

# Scientific Communism Disproved

*The following searching examination into Marxism is by a writer who is recognized both in Europe and America as eminently qualified to deal with the subject: DR. FRANZ OPPENHEIMER, former Professor of Sociology at the University of Frankfurt, Honorary Member of the American Sociological Society, Author and Lecturer.*

*Dr. Oppenheimer, now retired and living in Hollywood, is both an M.D. and a Ph.D. He is the author of a dozen or more books, the best known of which in this country is *The State*, as well as hundreds of magazine articles and essays. His most important work perhaps is his "System of Sociology," in four parts (1) *General Sociology* (2) *The State* (3) *The Economic Society* (4) *Socio-Economic History of Europe*. Containing the psychological, the national, the economic and the historic aspects of the social problem, this work was published in eight volumes between 1922 and 1937.*

\* KARL MARX proposed, to use his own words, "to raise socialism from utopia to science." He called "utopian" the attempt to solve the social question by "inventing the coming order out of the brain" instead of "discovering it with the aid of the brain in the tendency of development of capitalistic society itself." Utopian socialism rested on the assumption that society is a mechanism, a badly constructed contraption which must be repaired or replaced by an entirely new kind of machine. Marx knew this to be wrong; he had imbibed Hegel's conception of society as an organism, grown and developed according to natural law in the "dialectics of evolution," but not shaped by dictum of a political wizard. The new society could not be "constructed"; it could come into being only through organic development out of the capitalist order. Socialists could alleviate and accelerate the birth of the new order; they could not build it like a machine.

Marx aimed to prove by deduction, the method of Hegel and Ricardo, that capitalist society tends to evolve into communism. His "Das Kapital" divides into two main parts, the first containing the analysis of capitalist economy in the chapters on value and plus-value; the second containing his arguments as to the tendency of capitalist evolution in the theory that communism is, first, possible, and, second, necessary by natural law.

## I.

a. Value, or "static price," is the price paid in the long

run and on the average for exchangeable things in contradistinction to "current prices," which need no consideration. Exchangeable things, which he called commodities or wares, consist of material goods, power of work, pieces of land, and pieces of capital, the last named meaning not instruments of production, which are "goods," but legal titles, such as shares, bonds, etc. Each of these four commodities can be bought or sold, lent or borrowed. To use a common denominator, either their substance or their use can be bought and sold. This gives us eight saleable things: four substances and four uses. For each of the eight there are two static prices, according to whether competition is free or fettered—the competitive or natural price, and the monopoly price. The theory of value, therefore, deals with sixteen different kinds of static prices.

b. Marx investigated only one of these sixteen static prices, the competitive value of tangible goods, ignoring the correct general law known to Malthus half a century earlier: "Value is proportionate to the obstacles opposed to production either by nature or by monopolies." This shortsightedness involved him in difficulties in the matter of plus-value. Obviously the laborer in a capitalist society is compelled to exchange his labor under a monopoly relationship, and, therefore, to sell it below its competitive price or natural wage, for where there is monopoly there is plus-value for the monopolist and minus-value for his contracting party. Marx, however, ignoring monopoly prices, attempted the impossible in insisting upon deducing plus-value from exchange under completely free competition. He boasted of his solution, as did his pupils, until the present writer unmasked it as resting on the most vicious of all fallacies, equivocation, the use of an ambiguous word, combined with an erroneous theory of wages which he would have avoided, had he considered all sixteen of the different kinds of static prices instead of but one.

Each price consists of two components, one the replacement of the producer's outlay, the other his reward. Out of this reward, his income, every producer included the laborer who produces his services, must pay his living costs. Marx, however, considered the whole amount to be replacement of personal outlay for living costs. Labor appears as a commodity, with its value determined by the working time its "production" costs in the prices paid for food, clothing, shelter, etc.

On this utterly erroneous doctrine, Marx founded his theory of plus-value. Whoever buys a commodity, he says, at its value in exchange, is entitled to consume its full value in use, eat the bread to the last crumb, wear the coat until it falls to rags. The value-in-use of working power is its capacity of adding value-in-exchange to raw materials. Consequently the capitalist who paid the workman the full value in exchange of his working power may keep him working up to the point where his working power would be damaged. He must not be satisfied with less, nor extort more.

Suppose now, the natural wage is the price of commodities which can be produced in six hours of average working time, whereas the laborer works twelve hours without damage to his working power. Thus in six hours he covers his living costs; in the second six he adds an equal value in exchange to the raw materials on which he has exerted his labor. This is the origin of plus-value.

The solution is untenable. It rests on an equivocation with the term "working power," which is employed now as substance, and now as its use. The entrepreneur, by hiring the power of work, buys a service for a certain duration, say forty hours a week, for so many dollars and cents. If he pockets, as Marx contends, an additional equal amount as plus-value, it is clear that he does not pay the full value in exchange but only half of it.

The problem of plus-value cannot be solved "by the alchemy of buying and selling," as Henry George, who recognized the situation as one of monopoly, wrote long ago.

## II.

### a. Is communism possible?

In our exceedingly complicated capitalist society, agriculture, industry, banking and transportation are carried on by countless independent entrepreneurs, and customs and fashions vary radically not only between countries but between even the smaller divisions of a single nation. Utopian communism believed that it could substitute at one blow a totalitarian economy for this amazingly diversified activity of millions of undertakings, the operations of which depend upon an intricate system of money, credit and banking. This obviously is impossible, and Marx realized the fact. He, therefore, developed the theory that the tendency of capitalism is toward simplification of production and unification of consumption.

Cutthroat competition, "by cheapening the ware," leads to the elimination of the smaller producers by the bigger ones, until all middle class existences are proletarianized, while all the means of production pass to a very small minority of over-wealthy capitalists. Thereupon simplification and unification will have attained to the highest possible degree. Production is concentrated in a few gigantic undertakings, and consumption is unified, with the proletarians the chief consumers. With the whole wealth of society in the hands of a few families, the sensitive structure of credit and banking, having virtually vanished, no longer offers complications.

Thus, with production, consumption, transportation and circulation completely socialized, communism has become possible. The holy child may be delivered, if need be, "by mid-wife violence." In principle, however, no violent revolution is contemplated. The proletarians merely take over the machinery; they work under the same officials, producing the same commodities, which are distributed to them in the same quantity and in the same manner as before. The only difference is that plus-work is no longer rendered and plus-value no longer extorted.

This prognosis, dubious for industry as a whole, is

clearly wrong for agriculture and, therefore, for the totality of capitalist economy. In agriculture "expropriation" by underbidding is impossible because of the law of "diminishing returns" and consequent tendency of prices to rise. Marx was misled by the concentration of agricultural holdings in Britain in fewer hands at that time. Actually, however, the small landholders who disappeared in Britain were not peasant-owners but *tenants*. They were expropriated not by underbidding but by ejection, with the use of soldiers and the police were needed, in a time as Marx himself reports, of *sharply rising prices*, for the simple reason that the landlords saw an opportunity to get higher rent from capitalist farmers than the proletarian tenant was able to pay.

### b. Is communism necessary?

Thus far, while claiming that communism is possible, Marx has failed to prove that it is necessary by natural law. We come now to the famous "law of capitalist accumulation," which "chains the laborer more tightly to capital than Prometheus was chained to the rock. . . . It occasions accumulation of misery corresponding to that of wealth. Accumulation of wealth at the one pole is, therefore, at the same time accumulation of misery, drudgery, enslavement, ignorance, brutalization and degradation at the other pole." The proletariat when the time is ripe, will have the *will* to throw off the yoke, as "it has nothing to lose but its chains." It will also have the *power* by having been merged into one body with one common undivided class-consciousness, and having been, moreover, "drilled, assembled and organized by the capital itself."

The proof offered by Marx is that it is the machine which throws men out of work, thereby creating an "industrial army of reserve" which overcrowds the labor market and keeps wages down. If this were true, the number of working laborers would sink continuously, if not absolutely in numbers at least relatively, i.e. in proportion to population. The opposite is the case. Marx himself writes, "In the centers of modern industry—mills, manufactures, mines, foundries, etc.—laborers are now repelled, now attracted to a greater extent, so that the number of those occupied increases in the long run." Eduard Bernstein, endorsing my criticism of this sentence, points out "that the explanation that it is the capital that continues creating the reserve army is untenable."

Marx's premise is a variant of the "wage fund theory," that a certain fixed part of the total capital is earmarked for paying wages; it is the fund to be divided among the laborers. Obviously the greater the number of laborers, the smaller the wage. The idea has been abandoned since it was denounced as utterly wrong by John Stuart Mill in 1870, and Marx himself in another chapter of the same volume discarded it by principle.

So much for the premise; the deduction is still worse. It holds that no imaginable growth of the fund, the "variable capital," can possibly lead to destroying the "capital-relationship" resulting from the fact that all the means of production are accumulated at the one pole of the social scale, owned by a small minority, with

the remainder of the population at the other pole as "free laborers." They are "free" in the bitter double meaning of being neither serfs nor slaves, and at the same time being divested of all the means of production which would enable them to work for themselves instead of being exploited by capital.

Marx holds that wages can never rise to the level where laborers can save enough to provide themselves with the needed instruments of production. If capital is growing more rapidly than is the number of laborers available, he says, wages must rise. Then, however, this alternative is offered: "either the capital continues growing because the rise does not disturb accumulation—in this case capitalist domination is evidently not at all impaired—or accumulation lags because the sting of gain is dulled by the rising price of labor. Accumulation decreases but therewith disappears also the cause of its decrease, the disproportion between capital and exploitable power of work," because the proletariat continues growing until wages are "lowered again to the level consistent with the desires of profiteering capital."

Nothing in this deduction proves that wages cannot rise beyond the point where the capital-relationship disappears, because the laborers cease to be "free" in the meaning of "dispossessed." Therefore there are possible not only two but three cases; hence this alleged "alternative" is no alternative at all, and hence the whole reasoning rests on what logic calls a "petitio principii," a "begging the question," assuming as proved what has to be proved.

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Communism is a danger because it paralyzes the defenders and strengthens and heartens the enemies of peace and freedom. It cleaves the nations into fighting groups, disturbs economy by useless quarrels and senseless feuds and disturbs unity at a time when the highest solidarity alone can safeguard us. It gives to aggressors the arguments, or better, the pretexts for their reaction-

ary policy, following that famous prescription: "You must wave the red rag till the philistine believes he sees the blaze of burning cities." Italy and Germany owe their fascism and nazism to the scare occasioned by the bolshevization of Russia, and France her breakdown mainly to the fratricidal struggle among her leftist parties. The present author wrote in his volume on the State, page 763, "that the imperialistic Fascism will conquer the whole of Europe, if this feud does not cease." That forecast was written in 1925 and published in 1926, when Nazism was still a small and despised sect.

History proves that violent repression is powerless against movements of this semi-religious kind. They pass away only with the faith which is their soul and principle of life. It is almost impossible to annihilate a creed founded on supernatural revelation, but it is relatively easy to uproot a creed founded on scientific errors. The great example is Ptolemaic cosmology. Instead of proscribing the creed and lynching its adherents, I propose serious discussion of arguments and counter-arguments. Why not submit the controversy to a jury of twelve good men and true, picked experts in logic all of them? Invite the communistic groups and institutions of the United States to nominate seven, or if they insist, even ten of the number, the only condition being that, if unanimity should not be attained, majority and minority are pledged to draft, and sign their names to, their substantiated judgment.

This blessed country is the last one where thought is not muzzled, and where the great problems of the time may yet be discussed by free men in undisguised language. The public spirit of her citizens has given to her many institutions for the promotion of science, general enlightenment, economic welfare, social concord and external peace. Every one of them is highly interested in the decision we aim at; one of them should take the initiative.

## *Change the World—or Ourselves*

I've read some books and magazines and papers through and through

Which tell me that the state of man is fixed, what e'er we do;

'T is vain to hope for better things, 't is vain to pray for peace,

Because our interests are diverse and conflicts cannot cease.

These books are false. I'll throw the lot of lies into the fire;

They're worthy of no better fate than trampling in the mire.

God never made this beauteous world on such satanic plan.

'T is we ourselves have made it so! Let's change ourselves—we can!

—STEPHEN BELL