

THE ECONOMIC CAUSES OF COMMUNISM

THE economic causes of any political movement or system are related to certain fundamental needs or wants of man's nature and upon the measure in which that system claims to be, and is actually, able to fulfil those wants. In the purely physical sphere these requirements of our nature are easy enough to define. But when we come to consider the mental and spiritual requirements of man's nature we must at the outset make a distinction between what a man needs and what he wants, for there is great diversity here. It is true that in different ages different needs and wants will predominate, and that in one century the emphasis will be laid where afterwards it is but lightly stressed. Yet because the human body has within historical memory developed far less than the human mind we may say that essential wants of the human body are constant. The want of food, for instance or the want of warmth for the body. Without these wants being satisfied the body could not survive. Now it is especially to these wants—to the complex of living conditions—that I refer when I say that the economic causes of any political system are related to certain wants of man's nature.

The attractiveness of any economic doctrine is related to these wants because it depends upon the power of that doctrine to persuade people that by its application will they be satisfied. Thus before any such doctrine can change the existing system, there must necessarily be a great number of unsatisfied wants which the doctrine explains to be due to the vices of the existing system and which it claims by practical application that it will fulfil. But besides the existence of the doctrine and the existence of the wants there must also be amongst a generality of the people an attitude which favours the change. In this case the economic doctrine will control the direction of the change. This attitude which demands a change is the immediate basis of every revolution. It is a psychological fact, not an economic one. It is most often brought about by the visible op-

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pression of one class of people by another. The course of a revolution is therefore marked first by a failure of the governmental system to supply certain wants of the people—an economic fact; then by the growth of a revolutionary consciousness (to which, of course, the teaching of a revolutionary economic doctrine contributes)—this is a psychological fact. Finally, there are certain immediate causes which are particular to every revolution. In the two greatest revolutions, the French of 1789 and the Russian of 1917, these immediate causes present some similarity. In both cases there was serious dislocation of the economic system which resulted in the acutest want manifesting itself in bread riots; there was the contrast between lavish wealth and extreme poverty; there was the worthlessness of a great majority of the ruling class which was epitomized by a glaring scandal in what are called high places; the defection of the Army, which is an indispensable condition of all violent revolutions; and a general sense of insecurity—the tense atmosphere which almost compels the storm to break. Such may be the contributory causes of a revolution, but they are nor the original cause, the *causa causans*. The real causes are, as I have suggested above, that the wants of a generality of the people are not being supplied, that somebody has paused to discover the reason for this, and that he has urged his conclusion upon the unprovided masses in arguments that they understand and which appeal to them, and has drawn a clear picture of what life might hold for them if they threw off the incubus of the system under which they are painfully labouring.

The man who paused to try to understand the reasons for the poverty and depression which existed in the nineteenth century devoted a whole lifetime to that research and to the formulation of a system under which those conditions should for ever perish. Karl Marx was the creator of modern Communism, of the Communism which I propose to deal with in this article. For it must be remembered that Marxian Communism, though the most successful, is not the only kind of Communism. Indeed, Communism as an idea is of old and somewhat noble lineage, and has been

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constantly invoked throughout the ages whenever men contemplated with horror the appalling picture of wealth wasting its riches in the face of miserable poverty. But Communism was never a system, much less a gospel, until Marx fashioned it and Lenin put it to the proof. It was Marx who made the most complete exposition of the flaws and inconsistencies of Capitalism, and who first gave shape to an entirely different alternative system. From his analysis Marx concluded that Capitalism was bound to break down and was bound to be replaced by Communism, and that the historic process would inevitably work itself out in this way as by a kind of evolutionary determinism.

Historical materialism is the theory that the structure of Society at any time, its conduct, discipline and beliefs, are the result of the modes of production then in existence and of the relation to which these modes of production give rise. Changes in the method of production have resulted in the transformation of the entire social edifice, so that the progress of Society from primitive savagery, through tribal organization, through feudalism to Capitalism, is to be accounted for solely by the growth and differences of the means of production between one age and another. It is man's conquest of nature, his fighting for a lean subsistence with primitive instruments, his tilling of the soil, his sowing and his reaping, his discovery of modern machinery, which account for the apparatus and direction of human history. Marx does not deny the influence of human personality within certain limits; but he did always insist upon the fact that every man is a social product, his cultural endowments are controlled by the society in which he lives and grows, and this society is itself formed upon the then existing mode of production.

But, whatever the modes of production in any stage in history, the fruits of production were not evenly distributed, and this has led throughout the course of the ages to a division of classes. 'The history of all hitherto existing Society,' begins the Communist manifesto, 'is the history of class struggle.' This constant strife between the different strata of society produces a clash of ideas out of which

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political, philosophical and religious systems are formed. The State itself has always existed for no other purpose than to enforce the ideas, the status, the domination of the ruling class. But this succession of class struggles is now drawing to a final close. 'Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other—bourgeoisie and proletariat.' When the proletarians seize the power of the State, all other classes will disappear, because the foundation of all class differences—private property—will have been abolished. The State itself, the engine of class dominance, will wither away as soon as the victory of the proletariat is assured.'

Such, in short, is the course of events which, applying his dialectic and his materialist conception of history, Marx predicts as inevitable and, as it were, predetermined. What are his reasons for this prophecy; what enables him in 1848 to say in language more clear than that of many prophets: 'What the bourgeoisie, therefore, produces, above all, are its own grave diggers. Its fall and the victory of the proletariat are equally inevitable'? We come now to Marx's analysis of the rise and fall of Capitalism.

The system we call Capitalism emerged from the prior social system known as Feudalism. The bourgeois or capitalist is descended from the burghers of the early towns who, in turn, were the offspring, in most cases, at any rate, of the serfs of the Middle Ages. Exploration, colonization, the trade with vast new markets, increase in the means of exchange and in the kind and number of commodities called for a new framework to take the place of the feudal system of guild production. The manufacturing system of the Capitalist epoch comes into existence. The bourgeoisie has arrived. For the feudal tie which bound man to man he substitutes the tie of cash payment.

In the medieval stage of production the ownership of the commodities produced was based upon the labour of

¹ *Communist Manifesto*, p. 9.

² Lenin; *State and Revolution*, p. 15, *et seq.*

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the producer or his family. When in the Capitalist era the means of production were concentrated into the hands of comparatively few Capitalists, the owner of the instruments of production was still the owner of the goods though it was not by his labour that they had been produced.

The means of production and production itself had become, in essence, socialized. But they were subjected to the form of appropriation which presupposes the private production of individuals³

This contradiction is at the basis of the class struggle of to-day; for the real producers of commodities, the labourers, no longer receive as a return for their work the value of the thing they have produced, but they receive wages which may be far less than that value. Wage labour which, in the Middle Ages, had been the exception and accessory, now becomes the basis of all production. It was from the consideration of wage labour that Marx developed his famous doctrine of Surplus Value and Capitalist Accumulation.

Surplus value, according to Marx, was that portion of the value which a workman added to the goods which he produced and which was appropriated by the Capitalist employer. Marx sought to establish that the ultimate measure of the value of a thing depended upon the amount of time of socially necessary labour expended in its production. Since, however, the Capitalist did not pay the wage-earner for the labour time that he devoted to his work, but for the use of his labouring power, and since the value of the former exceeded the value of the latter, the difference between the two was the Surplus Value appropriated by the Capitalist. The Surplus Value, the unearned profit, which the Capitalist makes out of the system of commodity production, is allocated by him in part as revenue which he himself consumes, in part as Capital, which he accumulates. The effect of this law of accumulation of Capital is thus summarized by Marx:

The greater the social wealth, the amount of capital at work, the extent and energy of its growth, and the greater, therefore,

³ Engels; *Anti-Dühring*, p. 53 (English Translation).

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the absolute **size** of the proletariat and the productivity of its labour, the larger is its **reserve army** . . . Consequently the relative magnitude of the industrial **reserve army** increases as wealth increases.⁴

And thus 'the accumulation of wealth at one pole of society involves a simultaneous accumulation of poverty, labour torment, **slavery**, ignorance, brutalization and moral degradation at the opposite pole.' The age-old gulf between the few rich and the many poor is thus extended by the Capitalist system of production.

Yet the Marxian dialectic and the materialist interpretation of history require that a change will take place, and the moment has **now** arrived when 'the material productive forces of Society come into conflict with existing production relationships.' and when the struggle of the two conflicting parties, the proletariat and the bourgeoisie, comes to a head. The course of this change which the historical process necessitates was defined by **Marx**, according to his theories of history, as the seizure of power by the proletariat, the shattering of the bourgeois State structure, and the establishment, through a dictatorship of the proletariat, of the Communist State. For he realized that if the working man's condition **was** unsatisfactor! and if the working man could be persuaded that this was due to his exploitation by his master, and that in turn their exploitation followed inevitably from the economic system under which both operated—that therein **lay** the secret of the unmistakable and unalterable antagonism between the bourgeois and the proletarian,⁵ then the latter would be drawn to the logical conclusion that only by destroying the Capitalist system could he snap the golden chain which he had himself forged and by which he was fettered to his bourgeois master.

⁴ *Capital*, Vol. I, 712.

⁵ 'They (the Communist Party) never cease to instil into the working class the **clearest** possible recognition of the hostile antagonism between bourgeoisie and proletariat.'—*Communist Manifesto*, p. 43

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We have here most of the elements of a first-class revolution, as they were defined at the beginning of this article. There have been wide-spread wants, there has been a man who took the trouble to study them profoundly and who has formulated a doctrine which claims that by its application will those wants be satisfied. So far there has not been, except in Russia, a revolutionary consciousness sufficient to upset the existing Capitalist system. Will this revolutionary consciousness arise? I think that if Marx's analysis of Capitalism were essentially correct, if his philosophy of historical materialism were also true, it would undoubtedly do so. Those to whom the tenets of Communism are not agreeable do well, therefore, to enquire whether Marx's analysis is still applicable.

It was confidently expected by the Russian Balsherika when they seized the power of the Russian Government in 1918 that, within a short time, a few years perhaps, the revolution would spread from country to country until it had engulfed or enlightened the whole world. There hopes have been shattered by a succession of events; the battle of Warsaw in 1920, when the Polish army directed by Pilsudski and Weygand arrested the conquest of Poland by the Soviet forces and thereby prevented Germany from having a Bolshevik State as its neighbour; the triumph of the Fascists in Italy (1922) and of the Nazis in Germany (1933). In both of these countries, as far as one can judge, the immense mass of the proletariat are in favour of the existing regime. How then does the orthodox Marxist react to these hard facts? considering all things, very favourably; for he sees in Fascism, as in Imperialism, of which it is a tardy imitation, the last stage of Capitalist evolution — Capitulum at the last convulsive gasp. To the non-Marxist it will seem, perhaps, that the trend of modern Capitalism would have surprised Marx. He may think at least that Marx's doctrine requires to be brought up to date and this is, in fact, what has happened. The orthodox modern interpretation of Marx is called Leninism, and its chief living exponent is Stalin. Leninism insists on the fact that Capitalism has not lost any of its in-

herent flaws. Though competition is superseded by monopoly and the financial Capitalist gains an ever greater influence in the affairs of the State; though bourgeois democracy gives place to the dictatorship of the bourgeoisie: though there is a temporary betterment in the standard of life among working people, so that there is an appearance of stability, yet 'beneath a comforting surface there lie contradictions and conflicts incapable of solution' The essential hostility between Capital and Labour is accentuated for the strength which Capital draws from amalgamation and monopoly is used in a new offensive against Labour. Moreover, the uneven development of Capitalism in different States leads to competition amongst them which can, in the long run, only be resolved by force of arms.⁶

We see, therefore, that twentieth century Marxism is quite ready to cope with Fascism and other developments of modern Capitalism, and so far from regarding these as postponing the advent of revolution holds that they will hasten it. It is said that Marx himself foresaw these developments,⁷ which in his view were indicative of the final period of class antagonism. However this may be, it is less important to enquire what form Capitalism would, in his opinion, ultimately take than to enquire whether the assertion, which is really at the basis of all his work, namely that Capital and Labour, employer and workman, he who owns property and he who works upon it, must be mutually hostile because the interest of the one is inevitably opposed to the interest of the other—whether this assertion is true in the light of modern history. Does it apply to the working of the corporate State in Italy? Would it apply to the successful operation of the National Recovery Act in America? When we ask ourselves what are the struts upon which Marx rests this tremendous argument—an argument which has in one decade and a half, completely transformed the largest country in the world—

⁶ Mirsky: *Lenin*. Ch. XII

⁷ Laski; *Communism*, p. 31. Hook; *Toward the Understanding of Karl Marx*, pp. 252-254.

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we find that they are these: Surplus Value, the tendency of the Capitalist to pay always a Minimum Wage, the law of Capitalist Accumulation which, automatically, results in the division of Society into a few excessively rich people at the one pole and a horde of poor at the other.

As to the theory of Surplus Value, it has been discarded by all but Marxist economists as being out of harmony with the facts. It must be sufficient to say here that Marx totally miscalculated the influence of demand on the price and upon the value of commodities; that he regarded as unearned profit any increment, except wages, arising out of the production of goods and therefore totally disregarded the work of Business Managers, Directors of Companies, Entrepreneurs; though he based his estimate of Surplus Value on the fact that, in the long run, commodities sell at a price equivalent to the labour value which has been incorporated in them, he has to admit in the third volume of *Capital* that it is an accident if price and value coincide. Yet even if the theory of Surplus Value as stated by Marx is untenable, it does express what many non-Marxists, including this writer, believe to be the truth, namely that the Capitalist obtains out of the process of production a great deal more than his fair portion.

It is almost axiomatic with Marx that the Capitalist must of necessity pay a minimum wage to his workman, and upon this 'natural law' he fortifies his argument that the interests of Capital and Labour are diametrically opposed.⁸ In *Wage-Labour and Capital*, indeed, he goes so far as to predict a gradual shrinkage of wages as a result of the division of labour, the application of machinery and the corresponding competition amongst workmen for jobs. The very opposite, of course, has happened. In England, between 1850 and 1900 the wages of the working classes are estimated to have risen by 78 per cent., while there was a fall in the prices of wholesale commodities of about 11 per cent., and there has been a general rise in real wages

⁸ See *Wage-Labour and Capital*, Chap. 8-9; *Capital*, Vol. I, pp. 590-629, p. 653, p. 660; Communist Manifesto, p. 24.

(wages measured by their purchasing power) both in Europe and America ever since the War. This has been due not only to purely economic factors, but to an awakening of the social conscience of Capitalists, which is a process that Marx did not choose to reckon with. Indeed, it is evident that if the just wage demanded for the workman in *Quadragesimo Anno*⁹ were paid and the principles set forth in that Encyclical were practised by Capitalists, the real gravamen of Marx's argument of opposing class interests would be discharged. The social basis for his complaint would be falsified.

Marx's analysis of the accumulation of Capital is, perhaps, the most valuable part of his theory and undoubtedly applies in some degree to conditions existing at the present time. The accumulation of profits in periods of business prosperity and their dedication to the purchase of fresh instruments of production eventually result in a falling off of consumers' demand, in surplus production and in a consequent trade depression which threatens the stability of the whole system. These reasons for fluctuation of trade have been forcibly argued by J. A. Hobson. But this process of accumulation which Marx envisaged as an ever extending one has, to a certain extent, been curtailed, especially by high and graduated taxation, a substantial part of which is returned to the working classes in the form of improved social services. Moreover, it will be recalled that in Marx's view the accumulation of Capital resulted in the ever growing enslavement and impoverishment of the worker as well as in the enlargement of the proletarian class. 'Thanks to the working of this law (of accumulation) poverty grows as the accumulation of Capital grows.' Again this is not true. To take but one example which is easily ascertainable: a comparison of the condition of the working classes in London at the time of Charles Booth's survey

⁹ 'Every effort, therefore, must be made that at least in future a just share only of the fruits of production be permitted to accumulate in the hands of the wealthy, and that an ample sufficiency be supplied to the working men.'—*Quadragesimo Anno*, Part II, p. 3.

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(1889-1895), with their condition as revealed by the New Survey of *London Life* and Labour, shows a remarkable amelioration in their condition. The health of the people of England in a year of crisis, 1932, was better than ever before." The standard of life generally has been raised. The deterioration of the condition of the proletariat which Marx foretold has not occurred—and why? Largely because another of his most cherished doctrines has proved false, the doctrine that the State is the mere engine of class dominance, or, more particularly, that the Capitalist State exists merely to protect the interests of the ruling class, the bourgeoisie. Practically all social legislation in England within the last sixty years has been anti-Capitalist in the sense which underlies Marx's understanding of the word. The English political historian of a future age will be able to recognize in the Factory Acts and in the Rent Acts, as in National Insurance, a collectivist tendency which has also manifested itself in the creation of such Corporations as the Port of London Authority, the Electricity Board and the B.B.C. This tendency is bound to develop under an enlightened system of Capitalism, and the State, which, according to Marx, will only act in defence of Capital, is constantly putting its spoke into the wheel of the individual Capitalist. Does the Marxist analysis of Capitalism, does Leninism really account for the modern controlled Capitalism, such as we find in Italy and will find in America if the National Recovery Act proves successful; such as we shall also shortly find in Germany? The super-Capitalism which existed in this latter country after the War, when such magnates as Hugo Stinnes dominated the industrial scene, did not (as I think Marx would have undoubtedly expected) culminate in a Communist but in a Nazi revolution. Nor does the English Labour movement appear to fulfil his hopes. Marx himself had some doubt about the British proletariat, and his letters to Engels show that he considered it 'bourgeoisified.'¹¹

¹⁰ Sir George Newman's annual Report on the Health of the People for 1933.

¹¹ See Lenin, *The Teachings of Karl Marx*, p. 34.

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The truth is that Marx's analysis applies on the whole to the era of *laissez faire* Capitalism and becomes unreal in proportion as a controlled form of Capitalism takes its place. What then is the economic system from which Communism must flow as an historical necessity? The answer seems to me to be uncontrolled Capitalism, which is indeed the Capitalism which Marx describes. Marx's mistake was to think that Capitalism could only develop in one direction, that being contrary to proletarian interests. That Communism should be the synthesis which will compose the differences of Capital and Labour does not even seem to me to be in accordance with the general law of the dialectic. This has, indeed, happened in Russia, where a highly developed Communist Party existed side by side with the most out of date form of Capitalism, this combination being due to the peculiarity of Russia's industrial development. But it will not be the case with the world at large unless Capitalist States make a swing backwards, and allow unfettered individualism a free hand once again, or unless they seek their own destruction in future wars, which is what every devout Marxist hopes for. The world revolution, in the Communist sense, will come if the conditions which Marx predicted are verified—that is, the working of the Capitalist system results in an ever-increasing population growing ever poorer and in the accumulation of ever greater wealth in the hands of an ever-diminishing few. For if what Tolstoy says of wealth is true, namely that it is the accumulation of labour, only *what* usually happens is that one person does the work and the other the accumulation, then we should all, I hope, wish for an end of the system by which such wealth was gained. If, however, modern Capitalism goes forward in the leading reins of Government control and abandons competitive anarchy—and I think all the indications are that it *will* do so—then the vices which would make it a cause for Communism will have been destroyed. There are three tasks to which the modern Capitalist State must address itself: the provision for the more equal division of income; the securing of an efficient machine for the distribu-

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tion of goods, and the elimination of the appalling waste which now goes on—the importance of this is heightened by the fact that, theoretically at least, this could be more easily assured under the Communist than under the Capitalist system: finally, a solution of the Unemployment problem. If Capitalism is unable to accomplish these tasks it condemns itself, for it cannot satisfy those wants the fulfilment of which is the *raison d'être* of any economic system.

Nevertheless, if these tasks are to be accomplished without too much friction there will have to be an increasing realization on the part of Capitalists that the profits they draw from industry are out of proportion to what they deserve—in short there will have to be the growth of a social conscience amongst Capitalists. It is in the shaping of this social conscience that the influence of *Quadragesimo Anno* will make itself particularly felt. But so long as many people look to the Government for their morals this social conscience must also be instigated by direct interference in industry on the part of the State. To this we must look in the near future for a solution of the tragic problems which confront us to-day, the widespread poverty and enforced unemployment. The *fait accompli* presented to him by the State's interference, the pressure of arguments which invoke justice for the worker, may at length persuade the benighted Capitalist of his past errors and teach him that it would profit him nothing to gain the whole world. His conscience, which for a long time has been spiked by a too acute perception of the desirability of his individual gain may begin once more to stir.

Marx's examination of the bourgeois reveals this creature to be without conscience at all, for though Marx's diagnosis is in no sense psychological but economical, yet it is surely implicit in his argument that human nature organized on the basis of private ownership of property is unswervingly selfish. Otherwise why should there be the constant struggle for the possession of the means of production, class antagonism, the law of Capitalist Accumulation? The Communist, in accordance with his materialistic

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conception of life, says that if you alter the existing method of production by abolishing private property, human nature will alter as well. Men will no longer be motivated by individual greed but by collective altruism. Yet by abolishing private property in goods and land you do not necessarily insure that the *usus* of those goods or that land is fairly distributed. for the State, as trustee, is perfectly capable of misapplying the trust funds. Moreover, there is much in the method and practice of Communism which should make a human being pause before he embraces it. Of Marx, Mazzini once wrote: 'Hatred outweighs love in his heart, which is not right, even if the hatred may, in itself, have foundation.' The same may be said of Marx's intellectual foster child, the Communist Party.

We also believe that human nature can be changed even in the owner and the possessor of goods. We also condemn the covetousness and injustice of *laissez faire* Capitalism. Leo XIII agreed with Karl Marx in likening the yoke of the labouring poor to that of slavery. We reject the solution offered by Communism and yet, in a sense, it is difficult not to be thankful to Russian Marxism. The future, says Berdyaev, belongs to the working classes. The question is 'in whose name will they renew life, in the name of God and of Christ or in the name of a divinized human collectivity in which the image of man disappears and the human soul expires? The Russian people have stated the problem before the whole world.'

EDMUND HOWARD.