them at the moment." Still, he has boldly entitled his work Socialism. It is however a mixture of Liberalism, Fabianism, and Collectivism with an occasional dash of Marxian misconceptions. Let us give it some consideration.

It is just as well at the outset to know what the question is that we shall discuss. Socialism is the question. And the proposal of the term is now generally accepted as follows: "The State shall control all means of production, distribution, and exchange, for the equal benefit of all, and that the State shall have power to do what it wills with persons, their faculties and possessions." The proposal is logical. It will bear the closest analysis. But this is State Socialism! Of course it is. What other is possible? One may not like the system which this proposal would set up, but no one can quarrel with the logic of the proposition. Analyse it carefully and it will be found to be a succession of necessary consequences arising out of the premise, *The State shall control all the means of production.* If the State control all the means of production it will necessarily control all distribution and exchange. All the means of production must include all natural resources and all capital. Therefore, State con-

trol of all land — natural resources — and capital will mean, and must mean for success of production, State control of all producers. No State so organized could permit friction in the ranks of labour. Where competition and interest are abolished, the share of goods produced must be for the equal benefit of all: labour and capital.

But Mr. Spargo will have none of that. It is the word "all" that makes all the difference with him, so far as the proposal is concerned. For he realizes that we are "alike in our needs of certain fundamental necessities, such as food, clothing, shelter," etc., but that we are unlike in tastes, appetites, temperaments, character, will, and so on. Therefore the word "all" must go. And for State Socialism he substitutes his own brand. He says, "The basic principle of the Socialist State must be justice." Again, another reason for eliminating the word "*all*." Furthermore, the political organization of Mr. Spargo's socialist State "must be democratic." He says, "Socialism without democracy is as impossible as a shadow without light." No wonder he has to confess his Socialism is not mentioned in any socialist programmes. His "Socialism is political democracy allied to industrial democracy." And this is to be the "economic structure of the new society":

(1) Ownership of all natural resources, such as land, mines, forests, waterways, oil wells, and so on;

(2) Operation of all the means of transportation and communication other than those of purely personal service;

(3) Operation of all industrial production involving large compound capitals and associated labour, except where carried on by voluntary, demo-

cratic co-operation, with the necessary regulation by the State;

(4) Organization of all labour essential to the public service, such as the building of schools, hospitals, docks, roads, bridges, sewers, and the like; the construction of all the machinery and plant requisite to the social production and distribution, and of things necessary to the maintenance of those engaged in such public services as the national defence and all who are wards of the State;

(5) A monopoly of the monetary and credit functions, including coinage, banking, mortgaging, and the extension of credit to private enterprise."

So we have a system in which *all* natural resources are to be under State control. He need go no further. The rest is taken care of by the State. State control of *all* natural resources is the basis of State Socialism, and *all* the means of transportation, and *all* the industrial production, and *all* labour, will be organized and operated by the State which has control of *all* natural resources. Competition from voluntary, democratic co-operative industries could not be permitted, for not only must there be one price, there must also be one wage.

The system Mr. Spargo would set up seems to be one in which all its virtues will be found in its practice and all its defects in its theory. Never did any one reveal such faith in the State. Hegel is surpassed. Treitschke is dethroned.

Now let us see how Mr. Spargo juggles with the old socialist phraseology. He does not like the phrase "all the means of production, distribution, and exchange." He says:

"Even in the later propaganda of the modern political Socialist movement, there has been more than enough jus-

tification for those who regard Socialism as impossible except under a great bureaucracy. In numberless Socialist programmes and addresses Socialism has been defined as meaning 'the social ownership and control of all the means of production, distribution, and exchange.' Critics of Socialism are not to be seriously blamed if they take such 'definitions' at their face value and interpret them quite literally. It is not difficult to see that in order to place 'all the means of production, distribution, and exchange,' under social ownership and control, the creation of such a bureaucracy as the world has never seen would be necessary. A needle is a means of production quite as much as an electric power machine in a factory, the difference being in their degree of efficiency. A jack-knife is, likewise, in certain circumstances, a means of production, just as surely as a powerful planing machine is, the difference being in degrees of efficiency. So a market basket is a means of distribution quite as surely as an ocean steamship is; a wheelbarrow quite as much as a locomotive. They differ in degrees of efficiency. The idea that the house wife in the future, when she wants to sew a button on a garment, will be obliged to go to some department and 'take out' a needle, having it properly checked in the communal accounts, and being responsible for its return, is, of course, worthy only of opera-bouffe. So is the notion of the State owning wheelbarrows and market-baskets and making their private ownership illegal. 'The socialization of *all* the means of production, distribution and exchange,' literally interpreted is folly."

Is it? Let us see. First, we must grasp Mr. Spargo's point: that a degree of efficiency will determine whether capital should be state owned or left in private possession. The degree is reached when capital is efficient enough to exploit the worker. He does not tell us this in so many words but his argument can lead to no other conclusion. In the second place we must see clearly Mr. Spargo's point as to the difference between "capital" and capital. He tells us, "Capital, therefore, is wealth set aside for the production of other wealth with a view to its

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exchange at a profit." If this be so, why should a needle, a jack-knife, or a market-basket be left in private hands? These are capital, wealth set aside for the production of other wealth, and, according to Mr. Spargo, with a view to its exchange at a profit. For he tells us, "wealth, which in certain simpler forms of social organization consists in the ownership of use-values, under the capitalist system consists in the ownership of exchange-values. Therefore a needle, a jack-knife, or a market-basket having no use-value because this is not a certain simpler form of social organization, must have an exchange-value, and can be exchanged at a profit.

But there is another form of wealth under the capitalist system which, he says, consists of use-values. He makes this statement: "In modern society wealth consists of social use-values, commodities." If wealth under the capitalist system consists in the ownership of exchange-values, how can wealth in modern society consist of social use-values? Seemingly we must infer that wealth produced from capital consists of exchange-values — wealth produced with a view to its exchange at a profit; and wealth — just wealth, that wealth which is *not* capital — in modern society consists of social use-values, commodities. So another term — commodities — is added to the utter confusion of the reader. Then he tells us, "We must, therefore, begin our analysis of the capitalist society with an analysis of a commodity." But we have read 238 pages on "Socialism" before we reach this stage in the argument. Now we must discover what a commodity is. He quotes Marx who says, "A commodity is in the first place an object outside us, a thing that by its properties satisfies human wants of some sort or another.

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The nature of such wants, whether, for instance, they spring from the stomach or from fancy, makes no difference. Neither are we here concerned to know how the object satisfies these wants, whether directly as means of subsistence or indirectly as means of production." This definition of a commodity given by Marx does not however satisfy Mr. Spargo. It does not go far enough to suit him, and he sets out to destroy one of the main supports of his champion's argument. Mr. Spargo says: "But a commodity must be something more than an object satisfying human wants. Such objects are simple use-values, but commodities are something else in addition to simple use-values. . . . In addition to use-value, then, a commodity must possess exchange-value." So we have now reached the point where all use-values which have no exchange-value as commodities in modern society, turn out to possess exchange-value, or be of no value. He says a commodity produced by him for his own consumption has no value. "It will have no economic value unless it will satisfy the want of some one else." He does not see the process of production and exchange at work when he wrote *Socialism* for "profit." He does not see that for his service he exchanged a book for food, fuel, clothing and shelter. Has his book only an exchange-value? Perhaps it was intended for a social use-value. He says, "So, unless a use-value is social, unless the object produced is of use to some other person than the producer, it will have no value in the economic sense: it will not be *exchangeable*."

What he is driving at seems to be this: having committed himself to the Marxian theory of value and learning later that it is not sound, he is desirous

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of rendering a new interpretation of it in the light of fundamental economists. He fails signally. Nothing but confusion arises from his task. But he cannot get away from the blunders of his teacher. He is trying vainly to say in a less direct and blunt way what Marx said: "We know that the means of production and subsistence, while they remain the property of the immediate producer, are not capital. They become capital only under circumstances in which they serve, at the same time, as means of exploitation and subjection of the labourer."

Here it is set out as clear as day that what is not used to exploit and subject the labourer is not capital, and that all income taken by the capitalist is filched from the labourer. A tractor used by a farmer, an immediate producer, is not capital. When it is used by a company of farmers it is capital. When it is not in use it is a tractor, when it is used by an immediate producer it remains a tractor, but the moment a company of agriculturists use it, it becomes capital. And yet Mr. Spargo tells us: "Capital is wealth set aside for the production of other wealth with a view to its exchange at a profit." So the tractor used by an immediate producer must not be used in assisting to produce anything beyond his own requirements. All the machinery used by the British Wholesale Co-operative cannot be classed as capital, for they are the immediate producers. Is a woollen mill during a lockout capital? No, because it is not working, so Mr. Spargo would reply. Is a soap factory working at a loss, capital? What then? My wife uses her needle to make certain garments for her own use. The needle in that case is not, according to Mr. Spargo, capital. But my wife calls in a seamstress to assist in making a garment for her

daughter. Then the needle used by the seamstress becomes capital because exploitation and subjection of the seamstress makes it so. But if my wife pays the seamstress much more than the market rate of wage, and she is neither under subjection nor exploited, what then?

Mr. Spargo should begin all over again. When any one can say, as he does, that, "Marx was a great master of the art of luminous and exact definition . . .," it is time he should be advised to reconsider a system based on the theories of one whose definitions are anything but exact. Take the very statement selected by Mr. Spargo to show Marx's "art of luminous and exact definition." Mr. Spargo says, "nowhere is this more strikingly shown than in this opening sentence of *Capital*: The wealth of those societies *in which the capitalist mode of production prevails* presents itself as an immense accumulation of commodities, its unit being a single commodity!" The italics are Mr. Spargo's. Now this is nothing but a preposterous misconception of the process and history of production, and Marx himself was conscious of the blunder he had made when he wrote the final chapter of *Capital*. This chapter, called "The Modern Theory of Colonization," refutes most of the theories he laid down in the early part of his book, and if Mr. Spargo will re-read the story of Mr. Peel's colonial experiment he will find this is so. Marx says:

"Mr. Peel . . . took with him from England to Swan River, West Australia, means of subsistence and of production to the amount of £50,000. Mr. Peel had the foresight to bring with him, besides, 3000 persons of the working class — men, women, and children. Once arrived at his destination, Mr. Peel was left without a servant to make his bed or fetch him water from the river."

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Because they were free to use the land, and produce for themselves. There was no landlord waiting to collect rent.¹

And Marx in considering this incident is forced to say "the expropriation of the mass of the people from the soil forms the basis of the capitalist mode of production." Therefore, Marx refutes Marx. For an immense accumulation of commodities preceded what Marx calls the period of capitalist mode of production. Commodities had exchange value before the mass of people was expropriated from the soil. Why then all this pother about capital? Why cannot Marxian socialists take Marx's final words and begin at the beginning of the process of production — with land? Marx says: "the capitalist mode of production and accumulation, and therefore capitalist private property, have for their fundamental condition the annihilation of self-earned private property — in other words, the expropriation of the labourer." That is, the exclusion of labour from the land.

Here Marx is right. But how is the labourer to win back his economic freedom? By forcing land into use through the taxation of the value of land. Then, as Oppenheimer says, "the system of vast territorial estates falls apart. When, however, it has disappeared there can be no oversupply of 'free labourers.' On the contrary, two masters will run after one labourer and must raise the price on themselves. There will be no surplus value for the capitalist class, because the labourer himself can form capital and himself become an employer. By this

¹ Mr. Jefferson remarks there were no poor in the United States in his day, because any one who was dissatisfied with the conditions of industry could go out on free land and "labour the earth for himself."

the last remaining vestige of the political means will have been destroyed, and economic means alone will exercise sway. The *content* of such a society is the pure economics of the equivalent exchange of commodities against commodities or of labour force against commodities, and the political *form* of this society will be the 'freemen's citizenship'."