

Why States Go Totalitarian

By Harry Gunnison Brown

Comrade Stalin, speaking this Winter in a packed Moscow theatre, thus contrasted Soviet Communism with capitalism:

"Elections in other countries are conducted as clashes of class against class. There is pressure by the sharks of capitalism! We have no pressure here by the haves or have nots. None can put pressure on the people to manipulate the elections. That is why our elections are the only free democratic elections in the world."

Soviet Demagogy

But nominations in Russia had been taking place, beginning in October, with the voting by means of a show of hands in the presence of Communist officials. And all over the Soviet Union rival candidates had withdrawn their names in favor of those supported by the Communist party, so that in only two constituencies in the whole of Russia was there more than one candidate. Not only this, but at the last moment it was decided that the promised secret ballot need not be secret, and that every voter might prove his loyalty to Bolshevism and to Stalin by signing his name on his ballot. President Kalinin was re-elected, according to a mid-January communiqué.

Such veritable mockery of democracy suggests consideration of the contrast between Communism and that system of qualified individualism which our socialists call Capitalism but which I prefer to call the Price System.

Communism—any form of authoritative socialism— involves central planning. Government determines, in large part, what things shall be produced and how much of each. In the price system, each person produces as much as he wants to of whatever he wants to. In this system, it is through the lure of prices that men are induced to make the goods the people desire. Prices are offered for goods, for labor, for the use of capital. Those who produce goods produce what they think they

can sell profitably. Those who work choose the fields in which they shall work, within the limits of their abilities and training, deciding on the basis, largely, of comparative wages. And it is price offers, likewise, that determine what kinds of capital shall be constructed and how and by whom the capital shall be used. Consumers are protected by this very condition of voluntary choice what to produce. For, if prices of any goods are too high, the production of such goods becomes so profitable that more labor and capital is drawn into such lines and competition forces the prices down.

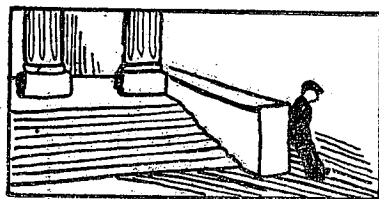
The Price System

The price system, then, is a system of voluntary choice as to what to buy, what to produce, what kind of work to do, in what lines to invest capital, whether to save or not to save and how much to save. True, there are elements, in our system, of government compulsion; but such compulsion is, in large part, for the purpose of seeing that the essential ideals of the price system—voluntary choice, fair competition, etc.—are maintained.

To this end, misrepresentation and other methods of unfair competition, are forbidden.

To this end, conspiracy to establish monopolistic control in normally competitive industries is prohibited.

To essentially this end, rates and prices are regulated, in those industries—like electric light and power and telephones—where the waste of competitive duplication of plant is so great as to commend monopoly; but rates and prices are regulated, in such industries, only for the purpose of making them approximate the competitive level, and returns in competitive industries are taken as the norm.



To this end, the monetary system is controlled—or should be—so that the transactions of our economic life may be carried on in terms of a really stable standard of value.

To this end, those who prepare food and drugs for a market in which the buyer cannot know of the conditions under which they are prepared, are held to certain standards of purity.

Freedom of Choice

Whether in spite of or primarily because of these elements of government control and planning, the price system leaves to the individual large freedom of choice as to his purchases, his work, his acquisition of capital and how his capital shall be used.

In a communistic society—or a truly socialistic society—there cannot be this freedom. For the essence of communistic philosophy—and likewise of socialistic philosophy, however they may differ otherwise—is a conviction that income from property is unearned, regardless of whether the property is land, produced by geological forces, or capital made possible by the work and the saving of the owner.

But how, in a communistic state, are men to be prevented from enjoying income on their capital? If a fisherman builds a boat and uses it for fishing, a part of the fish he catches can truly be said to be income from capital. If a farmer plants an orchard, though a part of the fruit, after the orchard begins to yield, is a return to his labor, another part is as certainly income on his capital in fruit trees. And so with factories, steamships and other capital owned by voluntary groups of persons known as private corporations. If, now, all of the income which their capital yields is regularly taken away from those who have capital, is it not likely that most persons will not bother to save? And without saving there can be no capital.

Who Shall Save?

Capital, indeed, adds greatly to the effectiveness of labor and, therefore,

to the output of goods. But why save if the additional output produced by the capital which one's saving makes possible, is all to be taken from the saver for the benefit of the whole public? Will men, in truth, save as eagerly for others as for themselves? **And will they save as eagerly for the benefit of other people's children as for their own children?** Would you?

Isn't it fairly clear, then, that a social philosophy which repudiates private enjoyment of any income from capital, must envisage having the state take over the function of constructing capital? And that it must envisage having the state determine how much is to be saved and compel the saving? This means, practically, that the state must own all capital and see that it is kept in repair. It means, also, obviously, that the state must direct the use of capital. As a result, the nation which accepts communistic ideals inevitably accepts state control of industry. **The state becomes the universal employer outside of whose control no economic life is possible.**

Compulsory Saving

I think it is important that we come to understand why a government based on a communistic ideology must be dictatorial in its relations with its citizens. It would seem absolutely certain that, at any rate in regard to saving and the construction of capital, there can be no alternative. Since individuals cannot be confidently relied on to save when they are not permitted to enjoy the fruits of saving, they must be **compelled** to save.

Such compulsory saving does not necessarily mean that citizens will be consciously aware of the compulsion. The government does not say to the individual: "You must save (say) twenty-five per cent of what you receive as wages." It merely sees to it that the citizen **receives less wages to spend.** It ballyhoos a "five year plan," devoting, perhaps, a fifth or a third of the nation's annual labor to the construction of capital.

Obviously, the labor that is devoted to the construction of capital equipment for the use of future years cannot possibly be devoted to making shoes and shirts, to raising potatoes, cabbages and wheat, to picking apples and cherries and to baking

bread. The more of the labor of the people is devoted to constructing capital for the service of the future, the less labor can be devoted to the service of the present and the less the people can have to enjoy this year and next.

But in a communistic state, the individual has no choice in the matter. Government decides for him and allows him, as wages, only what its central planning committee sees fit to allow. If this isn't compulsion, what does the word mean? **Do you believe that a nation can be organized for compulsion** in this respect, with the government owning, operating, and increasing or decreasing at its pleasure, all productive capital, yet maintain in its individuals, spontaneity, initiative, and a spirit of free inquiry and, uninhibited criticism?

Capital Is Needed

But suppose the central planning committee, because those in power were trying to get the favor of a short-sighted populace, should decide to devote nearly all the nation's labor to the provision of food, clothing and entertainment, and almost none to constructing new equipment or even to replacing worn-out equipment. It would be only a matter of time—say a decade or two—before the nation was so short of the tools of production that it could not produce enough to keep its people alive, and many of them would have to die from lack of clothes and food.

But what, in such a communistic society, could any individual do about it? How could he protect his own children against the threatening years of starvation and despair? The nation could not let him own productive capital, even though he saved and constructed it himself, lest he receive private income from it. And the little that he, individually, could accumulate, divided among all workers, could accomplish nothing microscopically measurable toward improving the general standard of living or that of his own children.



In a free society, there will always be some, even though only a minority, who save. In our own society this voluntary saving has given us orchards and buildings, factories and machines, steamships and locomotives, so that the labor of all of us has been more productive. In a free society of the type we have been used to, there always will be saving. For whatever any individual may do, we can count on the great law of the constancy of averages.

But in a communistically organized society, everything depends on which way the government jumps. A small majority one way—or the word of a dictator—and saving is made compulsory on all; a majority the other way, and capital depreciates without being replaced. In either case the individual is nothing and can do nothing. The state—with its compulsion—is everything.

Our Unfree System

Is our present system, then, an ideal system? No. The trouble with our "free" society is, partly, that it has not been really free. Men have not been free to use the earth **without paying tribute** to private individuals for permission to live upon it and to work upon it and for permission to enjoy community-produced situation advantages. Nor have our "leaders" been consistent with the principles they profess when they defend the individualism of the price system. For what they claim in defending the system is, not only that it operates through the lure of price, but also that under its aegis men are rewarded according to their contributions.

The efficient worker, they say, receives and should receive a proportionately larger income as a reward for and inducement to efficiency. But, in order to relieve of taxation the recipient of the community-produced situation rent of land, the efficient worker must have a large part of the earnings of his efficiency taken away from him by an income tax.

The ordinary wage earner, too, so defenders of our system say, ought to receive an income measured by the productiveness of his labor. But lest landowners should have to give up to the community more than a fraction of the community-produced site value of land, wage earners must, through tobacco taxes, sales

taxes and the like, have a large slice of their daily wages taken from them.

Finally, say conservative defenders of our economic system, thrift, without which we could have no capital, adds greatly to the annual output of industry and is entitled to its proportionate reward. But these same conservatives, though many of them are themselves owners of capital, are so greatly interested in land ownership and land speculation and so interested in "relieving" landowners from taxes on the community-produced rent of their land, that they will rather consent to taxes even on the earnings of their own and others' thrift, as well as on the wages of labor, than consent to higher taxes on land rent.

Conservative Hypocrisy

Very well, then. Let conservatives who are interested in defending priv-

ilege, who want to maintain a property and a tax system under which a majority must pay to the few, billions of dollars every year for permission to work and to live on the earth and to enjoy community-produced advantages—let those conservatives continue to defend such a property and tax system. But at least we may call their bluff regarding individual initiative and freedom and the deserved rewards of industry and thrift.

Whatever their protestations, they don't want freedom; not if it means freedom to use land now held for speculation. Whatever their protestations, they don't want to give its full reward to efficient labor; not if this means public appropriation of the community-produced rent of land. Whatever their protestations, they don't even want thrift and capital construction to get their full and nat-

ural reward—not if this means that owners of valuable sites and natural resources are thereby prevented from collecting tribute for values due to nature and society.

The jig is up, gentlemen of the conservative persuasion. We won't let you "get by" any longer with the pretense that you are chiefly concerned with rewarding industry and efficiency and thrift. You're not, and we know you're not. Under the skin you're brothers of the communists whom you affect to denounce. You don't really want the system of individualism, which you ostensibly defend, to operate consistently on the basis of the principles you appeal to in defending it. And so your influence is in the direction of making it a failure and of driving the masses to disavow and reject it. If, instead, we get some form of communism, whose fault will it be? What do you think?