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A Critique of Political Economy

I. Communism and the World Crisis*†

By FRANZ OPPENHEIMER

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Introduction

LONG, LONG AGO, when people in Germany still argued with other weapons than the concentration camp and the executioner's axe, a well-known professor at the University of Berlin tried to convince an old laborer that the workingman's communism was utopian. The haughty, if not perfectly grammatical reply of the venerable worker was exactly this: "Between you and I stands science." It sounds funny, this streetcorner excommunication of a scientist, but its humor conceals a very serious aspect of Marxism: the blind confidence of Marxists in the mighty book of their master, Karl Marx. "Das Kapital," was, and still is, the main source of the movement's power. Its members believe in its gospel just as devoutly as they believe that the earth revolves around the sun. They cannot judge the arguments of Marx any more

* [EDITOR'S NOTE: The first section of this essay, one of a series, makes available for the first time, in English, the chapters on Communism and Marxism in Dr. Oppenheimer's well-known German work, "Weder Kapitalismus noch Kommunismus," "Neither Capitalism Nor Communism," Jena, 1932. The translation and condensation are by the author.]

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critically than those of Copernicus, but they are sure that they are just as sound. Belief became creed; creed, faith; the sect became a militant church, and Marxist doctrine a religion with all its trappings, "Das Kapital" as its Khorân, dogmas, hierarchy, priesthood, intolerance and Holy War against the infidel. And its adherents became "true believers," who are, as McFee recently put it, "austere fanatics and not mercenaries, having a faith and a loyalty to a principle,"¹ the stuff of which martyrs are made. This, at least, is true for a part of the leadership and most of the rank and file.

This makes them rather likable fellows, but at the same time extremely dangerous. Not that the Marxists have the slightest chance of bolshevizing this great country: viewed from this standpoint, communism is hardly a nuisance; certainly it is not a threat. But it is a real danger for several reasons. This pseudo-scientific creed blocks inquiry into the true causes of the current crisis, thereby obscuring the way out of it. It cleaves the nation into fighting groups, disturbing the economy by useless quarrels and senseless feuds, destroying unity at a time when the strongest solidarity alone can safeguard freedom and welfare. Communism gives to all enemies of freedom and peace the arguments—or, better, the pretexts—for the introduction of reactionary socio-political policy, following the hoary prescription of the conservative Prussian cynic: "You must wave the red rag until the philistine believes he sees the blaze of burning cities." Italy and Germany owe their fascism and nazism to the fright occasioned by the bolshevization of Russia, and we must realize that there has been, and still is, genuine cause for fear of revolution in the decadent countries abroad. Thus the rebarbarization of Europe has one of its ultimate causes in the communist ideology.

History proves that violent repression is powerless against

¹ In an article in *The Saturday Evening Post*, Philadelphia.

movements of this kind. They pass away only with the undermining of the faith that is their soul, their vital principle. It is almost impossible to stamp out a creed founded on supernatural revelation, but it is relatively easy to uproot a creed founded on scientific errors. The great example is the Ptolemaic doctrine which was abandoned, although "evidently" the sun rises and sets after having drawn his arc around the "evidently" immobile earth.

Communism, fortunately, is founded not on revelation, but on errors that can be rooted up with relatively little effort by what logic calls "immanent" disproof, showing premises as untrue or inferences as faulty.

Karl Marx provoked such criticism tacitly and expressly. Tacitly, by employing the deductive method *more mathematico* (after mathematical fashion) which, like Euclid's geometry, aims at compelling the adversary to face a dilemma, demanding that he discover an error in the logical calculation or else confess defeat. And expressly, as, for example, in the famous quotation: "*Hic Rhodus, hic salta!*"

I am going to take up the gauntlet. I intend to prove, by applying exclusively the same method of logical reasoning, that Marx is wrong in maintaining that capitalist society is bound to evolve into communistic society "with the necessity of a natural law."² I shall uncover, step by step, the errors in Marx's reasoning: the untrue premises he introduced, the faulty conclusions he deduced; and, in every case, I shall identify the fallacies by their logical connotation.

² Cf. preface to "Das Kapital," first ed.: "We are not concerned with the lower or higher degree of development of the social antagonisms which originate in the *natural laws* of capitalist production. We are concerned with these laws themselves, with these tendencies which make headway *with iron necessity*." (p. vi.) Also: "My point of view is to apprehend the evolution of economic social formation as a *process* of natural history." (*Ibid.*, p. viii.)

PART ONE

Utopian Communism

I

Marx, "Prisoner" of Communist Doctrine

THE TASK that Marx set for himself was, in his own words, "to raise socialism from utopia to science."

He called "utopian" each of the various attempts that had been made to "solve the social question," accusing their authors, without exception, of having tried to "*invent* the coming order out of the brain," instead of "*discovering* it with the aid of the brain in the tendency of development of capitalist society itself."

Unquestionably the problem was correctly formulated. Utopian socialism was based (and still rests) on the supposition that society is a mechanism, a badly constructed contraption that must and can be recast and repaired, and even, if need be, replaced by a wholly new kind of machine. Marx knew this to be wrong; he had adopted the Hegelian conception of society as an organism, grown and developed according to natural law in the "dialectics of evolution," and not by the dictum of a political wizard. From this point of view, it appears just as impossible to construct a society as an apple-tree or a poodle. Forces from outside can influence a living organism only insofar as they are in accord with its particular tendency of development. You can graft a wild apple-tree with a refined slip because the slip comes from a tree that, itself, descends from wild apples; you can train a puppy to do certain things and to abstain from others, because wild dogs are gregarious animals, living in groups that socialize and domesticate their members to a certain extent.

Exactly the same is true of human society. You are as little able to construct or reconstruct it as you are to grow

an apple tree without planting a seed, or to change a poodle into a cat. The new society can come into being only by organic development out of the capitalist order. Socialists can do no more than remove obstacles to the process; they can—perhaps!—facilitate or even accelerate the transition to the new order, much as (this is the famous simile used by Marx) a clever midwife can facilitate and accelerate a delivery.³ But it is utterly nonsensical to think of “building” a society like a machine.

Marx, by this methodical statement, crossed the gulf separating utopian and scientific socialism. However, he did not succeed in solving the problem he had so aptly formulated. He was too heavily handicapped. First of all, he was a pupil of Ricardo, who had handed down to him not only his achievements, and especially his method, but also his many errors. And secondly, he was a “true believer” in communism before he began studying economics. He never got rid of these “egg-shells on his beak”; he was, and remained, as his faithful pupil Eduard Bernstein wrote, “the prisoner of a doctrine.” He reasoned with fixed marching orders, much as Nazi “science” does today. As Bernstein continues, he had “accepted in all its essentials the solution of the communists, realizing, however, that their means and proofs did not suffice.”⁴

In this regard he shared the opinion of the enlightened group to which he belonged during his years in Paris. The great hearts and brains, who had devoted their lives to seeking the solution of the great enigma, deeply despised utopian communism. Earlier, Fourier had denounced the “levelling mania” embodied in the communistic experiments of his contemporary, Robert Owen.⁵ Proudhon had addressed the

³ “A society can shorten or alleviate the throes of birth.” Marx, *op. cit.*, p. viii.

⁴ Eduard Bernstein, “Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie,” Stuttgart, 1899, p. 177.

⁵ Gide et Rist, “Histoire des doctrines économiques,” Paris, 1909, p. 269 note.

communists in his theatrical manner: "Give way, your presence is to me a stench, and I loathe the very sight of you." He wrote in his "Contradictions économiques": "Communism is nothing, never was anything, and never will be anything." He charged Louis Blanc with having "poisoned the workmen with absurd formulas," and characterized this petrel of proletarian revolution charmingly: "He means to be the bee of revolution, and is but its cricket."⁶ Finally Lorenz Stein, the most important European sociologist, beside Marx, at that time and the fellow-pupil of Hegel, speaks of the communism of the forties, of this socialism of the wandering journeymen with that same smiling contempt with which August Bebel called anti-semitism "the simpletons' socialism." Stein, however, esteemed highly the non-communistic schools of French socialism: that of Considérant, the disciple of Fourier, Bazard and Enfantin, pupils of St. Simon, and especially that of Proudhon.⁷

Marx could not but share this opinion as to the "means and proofs," but he undertook to justify the goal: communism. Hence his task, his *thema probandum*, was determined:

To prove, by the method of Ricardo, that it is the tendency of capitalist evolution in its dialectics, unfolding according to natural law, to develop into communism, by removing the obstacles now insuperably impeding its immediate realization.

This is the key to his theory. We have to consider, therefore, the theory of utopian communism and the objections that have been, and can be raised against this day-dream.

Two questions suggest themselves at the outset. First: what is this movement aiming at? Secondly: why does it aim at this precise goal? What reasons impel the leaders to brave the road through chaos, death and perdition? Where do they get the courage to accept the awe-inspiring responsi-

⁶ *Ibid.*, p. 339.

⁷ Lorenz von Stein, "Geschichte der sozialen Bewegung in Frankreich," ed. by Gottfried Salomon, Munich, 1922, Vol. I, p. 115.

bility for the life and welfare of those who follow them so willingly; and even of those whom they are dragging along, against their will, on their dangerous adventure? For, undoubtedly, most of the spiritual leaders are (or were) well-meaning idealists who believe that their high aim, redemption, sanctions even the most atrocious means.

II

The Aim of Utopian Communism

THE GOAL of utopian communism is to shape a social economy without competition. This is what is common to all the numerous types of utopian communism, a group of systems that differ from one another in the economic means they seek to use and in many minor traits of the schema. From this common foundation all the main lines of the set-up are derived with logical necessity.

In the present-day economy, competition is the power that regulates the production and the distribution of goods. It attracts materials and labor into those branches of production where favorable prices show that the social demand is not completely satisfied—and repels materials and labor from branches where unfavorable prices show that social demand is more than satiated. Competition, at the same time, regulates distribution, by assigning to every producer an income proportionate to his “productive contribution,” either as labor performed or as monopolistic property put at the disposal of the working members of the community.

Competition appeared to the haters of capitalism to be the fiend to be annihilated. It was condemned (although it never had enjoyed a fair trial) even by such a genius as Plato, who gave initial impetus to communistic thought and dominated it through more than two thousand years of development. The question was never asked whether competition, as it was practiced in capitalist society (“dog-eat-dog com-

petition”), is not itself a symptom of a hidden disease of the social body.

To remove this great “governor” of the economic mechanism is to introduce an economy without market and money, or, to use a popular expression, to introduce “production through and for society.” The collective need of goods and services is to be met by giant undertakings, owned and managed by the state, and conducted by officials. Production is to be carried on according to a preliminary budget that the statistical board has established. Distribution is likewise to be performed by magistracies in accordance with one of the three possible principles: either equally per capita; or “to each according to his needs”; or, finally, according to the quantity of labor performed for the community. This would obviously involve the introduction of compulsory labor for certain classes as to age and sex. Another consequence would be that the personal note of taste in consumption could not possibly be taken into account to any great extent. Also, and finally (to omit certain considerations of minor import), the function of money and its substitutes would shrink to a negligible rôle, if it did not disappear altogether. If a “measuring rod of value” continued to exist at all, it could be nothing but a kind of certificate recording the expenditures of a certain kind of labor in terms of exertion and duration, i.e., a “labor-money” in labor notes. This, however, would be needed only in those schemes that plan to distribute goods and services according to labor performed, not in those distributing goods per capita, or according to need or desire.

The objections against this scheme, to a large extent, are familiar. Completely invalid is the famous objection derived from the assumption of the inescapable obligation to work: that such a future State would be an immense jail or work-house. The bulk of the population in capitalist society is living under worse conditions than those proposed.

If the hopes of communists were to be realized, they would work shorter hours in more agreeable environment, under kindlier foremen, at less risk of life and health; they would be rescued from the eternal dread of unemployment, and, the communists maintain, would enjoy consumers' goods of much better quality in much greater quantities. Hence the revolution would not commit the overwhelming majority to jail. Rather would it deliver them from the jail in which they are now imprisoned as "lifers"; imprisoned, that is, not by legal compulsion, but by the threat of the "whip of starvation."

Compared with these advantages for the great mass of the population, the fact weighs like a feather that this commitment to compulsory labor would also affect the members of the present-day dominating class, except for such members who would be exempted on account of advanced age, and for those already engaged in useful work. No communistic State would put a physician behind plow or lathe by design.

Concerning the uniformity of consumption, it must be said that this could hardly be called an objection at all, if only the promised distribution of more and better means of gratification were realized—which would not be improbable. The plan provides for enterprises so enormous and so thoroughly standardized and specialized as to create, in spite of shorter hours and less exertion, a much greater social produce than is realized at present from the chaotic, relatively small and feeble present-day undertakings, which, by competitive struggle, are prevented from attaining the optimum scope and specialization. Moreover, in the syndicates, trusts, etc., they must drag along numerous maladjusted, obsolete, or unfavorably situated firms of submarginal productiveness. Uniformity of consumption, therefore, would mean equal enjoyment of much higher comfort for the lower class, which is living today in the ugly uniformity of want, and often

even of destitution. They dwell in the uniformity of trash, of makeshifts and substitutes. Their tenement houses, apartments, furniture, and men's clothing are almost identical; and the fashions of the higher strata, which the females of the lower so eagerly imitate, are not exactly flowers of fine culture. It appears perfectly feasible to set up a budget to cover costs of living which is generous enough to gratify all justified shades of taste. It would be no catastrophe if some goods proved unsaleable, while unexpected demand for other commodities required their production in greater quantity than had been foreseen.

III

Administrative Problems of a Communist Utopia

THE ADMINISTRATION of a communist utopia presents more serious problems. The first concerns the selection, the position and the behavior of the leaders. In such a free democracy the leaders, unquestionably, would be chosen by election. But, once elected, they would wield an unheard-of power, because they would control not only the political but also the economic life of all citizens. It is not easy to conceive of an electoral system capable of finding the best man, or at least a good one, for every job. The candidate for political office can demonstrate to great mass-meetings his oratorical prowess, his faculty of visioning great aims and showing the ways to attain them, but candidates for management of the central statistical board or the central transport organization or one of the giant plants must have qualities that no mass-meeting can estimate and that, precisely, cannot and would not be exhibited by their possessors at mass-meetings.

For all that, let us assume that an ideal system of election were discovered. Nevertheless, there remain still other, and very serious problems of public administration to be solved.

First, it is difficult to understand how such a huge State

administration could be managed without a superabundance of documents and reports and an elaborate system of correspondence between the different executive committees and boards. The responsibility of the leaders would be even greater than that of the highest administrators of today, because political misadventures and maladjustments at present are seldom noticed, except by experts, until their consequences prove catastrophic. But economic mistakes affect the population immediately in its most sensitive spot, in its daily necessities. The attempt to avoid such misadventures, therefore, would be the serious occupation of all officials, and this would bring about a process of reserving the adoption of momentous policies to assemblages of the top affected administrators in council. This, in turn, would pre-suppose regular intercourse among the different head-offices, entailing the most complicated "red tape." These brakes would be strong enough to paralyze the entire mechanism, a consequence which is certainly much less tolerable in economy than in polity. The life of the commonwealth goes on even if an urgently-needed reform of the diplomatic service or of the legislature is delayed for years and years. But the people will suffer bitterly if the production of goods is not immediately adapted to varying conditions, as, for instance, a bad harvest.

This objection, however, is still not decisive. We can imagine a plan of operation established that would suffice without too much of strain even under the most unfavorable conditions.

A more deplorable consideration is that such a system and its "red tape" would tend to demoralize the leaders, dulling their sense of responsibility, because no individual would have final responsibility. Every one would endeavor to shift responsibility, (to "pass the buck"), and ultimately this would be saddled on the impersonal "government." At the same time the leaders would become less qualified to fill their jobs,

because the system, with its irresponsibility and the enormous "red tape," would rob the best men of their best faculty, brisk initiative and daring resoluteness. And this would threaten a halt to economic progress, which has hitherto been promoted mainly by enterprising "captains of industry" acting on their own account and at their own risk. Initiative and daring frequently would prove a liability rather than an asset to the official. He wastes his vitality by attempting, usually in vain, to carry along his colleagues and superiors; he makes himself unpopular as an "unruly fellow" and a "place-hunter," risking friction, enmity, even loss of his job. Strong initiative, for this reason, would have scarcely a chance to survive under such a system. It would lead neither to a large income nor to gratification of the "instinct of workmanship," that creative spirit which especially motivates the great entrepreneurs, with far more compulsion than the instinct of acquisition.

The danger is undeniable, that this, the strongest of all forces of progress, might be crippled; and that the public servants of the communistic State would know no higher ambition than that of the efficient engine-driver—to cover the distance punctually to the second with as low a consumption of fuel as possible.

However, even this is not a decisive objection. Technical progress might slow down, the output of the entire machinery might be less than it would be if all the forces and values of personality were unfettered. Still, a wealthy nation could bear it, and it would be only a slight weight in the scale of judgment compared with that of the arguments against capitalism. Nevertheless: the loss would involve more than a small percentage of the total of potential production. It would involve personality values, qualities of leadership. The national character, compared with the attainable ideal, would be impoverished.

(Continued)