

the reserve army of the unemployed when it became depleted by the expanding demand for labour and wages showed signs of rising and encroaching upon surplus value. They also encouraged the tendency to concentration on the side of capital (the larger swallowing the smaller in lean years) and increased the instability of the worker's status and condition.

The inevitable outcome and only "solution" to these gathering contradictions was a revolt of organized labour against the growing tyranny of capital, as the latter showed itself increasingly to be a "fetter on production," no longer revolutionizing technique and expanding productive capacity as it had done in its halcyon days but restricting and wasting productive capacity and holding it in check. On its negative side such a revolt could only take the form of dispossessing the capitalists of their ownership rights—the famous "expropriation of the expropriators." On its positive side revolutionary transformation must take the form of the transfer of the means of production into social ownership and the social organization of production on a planned basis, since in conditions of modern technique and large-scale industrial production the kind of solution favoured by Saint-Simon and Proudhon—the distribution of property in small units to all citizens—was clearly impracticable.

A social transformation of this kind, the most revolutionary known to history, would liquidate the class antagonism of previous class society by substituting the social equality of a community of active producers, where everyone was a worker drawing an income from society, for the unequal and divided society of those who owned and those who were dispossessed. The period of human history characterized by successive forms of class exploitation, each with its specific type of dominant and exploiting class appropriating surplus product in its own manner, would have closed. But this did not mean that historical change would have come to an end. The technical means of production would continue to develop, probably more rapidly than before; human organization, adapting to changing economic conditions and needs, would perennially undergo change. But the basic cause of social antagonism as known before in human history would have disappeared.

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There was no pretense, however, that the relative social equality of all citizens as workers and producers would be the realization of an ideal of absolute justice among men. Socialists of the Marxian school have always spoken (since Marx wrote his *Critique of the Gotha Programme*) of two stages of socialism: a lower and a higher. In the former, although work income would constitute the sole category of income and inequalities due to the existence of property incomes would still remain; disappeared, some differences of income would still remain owing to the necessity of differentiating wages according to the amount and kind of work performed. Only at the latter stage, when the productive powers of society had been sufficiently developed and the moral standards of society sufficiently raised, would it be possible to achieve the full social equality of "from each according to his ability, to each according to his needs." It has become customary in recent decades to call the first "socialism" and to reserve the name "communism" for the second. One could say that the former would realize equality of opportunity for all, but the effect upon individual incomes of inequality of human capacities and talents would not be eliminated; only under "full communism" would differences of human capacities and needs cease to be of economic significance.

Marx and Engels and their followers always regarded it as inconsistent with their conception and method to prepare anything resembling a blueprint of the future socialist society. The attempt to do so was the hallmark of the Utopian socialist, and in their ascetic refusal to emulate their predecessors in this respect, they stood at the opposite pole from Fourier and his obsessive love of detailed prescription. Socialism, it was stated, would be established by "the proletariat organized as the ruling class," which would forthwith "convert the means of production into State property"; it would "centralize all elements of production in the hands of the State" (i.e., of the proletariat organized as the ruling class) and would "increase the total of productive powers as rapidly as possible." There were some occasional hints in the writings of Marx and Engels that production would be organized consciously under some kind of prearranged social plan. But apart from the comments

already quoted from the *Critique of the Gotha Programme*, that is virtually all. Lenin, who had the task of laying the foundations of the first socialist state, declared that "in Marx there is no trace of attempts to create Utopias, to guess in the void at what cannot be known."

Post-1917 Social Democracy

In the years since the Russian Revolution the socialist world has been more or less sharply divided between those who recognized this event as a genuine socialist revolution and those who denied it such a name. The difference partly turned on the methods used to achieve and to consolidate the revolution, namely the use of insurrection and armed force and the regime of the "dictatorship of the proletariat." But there was also the deeper issue of whether socialism could be built at all in a backward country of weakly developed industry and predominantly peasant agriculture. The Russian Mensheviks denied that it could be and declared that the stage was set in Russia for no more than a "bourgeois revolution" against tsarist absolutism. What was distinctively new in Lenin's controversial interpretation when he arrived back in Russia in April 1917 was that, while accepting that a bourgeois revolution was in process, he nonetheless declared that the industrial proletariat could and should seize power in alliance with the peasantry. In doing so, the proletariat could transform a bourgeois revolution into a socialist one and eventually start to build socialism. The discussion about "socialism in one country" that was to develop within the Bolshevik ranks in the following decade was in large degree an extension of this same controversy, since it was concerned with the question of whether the transition to socialism, already started by the nationalization decrees of 1917-1918 and carried over into the "mixed economy" of the 1920s, could be *completed* unless the revolution spread to other, more technically advanced, countries of Europe.

Socialist parties in western Europe (with the exception of the Italian) generally followed the Menshevik line in their estimate of the Soviet revolution. They proceeded to affirm their devotion to democratic parliamentary methods and their

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intention of achieving socialism, not by a single revolutionary act, but by a series of modifying reforms in the existing structure and by a gradual extension of the economic functions of government. The rift in socialist thought and policy deepened after the formation of the Third (or Communist) International in 1919, in opposition to the Second International which after its collapse in 1914 was to be revived in 1920. The concept of socialism current in most social democratic circles increasingly approached that of Fabian gradualism and, in the course of two decades, in most cases ceased to be Marxist in anything but name. After World War II, partly under pressure of the "cold war," the leading parties of continental Europe and Scandinavia not only eschewed Marxism, but dropped from their programmes any proposal for extensive socialization of production.

Some would say that the temper of the times is to eschew general social theories as speculative or metaphysical and that for this reason one can no longer speak of socialist theories apart from the Marxist school. Certainly it is true that this tendency in England and elsewhere has been to favour an increasingly empirical approach. Sixty-three years after the appearance of the original *Fabian Essays* a number of younger thinkers of the English Labour party combined to produce in 1952 a collection of *New Fabian Essays* under the editorship of R. H. S. Grossman. What is remarkable about this new volume, in contrast with the emphasis of its forebear, is the playing down of socialization in the traditional sense of the transfer of means of production to state ownership (even to the point of dismissing it as an obsolete Marxian prejudice). If there is a single unifying theme in terms of which socialism as a credo is here definable, it is perhaps to be found in an emphasis on social equality. This is to be realized primarily through the extension of social services, a widening of educational opportunities, and progressive taxation. Indeed, one writer, C. A. R. Crosland, speaks as though the aims of the socialist movement were already achieved to a considerable extent, since the metamorphosis of capitalism "into a quite different system ... is rendering academic most of the traditional socialist analysis," and state intervention in economic life has so increased as to "justify the statement that the capitalist

era has now passed into history." Property rights, it is said, "no longer constitute the essential basis of economic and social power," which has passed to a new class of managers. Nationalization and "the early Fabian emphasis on collectivism" are expressly rejected as key to the definition of socialism, and equality of status is enthroned as the essence of the definition instead. Before the war, in 1937, Douglas Jay in *The Socialist Case* had already said, "If we are to have the substance and not the shadow, we must define socialism as the abolition of private unearned or inherited incomes rather than of the private ownership of the means of production"; while as for planning in any of its forms, these are "possible rather than necessary elements of socialism."

The Economists' Debate

There remains to be said something in summary about the narrower discussion of socialism, by economists, which itself falls into two halves: discussion of the comparative merits of the two rival systems in the attainment of some postulated "optimum" and discussion of alternative mechanisms, or "models," for the operation of a socialist economy. The latter has become a lively subject of debate today in the socialist countries themselves. As a result of the new economics of Jevons and Menger in the last quarter of the nineteenth century, two opposite tendencies arose among leading academic figures. First, as we have noted, there was a tendency in England especially (which Jevons himself cautiously initiated) to reexamine the case for laissez-faire and the exceptions to it. This reexamination, developed by Sidgwick and Marshall, drew attention to a number of "exceptions," in which public interest conflicted with private and in which production of wealth failed to be maximized when left to the free play of market forces.

In the twentieth century, with the increasing prevalence of monopoly and restricted competition, this critique was extended to include the adverse effects of "imperfect competition" or "monopolistic competition"—the excess capacity latent in excessive product differentiation and also the swollen costs and distorting effects of salesmanship and advertising to which they give rise. Second and concurrently, the