



MANUEL GOMEZ

THE END OF A SYSTEM

Whether bravery or folly prompted Thomas Nixon Carver to write his apologia of capitalism for the April issue of *Current History* I leave the reader to decide. A discreet silence would have been the better part of wisdom, to leave aside entirely the question of good taste. For Mr. Carver is not merely a reactionary professor of political economy at Harvard University, but he is a man who has made a great name for himself throughout the bourgeois world by reiterating simply that capitalism and prosperity are synonymous terms.

The article is a bewildering grotesquerie, to be sure, but it has its importance, first because of Professor Carver's standing, second because it represents perhaps the first effort at a generalized defense of capitalism by a prominent American economist since the present phase of the economic crisis set in, and finally because of the discussion it has evoked.

"Capitalism Survives" is Professor Carver's title. Eliminating all the gibberish about the American (capitalist) system being one of contract and reward, and the Soviet system being one of authority and command, his thesis may be compressed into four propositions: (1) That Marxists are wrong in their theory of concentration of wealth on the one hand and increasing working-class misery on the other. (2) That according to Marxist teaching Communism would have to come first in the most advanced capitalist countries but actually it has threatened only in very backward ones. (3) That although, with the development of the tools of production, "ownership and work are now more or less separated," the class division is not more basic than divisions along lines of "religion, race, color or cultural standards." (4) That "wherever industries have become most capitalistic, there the workers are best paid and most comfortable."

It is not to be assumed that Professor Carver succeeds in stating these propositions in anything like orderly fashion. The quality of this economist's reasoning may be appreciated from the fact that he defines capital as "all goods which help their owners legally (!) to get an income"—and then suggests that the Soviets "might almost as well pay their own people for the service of supplying capital" as to borrow from foreigners.

"Capitalism," he says, "is not always a system in which pro-

duction is carried on for profit. It may be a system under which production is carried on for wages (!)—as when a laborer owns his own tools. Tools are capital, and where they are privately owned there is capital in the most fundamental sense." Here the meaning is obscured by the ridiculous misapplication of the term "wages", but the professor later makes it plain that his reference is to an earlier period of tool-owning workers. He goes on to say "if it was useful to make *small* tools then, it is useful to make *large* ones now. If the *owner* was entitled to something for their use then, he is entitled to something for their use now." (Emphasis mine. M. G.).

Such monstrosities of expression of course require no comment. I present them merely as a sample—so that the reader may get an idea of the sort of thing with which we are dealing. The main point is that here is a defense of capitalist stability which takes no inquiring note of the most deep-going economic crisis in history, which does not attempt to explain how that crisis came about—or how it is to be overcome, which considers neither supply and demand relations, nor reinvestment problems, nor international rivalries, which dismisses class divisions as of secondary importance, and which talks fatuously about the well-being of the workers at a time when breadlines dot the land. Capitalism survives! But when its leading economic spokesmen abandon all pretense of analytical examination into its problems, we have one of the most convincing signs that there is no vitality in it.

Data regarding the mergers and combinations have become so plentiful in recent years that one wonders how even Professor Carver can have the nerve to question the theory of concentration and centralization of capital under capitalism. The 1930 income tax returns showed that 200 corporations, representing less than one-sixteenth of 1 per cent of the 303,000 companies filing returns, reported more than 40 per cent of all net income and 44 per cent of all gross assets. If stockholders' lists were available, or if the existence of billions of dollars of tax-exempt securities did not make it impossible to get adequate figures on large individual incomes, a much more striking contrast could be presented. As for the great mass of the workers, they file no income tax returns, because of insufficient income. At least 12,000,000

workers are unemployed at the present time, and most of the remainder are working part-time. Professor Carver may object that this is an abnormal period—a period of “depression”—but such “abnormalities” have occurred cyclically since capitalist economy became dominant. Moreover, they have become increasingly frequent and the business chart published by the National Industrial Conference Board shows that since the turn of the century fully half of the time has been taken up by “recession” and “depression.”

The centralization of capital into fewer and fewer hands proceeds step by step through every stage in the development of capitalism. It is assisted by the increasing dependence of large-scale industry on the banks, by the merging of banking groups and by the penetration of bank funds into industry in the form of finance capital. It is accelerated tremendously in periods like the present, when, through bankruptcies of “marginal concerns”, stock market losses and losses of depositors in closed banks, large sections of the bourgeoisie are thrown into the ranks of the proletariat. Centralization of ownership has extended to farm lands. The plight of the working farmer has been a sorry one for years, and the outlook for his property in the period ahead is indicated by the fact that at the present time more than fifty per cent of all farm mortgages are in default.

Professor Carver tells us that the progress of capitalism has meant a general rise in wages. The wage-cost-of-living tables of the Bureau of Economic Research contradict him. He asserts that the general well-being of the workers has improved steadily. How then does he account for the fact that today, one hundred and fifty years since the dawn of the factory system, the organized public and private charities admit they are unable to administer to the most elementary needs of the penniless? The professor cites no evidence whatever to prove his case. No doubt he expects us to think of radios and movies (they no longer talk of automobiles and silk shirts), and to forget that, to the extent that workers may still enjoy them, they are only the counterpart of a system of rationalization and speed-up which, even as it is, wears a worker out before he is forty-five. Add to this the unemployment that is with us even in “normal” times, the system of labor espionage, the terrorization that prevails in company towns, the ravages of imperialist war, and we get something like a proper picture of how the insecurity and misery of the workers has grown with capitalism.

Strangely enough, Professor Carver admits there is a gap separating those who toil and those who live by owning, but he has this to say about it:

“The fact that ownership and work are now more or less separated is an important social fact, but no more important than many other forms of specialization that have come with our industrial development. By far the most important aspect of this separation of ownership and work is psychological. It makes class consciousness possible. But anything which separates people into distinct groups, whether it be religion, race, color or cultural standards, produces the same kind of class consciousness. Wherever class consciousness exists, some one is pretty certain to play upon it for demagogic purposes, and therein lies the danger.”

Can the professor name a single other form of specialization that has “come with our industrial development” and is of comparable importance with the division of society into economic classes? The class division cuts across race and color, it reshapes religious attitudes, it is itself the molder of cultural standards. No one in the capitalist world is seriously afraid of people playing upon racial or cultural differences “for demagogic purposes” except as these affect the basic class struggle. Anarchy of production, and the division of society into classes are the mainsprings of the manifold contradictions of capitalism.

Professing not to see the great revolutionary working-class movements of central and western Europe, it is not surprising that Mr. Carver should fail to understand the significance of the U. S. S. R. Could anyone not abysmally ignorant or deliberately misleading revive the shopworn nonsense about Marxian doctrine providing that Communism would have to come first in the most advanced countries? This is a false rendering of Marxism. Marxists see capitalist economy as international. Marx taught that capitalism would fall as a result of the sharpening contradictions inherent in its development. Whether Marx, living before the epoch of capitalism as imperialism, had expected the revolution to occur first in one country or the other is beside the point. The Russian Revolution was just as truly the fruit of the advanced development of capitalism as if the scene of the event had been



AT THE EMPLOYMENT OFFICE

Jolan Bettelheim

England or Germany. In November, 1917, there was a greater admixture of capitalism in Russia than many professors suppose, but the essential fact of the proletarian revolution there was that it was part of a world phenomenon. It could not have occurred without the world interconnections of capitalism, without the over-ripe development of the general body of capitalism as evidenced in the pattern of imperialism and of class relationships, radiating from the economically advanced countries. It would have been inconceivable without an accumulation of working class experience in the struggle against capitalism, transmitted from one country to another through an international proletarian movement. It could not have taken place without the Paris Commune, which taught fundamental lessons on the subject of proletarian dictatorship. Nor could it have occurred without the clarification of tendencies in the Second International, in which the line of the Bolshevik Party leadership was strengthened. And can its incidence be disassociated from the Imperialist War?

The overthrow of capitalism in Russia was the product of the progressive extension of precisely those contradictions of which Marx wrote. Moreover, it was due quite as much to the stage of capitalist development in England as in Russia.

In considering the international setting of the Russian Revolution it is well to bear in mind that Russia was not the only country to experience working-class uprising in the critical years that climaxed the war. Besides the Soviet regime in Hungary, there were important working-class struggles for power in Germany, Austria, Italy and other countries. They were defeated with the assistance of betrayal on the part of the Social-Democrats. The Russian Social-Democrats betrayed the masses also, but capitalism was not powerful or flexible enough in Russia at that time to provide an adequate background for such efforts. Russia was the weakest link in the capitalist chain. When the chain was ready to snap, naturally the first break came there. Capitalism—not only Russian but world capitalism—exerted every effort to prevent it. Today world capitalism looks upon the U. S. S. R. as its mortal enemy.

Capitalism survives. But how? With an important segment of its domain torn away, and with capitalist authority in much of the remainder being preserved only by open fascist dictatorship, an expedient which obviously cannot last. With divers nations actually in formal bankruptcy, with colonies rising in revolt, with tariff conflicts on all sides. Workers are starving in the midst of plenty. The distribution of commodities breaks down. The tremendous plant equipment of present-day society confronts a gorged market. The problem is not merely one of an immediate “depression”. Capitalism cannot function continuously except on the basis of the progressive accumulation of capital, and the limits of capitalist possibility in this respect have become virtually an actuality. As capitalism struggles to save itself the class antagonisms become sharper, world war threatens, the period of final agony is not far distant.