

## THE CHANGING TREND OF CAPITALISM

THOUGH many may disagree profoundly with the conclusions reached in *The Coming Struggle for Power*, by John Strachey,<sup>1</sup> nevertheless they will admit that they are grateful for its publication. It requires such a book, which challenges all the ideals upon which this and previous generations have been brought up, to rouse people from taking things for granted and to make them ask themselves such questions as 'whither is our civilization leading us?'

Mr. Strachey has no doubts but that communism is the goal to be aimed at, and that it is also the goal towards which we are being irresistibly drawn. It would be unprofitable to examine in detail the multiplicity of arguments which he has advanced in support of his general thesis, but the general trend of the argument in the book needs careful attention—Mr. Strachey first points to all the evils which at present exist in the world; wars, famine, and poverty on the one side, over-production and accumulation of vast fortunes on the other; periodical crises, booms and slumps; tendencies towards monopolies and nationalism. All these, he says, are the obvious results of capitalism, and it is impossible for capitalism to provide a cure for these evils. This, in brief, is the first stage in his argument, and I think it is worth our while to consider it at some length.

No one, of course, could possibly deny the existence of all these evils in the world to-day, but the enquirer into the cause of them must really try to discover the answer to two separate questions. First, is the capitalist system itself at the base of these evils, in that they and capitalism are inseparable from one another? And, secondly, and alternatively, are these evils not rather due to the imperfections existing in capitalism, and therefore remediable?

The evils mentioned can be divided into two classes: those which are the outcome of natural forces beyond the control of man, and those which are due to imperfections in, and abuses of, the capitalist system. As regards the for-

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mer of these two classes of evils, it is clear that periods of plenty and famines will continue to occur in various parts of the world, until scientific knowledge has reached such a pitch that it is possible to regulate exactly, according to plan, the size of each and every crop. It is doubtful whether this stage will ever be reached, when account is taken of the tremendous importance of such natural forces as changes in the weather. One is compelled to the conclusion that, whatever the form of society, be it capitalist or communist, natural forces will continue to bring periodical famines and periods of plenty. As science progresses, some of the abnormal influences will be eliminated, and it is in this direction that progress must be sought. 'Scientific knowledge,' says Mr. Strachey, 'has been closely correlated with the fortunes of capitalist industry. Where capitalism has prospered, science has progressed.' But for science to prosper, capitalism must prosper. If, as Mr. Strachey suggests, capitalism is declining, it follows that the funds available for scientific research will dry up, and the rate of scientific progress will be retarded. Therefore, whatever form of society we have, its economic prosperity is intimately bound up with scientific progress, and scientific progress, on its part, depends upon a prospering society. This consideration is especially important to-day, when so much attention is drawn to the replacement of men by machines. 'Mankind,' they say, 'is being denied its "right" to work.' One is faced with the problem of what is to become of the labour displaced by science in this manner. The answer to this problem depends upon the course taken by scientific progress. If this is rapid, new inventions will create a demand for entirely new articles, the displaced labour will be absorbed, and the real wealth of mankind will be increased. But if no new inventions are forthcoming, it follows that the solution lies in the direction of less labour per man.

To return, however, to the question of evils which are beyond man's control, it is very necessary to emphasize the magnitude of their ill-effects, especially when it is the

fashion for a great number of people to attribute all their ills to purely monetary causes. Some slumps may be due solely to monetary causes, others solely to changes in yields of crops, and these two separate causes of crises frequently have repercussions upon one another. But when, as in this present depression, both causes were working at one and the same time, the resultant crisis is naturally more intense and it is, therefore, hardly reasonable to attribute all our present ills to one of them, as does Mr. Strachey.

Let us now turn to consider the second class of evils, those which are due to imperfections in the capitalist system, a class of evils which is probably of greater interest to us because it is in this field that each one of us can work to assist human welfare. It would be superfluous to give a long catalogue of these evils, but Mr. Strachey indicates a good line of approach, when he suggests that capitalism, poverty, class welfare, monopolies, nationalism and war form the sequence of events. Thus we may start with what is probably Mr. Strachey's fundamental objection to capitalism: 'Capitalism . . . has created, on the one hand, a category of persons who live by virtue of their ownership of the means of production, and, on the other hand, a category of persons who live by selling their power to labour.' Again: 'Under capitalism it (large-scale production) was, and is conducted by means of the indirect economic compulsion of the class of the owners of the means of production, exercised upon the class of workers, or non-owners of the means of production.' The reader is thus led to suspect that, at the root of the whole argument, lies a denial of the individual's right to private property. In fact, private property is dubbed a 'legal system,' which 'the capitalist class, which is still in power, makes desperate efforts to maintain.' The 'legal system' in common with Religion is held to be but the expression of the age; and since, at present, that means the expression of the will of the capitalist class, no reliance is to be placed upon either. Mr. Strachey illustrates this as follows: 'A religion, it has been suggested, is the supreme collective expression

of a community's view of man's place in the universe. And yet, by a crucial paradox, it is essential to the existence of any religion that its adherents should not consciously realise that this is the function of their faith. If they did so, they would inevitably attempt an intellectual instead of a symbolic and mythological statement of their philosophy of life.'

By accepting this view of religion, Mr. Strachey deliberately ignores the principle of social justice, as preached by the Catholic Church, except when he considers the two periods in the history of capitalism when this principle was in his opinion likely to have coincided with 'the collective expression of the community's view,' namely when there were growths in agricultural and industrial monopoly. And yet it is surely this fact that whereas the world has accepted Christianity with its principles of social justice in theory, it has not accepted them in practice. That is the explanation of the existence of communism to-day. As Nicholas Berdyaev truly says, 'Communism should have a very special significance for all Christians, for it is a reminder and denouncement of an unfulfilled duty, of the fact that the Christian ideal has not been achieved . . . Economic life in capitalist societies is not subjected to any higher religious and moral principle . . . Christians have lived in two different rhythms, the religious rhythm of the Church, governing a limited number of days and hours in their life, and the unreligious rhythm of the world, governing a greater number.'

Returning to the question of the existence of two distinct classes, employers and workers, it must be stressed that the goal of a perfect capitalist system is one which is strictly in accordance with principles of social justice, namely that every worker should be guaranteed the fruits of his labour. In technical language: 'Each worker should receive as wages the value of his marginal net product.' It is here that we come up against the chief abuses of capitalism, for cases arise in which the entrepreneurs retain for themselves very large profits, in which the

workers receive unreasonable wages, and the result of which is to widen still further the gap between the incomes of the two classes. Mr. Strachey says that this exploitation of the worker is inherent in capitalism, and that capitalism cannot remedy this. But he is merely predicting the future solely from considerations of what has occurred in the past. This is an error, especially when consideration is taken of the changing trend of capitalism. I have been criticized for not giving a definition of Capitalism. The reason why I have not done so is precisely the changing nature of this system which at present we call 'capitalism.' Etymologically this word signifies the 'system by which capital is produced'—and this system may change. A description of this system, as it exists at present, may be: 'The system by which groups of individuals produce goods for their own profit, the groups being composed of entrepreneurs, shareholders and wage-earners. The profits made are divided as between these three groups.' This trend is from competition to co-operation. Compare, for example, the relationship of employers to workmen, as it exists to-day, with what it was fifty years ago. The feature of industrialism to-day is not the growth of bitter class warfare, as Mr. Strachey would have us believe, but the growth of class co-operation. Employers do not grudge every additional penny paid in wages, as indeed they once used to; on the contrary, they realize that they have duties both to the wage-earner and the shareholder, and they endeavour to carry them out as equitably as possible. Admittedly, there are differences of opinion as to the various amounts of wages and dividends respectively which should be allotted to each class, but the spirit of industrial relations is quite different from what it was during the nineteenth century. This tendency towards co-operation helps to overcome another of Mr. Strachey's objections, the inequality of incomes. During the last twenty years there has been a steady reduction of this inequality, partly by reason of taxation, partly by higher wages, shorter hours, and an enormous increase in social services. An excellent example of

this desire to co-operate is afforded by the number of co-partnership and profit-sharing schemes in existence. Critics of the industrial system would do well to study the possibilities of further development along these lines.

But this co-operation is not only between employers and workers. There has also been co-operation between the workers themselves, in the form of Trade Unions, and between employers, in the form of amalgamations of firms. As yet there are comparatively few complete monopolies, but the fact must be faced that it is the logical consequence of continued amalgamation, initiated in order to obtain the full economies of mass production. This brings us to what is perhaps the most important question of all as regards the future policy of the State. What part is the State going to play in the industrial field? What is to be its attitude to monopolies?

Up to the present, the attitude of the State towards monopolies has been, on the whole, hostile, but that was because the economic ideal has been a 'perfectly free market' under the benevolent protection of *laissez-faire*. But *laissez-faire* is slowly but surely giving way to economic planning, and such planning has clearly come to stay. The problem is for the State to maintain complete political freedom, and, at the same time, assist institutional self-development. This does not entail a socialized government. On the contrary, it is suggested that there should grow up alongside the political government some form of industrial government, representative of employers, workers and consumers, whose function it will be to superintend industrial planning and prevent the exploitation of either of these three classes. If steps are taken to prevent the exploitation of the consumer by the monopolist, the only remaining objection, of a grave nature, that can be levied against monopolies, is that they tend to lead to nationalism, and that nationalism leads to war. This, in fact, is one of Mr. Strachey's main objections to the trend which capitalism is following, and he does well to stress the importance of it. There is no doubt but that powerful agricultural,

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industrial, and financial interests do possess the power to drive their country into a war, either of an economic or bloody nature. One has only to instance the tariff wars at present being waged in Europe and elsewhere, the interstate wars in South America, and Japan's seizure of Manchuria. What, then, will be the fate of capitalism, if the ultimate result of eliminating fratricidal competition is to intensify it, on an international basis? We must now see where the solution lies.

Mr. Strachey suggests that there is no solution of this difficulty, which can retain capitalism in anything like its present form. He argues that the competition between monopolies in different countries must lead either to drastic wage cuts and a 'system of internally monopolistic, ferociously bellicose, slave-empires,' followed by a whole series of wars, which will bring about the downfall of capitalism; or else, to the creation of one vast world monopoly which might conceivably accept a 'well adapted version of Roman Catholicism,' then decline, and eventually fall. Mr. Strachey says that these are fantastic speculations, but it is at least conceivable that such result as the latter one should be achieved, though by different paths. For example, Roman Catholicism would be more likely to be the cause of the formation of the world state, and therefore this state would not be a 'slave-empire' such as Mr. Strachey conceives, and it follows that there need not be a decline and fall.

But why is it that Mr. Strachey has reached the above conclusions? The reason is that, once again, he has ignored the trend towards co-operation. He has taken great pains to point out that competition is being strangled by amalgamation; but the important point is how these amalgamations have come about—whether as a result of a bitter struggle, or as a result of voluntary association, inspired by the realization that it will be to their mutual advantage. Here, once again, the changing nature of capitalism is brought to light. There is an increasing tendency for amal-

gamations to come about as a result of voluntary association, as compared with the bitter struggles of earlier years. Why should not this co-operation be extended to the international sphere? Internationalism is novel, is strange; it startles people. Mankind has never really thought internationally before the post-war years. Why dismiss the conception with a wave of the hand, as does Mr. Strachey? There are infinitely more international agreements in existence to-day than at any other period in the history of the world—international conventions regarding wages, hours and conditions of labour, international cartels, an international court of justice, and, all ready, an omninational religion to unite all the nations of the world. Surely this is the direction in which progress can best be made?

But Mr. Strachey will have none of it; he despairs of international co-operation, solely as a result of studying the state of affairs in 1932. True, it is gloomy, but there is much consolation to be drawn from it. To begin with, the world depression will probably not deepen. Secondly, the longer the present state of affairs continues, the longer states strangle themselves by economic warfare, the sooner will they realize that the most helpful and hopeful method of settlement is on an international basis. The change of opinion, which has taken place in the last year, is indeed remarkable, and the feature of it, now, is the genuine desire, on the part of nearly every nation, to co-operate, whilst at the same time they feel themselves seriously hampered by purely selfish interests and ideals. This feeling is a healthy one, and will assuredly bear fruit. The pessimists point to the failures of international conferences, but at this early stage in the development of internationalism it is not so much the results which count—though, of course, they are important—as the general feeling of the world on the matter. This feeling, sooner or later, must express itself concretely. Naturally, imperialism, with its desire to dominate, will die a slow death; but die, it will. Our Lord taught us to love our neighbours as ourselves; how long it is taking us to follow this simple precept.



## OUR LITTLE DAYLIGHT

One further point in this book must be mentioned, and that is Mr. Strachey's view of Communism in a chapter entitled *The Nature of Communism*. The reader is struck by the fact that Communism is considered solely as an economic machine, that economics are to be the 'basis' of all life. This theory of economic materialism was taught by Marx, and it forms the basis of all Communistic literature. But Communism, as it exists in Russia to-day, is more than this; it is a religion. It is as a religion that it is endeavouring to supersede Christianity. It is for this reason that Communists are willing to suffer so much for the sake of the State. Not an ordinary state, but a sacred, theocratic state. This is the reason why the only effective way of combating 'economic' Communism is by setting up an economic system based on religion—Christianity.

F. A. KEMMIS BETTY.

## OUR LITTLE DAYLIGHT

OUR little daylight is so weak, so small,  
Love in us hardly knows its good; we go  
Like blind men, clinging to the things we know,  
Lest groping grip its destiny, lest all  
Our custom-cover, like a riven pall,  
Flag forth flame-shaft of Thy glory-glow,  
And Thou brush world-clouds from Thy face and show  
Thy Love-wounds suddenly, beyond recall.

We waste our time, we rub our lives away;  
Oh, timid, shuffle all along the wall,  
Tapping out year-lengths, leaning on delay.  
Who knows the alley ends, breaks off, to-day,  
And now's no guide? But, will-nill, stand or fall,  
Strive we, finch we cannot, *see* Thee! What then shall  
we say?

BERNARD KELLY.