

Fragment

'The Impossibility of Social Democracy', by Albert E. F. Schäffle

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Editorial introduction

The excerpts below are from a rare volume addressing the economic feasibility of democratic socialism much earlier than the 1917 Russian Revolution and the famous 1920 essay by Ludwig von Mises. Albert E. F. Schäffle, a member of the German historical school, argued that socialist production would lead to chaos or stagnation and would be incompatible with democracy. The volume also contains some remarkable predictions, written in 1891, concerning the economic system in the year 2000.

Schäffle was born at Nürtingen in Württemberg in 1823 and died in Stuttgart in 1903. In 1848 he became a student at the University of Tübingen and afterwards he was attached to the editorial staff of the *Schwäbische Merkur* in Stuttgart. In 1860 he accepted the chair of political economy at Tübingen. He also became a politician. In 1868 he received a mandate to the German *Zollparlament* and in the same year he was appointed professor of political science at the University of Vienna. There Schäffle influenced both Eugen von Böhm-Bawerk and Friedrich von Wieser (Streissler, 1990; Hennings, 1997). In the spring of 1871 he resigned his professorship to become the Austrian Minister of Commerce. However, the government of which Schäffle was a member collapsed in the same year. Carl Menger had been elected to the chair that Schäffle had vacated.

Schäffle's brief service to the Austrian state gained him a lifetime pension. He took up residence in Stuttgart and devoted himself to writing. From 1892 to 1901 he was the sole editor of the academic journal *Zeitschrift für die gesamte Staatswissenschaft*.

A prolific author, Schäffle saw economic value as largely subjective and prices as formed through the interaction of supply and demand. He argued extensively that entrepreneurs play an essential role in a dynamic economy, and influenced Joseph Schumpeter's theory of entrepreneurship (Balabkins, 2003). He made a contribution to the theory of taxation. As a progressive thinker, he opposed racism and supported female suffrage. Very few of his works have been translated into English.

His major four-volume work on the *Structure and Life of the Social Organism* (Schäffle, 1875–1881) has lapsed into obscurity, partly through the lack of an English translation. In this *magnum opus* he used biological metaphors to analyse the functioning of a national economic system and elaborate a detailed typology of socio-economic phenomena. Max Weber (1978: 18) once praised this now-neglected work as ‘brilliant’.

Schäffle was no advocate of laissez-faire policies. He favoured various forms of state intervention to ameliorate the detrimental social effects of competitive market capitalism. In 1870 he gave a series of lectures criticizing more extreme versions of socialism and communism. Several publications on socialism followed, including *Kapitalismus und Sozialismus* (1870) and two further books that have been translated into English. *The Quintessence of Socialism* appeared in German in 1874 and was translated into several other languages. As a result of its wide circulation it became Schäffle’s most famous book.

Within its 127 pages *The Quintessence of Socialism* addresses both the definition and practicality of a socialist system. By ‘socialism’ and ‘social democracy’ Schäffle means proposals that are much more radical and extreme than more moderate usages of these terms that emerged later during the twentieth century. His usage was largely in accord with widely accepted meanings in the 1880s and 1890s. The German Social Democratic Party (*Sozialdemokratische Partei Deutschlands*), founded in 1869, and the tiny Social Democratic Federation in Great Britain, founded in 1884, were both originally dominated by Marxists. The German party was much the larger, and in 1893 it obtained 23% of the popular vote. Its rapid growth and influence prompted Schäffle’s critical interest.

For Schäffle (1908: 3–5), ‘socialism’ aims to ‘replace the system of private capital... regulated... by the free competition of private enterprise... by a system of collective capital, that is, by a method of production which would introduce a unified (social or ‘collective’) organization of national labour, on the basis of *collective* or common *ownership* of the *means of production* by all the members of society... Private business, individual enterprise, would be no more.’ For Schäffle, ‘social democracy’ was the proposal to administer a fully socialist system by democratic means.

Schäffle’s (1908: 55–56) complained that socialists had not explained how such a system would work, in terms of both institutions and individual incentives: ‘Socialism, *as at present formulated*, has absolutely not attempted to establish by what means it intends to bring such an enormous mass of collective labour and collective capital in all its minutiae to the pitch of profitable individual work’. This criticism retains its bite today.

Schäffle did not argue that socialism was impossible. Instead, he focused on the extreme difficulties of organizing and planning such a collectivist system, particularly in the rational determination of appropriate rewards and the maintenance of individual incentives to work. Schäffle (1908: 120) opined that Marxian versions of ‘democratic collectivism’ or ‘social democracy’, based on

attempts to compute costs or contributions in terms of labour time, ‘represents an impracticable programme, which leads to economic chaos’. He argued that a system based on calculations concerning labour time faced intractable problems, including the heterogeneity of labour and the inaccessibility of relevant data, and would undermine individual incentives.

The Impossibility of Social Democracy first appeared in German in 1885. At over 400 pages is much longer than its predecessor, and it reached a more limited audience.¹ It received a few citations in the Anglophone journals in the social sciences and then disappeared from view. Today copies of both the German and English editions are extremely rare.

The Impossibility of Social Democracy provides much more discussion of the possibility and practicality of socialist and social democratic proposals than its predecessor. Schäffle continues to argue that the collective organization of production would face severe difficulties and lead to chaos or stagnation. He considers individual incentives and the feasibility of particular institutions. Although he does not use the modern terminology, he alludes to principal-agent problems and rent-seeking behaviour. Overall, he emphasizes that incentives to work and invest would be undermined by the application of democratic and egalitarian institutions in the industrial sphere. What is unfeasible for Schäffle is a socialism administered throughout by democratic means: the collective organization of production is incompatible with pervasive democratic institutions.

With the benefit of hindsight, after the twentieth-century attempts to establish socialism in Russia, China and elsewhere, Schäffle’s stance on the relationship between central planning and democracy is highly prescient. In no case has industrial or political democracy survived the development of a centrally planned economy. However, modern theory and evidence leave a much more open case for some versions of industrial democracy within an exchange or market economy (Bonin *et al.*, 1993).

Following the major contributions of Ludwig von Mises (1920, 1922, 1981) and Friedrich Hayek (1935, 1944, 1988) the Austrian school has been given the main credit for the critique of collective economic planning. However, as Terence Hutchison (1953: 293–298) pointed out, elements of the Austrian critique of socialism were anticipated in the writings of some members of the German historical school, particularly Albert Schäffle, Lujo Brentano, and Erwin Nasse. Hutchison quoted several passages from Schäffle’s *Quintessence of Socialism* but none from *The Impossibility of Social Democracy*.

Several good accounts of the socialist calculation debate now exist (Lavoie, 1985; Steele, 1992; Boettke, 2000). Hence there is no need to demolish again the previously longstanding myth that Oskar Lange and others refuted the arguments

¹ Nevertheless, according to notes taken by John G. Thompson and held in the Joseph Dorfman archive, *The Impossibility of Social Democracy* and its ideas came to the attention of students attending Thorstein Veblen’s lecture course on ‘Socialism’ at the University of Chicago in October–December 1903.

of von Mises and Hayek. In particular, Hayek showed that Lange's proposal for a Walrasian 'market socialism' was impractical and did not involve true markets. The outcome of this debate was not simply to expose problems with collective economic planning, but to increase our understanding of the nature and role of knowledge and the operation of market institutions.

Schäffle formulated his critique of socialism half a century before von Mises published his key works on the topic. Ironically, Schäffle's vacation of the professorial chair in Vienna gave Menger the opportunity to develop within academia the foundational ideas of the Austrian school, which eventually received all the laurels for its demonstration of the impracticalities of collective economic planning.

It cannot be claimed that Schäffle's analysis and critique of socialism is nearly as sophisticated as that found in the works of von Mises and Hayek. Schäffle focuses on problems in socialism concerning the incentives to work and invest, and the lack of an acceptable practical mechanism for the distribution of the product. In particular, he gave no emphasis to the problem for the planners of accessing and using the tacit and dispersed knowledge that is vital for the processes of production and allocation. Discussion of this epistemic problem reached its fullest development in the works of Hayek. Furthermore, Schäffle's use of theoretical concepts is sometimes awkward and imprecise, including his idiosyncratic and inadequately defined use of the terms 'use-value' (*Gebrauchswert*) and 'positivism' (*Positivismus*).

Schäffle's contribution should be considered in its context. Von Mises and Hayek wrote after the 1917 Bolshevik Revolution in Russia. Schäffle had no similar real-world example to consider. He also wrote at a time when the conceptual apparatus of neoclassical theory was in the infancy of its development.

Unlike von Mises, Schäffle did not argue that collectivist economic planning was impossible. His position was closer to Hayek, who also showed that it would be beset with difficulties and it would threaten individual liberty. Schäffle also concurs with Hayek in proposing that collectivist economic planning cannot be performed on democratic lines, but he gives greater relative emphasis to this issue.

The Impossibility of Social Democracy consists of three long 'letters' to an unnamed friend and statesman. To later editions of this work Schäffle added a short commentary on the hugely popular novel by Edward Bellamy (1888) entitled *Looking Backward, 2000–1887*.² The leading character in the novel finds in the year 2000 that industry and commerce are under state control. In this egalitarian and classless society there are no political parties, no corruption, no wars, no lawyers, no prisons, and little crime.

² Over 100,000 copies of Bellamy's classic were sold in America in its first year of publication. It went on to sell over a million copies globally and was translated into over 20 languages.

Although he hesitates to make predictions so far into the future, Schäffle contrasts his expectations with those of both Bellamy and Marx. Schäffle suggests that a form of capitalism will survive to the year 2000, while being regulated by the state. He predicts that state regulated capitalism will offer significant protection for working people and will be sustained by a democratic political system based on universal suffrage. The outcome will be a higher level of economic development. In suggesting that such a regulated and mixed economy was possible in the year 2000, Schäffle's predictions proved superior to those of Bellamy and Marx. There is also a contrast with von Mises (1949: 259) and Hayek (1944: 31), who argued that a mixture of markets and planning was either impossible or highly inefficient. Furthermore, in acknowledging the possibility of change within a capitalist system, Schäffle avoids the black or white characterizations of the market economy found on the Marxist and Austrian sides of the debate. Schäffle thus acknowledges discretionary possibilities within capitalism and points to questions concerning the specific institutional structures to be adopted, among a variety of real options.

The excerpts below are but a small part of Schäffle's (1892) text, which covers many other issues, including the family, female emancipation, education, science, and religion. Its wide ranging scope and its rambling and repetitive style encourage the use of shorter and annotated excerpts from various parts of this work. The material in square brackets was added by the editor, including numbers to indicate pages and the transition from one page to another in the original.³

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Excerpts from *The Impossibility of Social Democracy*

ALBERT E. F. SCHÄFFLE

From the first letter entitled 'Characteristics of Social Democracy' dated 15 December 1884

The essence of Social Democracy is *not* in some degree of collective or state industry, nor even in more or less production of commodities under government

supervision; it is an exclusive and universal system of collective production and distribution of commodities entirely superseding the capitalistic system, and thus also the wage system, in [15/16] the interests of the individual freedom and equality of all, even of the proletariat, with a Democratic form of government – in sort, purely Democratic Collectivism.

A strictly State organised system of production without a Democratic *régime* is conceivable, perhaps even a probably development, at some very far distant time. But it is inconceivable and impossible for all time that a full blown system of collective production should be suddenly introduced in the supposed interests of unlimited freedom and the radical equality of all individuals.

[37] I have shown that a more or less collective (State) system of production was in itself possible, if in its constitution a sufficiently strong directing authority could be coupled with a sufficiently vivid interest in the result of industry on the part of all wage-receiving individuals to ensure productivity: and I maintain, in spite of all the common asseverations to the contrary, that this is by no means inconceivable, but has even been already attempted in the existing social state of to-day. But what *is* impossible for all time is an improvised democratic and exclusively collective production without firm hands to govern it, and without immediate individual responsibility, or material interests on the part of the participators . . .

. . . nothing can be done for the people [46/47] in any branch of production, unless a proportion be maintained between the work done and the reward assigned, unless merit is everywhere recognised, and the claims of an aristocracy consisting of the most generally useful members of society.

**From the second letter entitled 'Critique of Social Democracy'
dated 26 December 1884**

It is, to begin with, a delusion to imagine that collective production could be organized and administered at all in a republic which from base to summit of the social pyramid was reared on democratic principles. It is no doubt a mistake to aver that collective production or even an entirely collective industrial system is altogether inconceivable [65/66] or must come to grief by reason of the overwhelming burden imposed on the central political power. I have myself shewn that this is a mistaken view. But it is, on the other hand, quite certain that collective production, the universal panacea of the Social Democrats, would be wholly impossible unless the most carefully graduated authority were vested in the corporate governing organs, authority which should extend from the lowest to the highest and most central parts of the productive system. It would be impossible to allow that either from without inwards or from within outwards there should be constant overturning, changing, and all the confusion of new experiments. But if this is not to be, then a stable and self-sufficient

central authority and a similarly constituted administrative system throughout the state will be absolutely necessary. And these two essentials could only for all time stand securely when based on very broad foundation-stones of some powerfully moderating elements. But then where would be your democratic republic from top to bottom and from centre to circumference? Where would be your freedom and [66/67] equality? Where your security against misuse of power and against exploitation? The fact is, collective production on a democratic basis is impossible. On a basis of 'authority' it is possible, and even in part actually existing, but as such it is non-democratic and has no charms for the proletariat.

In the second place, Collectivism eliminates both nature and private property as determining factors from the problem of the distribution of income. This it does by transferring the ownership of the means of production entirely to the community, and welding all businesses of the same kind – however unequal the natural efficiency of the instruments may be in the various sections – into one great 'social' department of industry, worked on the principle of equal remuneration for equal contributions of labour-time. This elimination of two out of the three factors in production might be practically feasible, perhaps even just, if collective production were organized on a sufficient basis of authority. At least, experience shews that the state can without difficulty raise and maintain what is necessary for the supply [67/68] of its various collective agencies, and can carry out a uniform scale of remuneration for a complicated network of officials. But under a purely democratic organisation so delusively simple a method of elimination would be by no means practicable.

Without a sufficiently strong and attractive reward for individual or corporate pre-eminence, without strongly [73/74] deterrent drawbacks and compensatory obligations for bad and unproductive work, a collective system of production is inconceivable, or at least any system that would even distantly approach in efficiency the capitalistic system of today. But democratic equality cannot tolerate such strong rewards and punishments. Even to reward the best with the honour of direction and command is to run directly counter to this kind of democracy. The scale of remuneration in the existing civil and military systems would be among the very first things Social Democracy would overthrow, and rightly, according to its principles. So long as men are not incipient angels – and that will be for a good while yet – *democratic* collective production can never make good its promises, because it will not tolerate the methods of *reward and punishment for the achievements of individuals and of groups*, which under its system would need to be specially and peculiarly strong.

[75] Nor has socialism discovered (it is a matter of fact undiscoverable), the formula for the 'fair' wage, that is, the reward exactly commensurate with the value of the product of each man's labour contribution. The proportionate share of each in the value created by a joint product cannot possibly be determined in associated production in any kind, whether under the capitalistic

system or in the socialistic plan which excludes private capital. It is wholly impossible to decide how much is contributed by labour and how much by capital to the value of the joint product; for the product is the indivisible result of the joint work of capital, labour, and the gratuitous co-operation of nature.

Will the 'fair' value resulting from each man's contribution of labour even then be secured to all when the necessary needs of the community are first satisfied, and, then the rest of the product (valued according to the amount of social labour-time absorbed by the various classes of goods), distributed according to the time which each has given to work? By no means. On the contrary, each social worker who contributed more in a given time than his fellows would be disproportionately handicapped at the outset, in a covert manner, by the preliminary deduction of all that was necessary for the public wants. All whose average productiveness was higher than that of their neighbours would in this way come short in their share of remuneration. [76/77] He who produced goods of a really valuable kind, he who contributed the creative idea which alone can set higher productivity on foot, he who by some act of prudence and watchfulness has saved the revenue – each and all these would not only fail to receive the exact share that was due to them, they would come very short indeed in proportion to the value of their contribution, the divisible remainder of the products being divided merely according to the time spent in labour. And I say nothing of the fact that the workers may be grossly exploited not only by Capitalists, employers and landlords, but also by those demagogues who have been lifted to the surface out of the mass of the common people, by favouritism, by setting aside the honest and capable, and by the indolence of the mass of the people, It is also quite impossible to form an accurate estimate among the labourers alone of the value of the product in proportion to the amount of revenue created by each several labour contribution. The portions of labour-time devoted by different labourers in concert to the creation of an indivisible product-value are not in equal proportion, still less in any proportion [77/78] that can be exactly computed, causally concerned in the amount, and least of all in the value of the entire product.

Democratic Collectivism makes a further and most weighty promise in holding out an assured prospect of entirely suppressing all 'exploitation', or as Marx: expresses it, all sucking up of the 'unearned increment' of labour. I do not deny that, with an unrestrained freedom of capitalistic gain, much exploitation does actually take place, and that such exploitation is even possible to, the degree which forces down the wage-labourer to a starvation level. But in admitting this I by no means take it as proved that under capitalistic production the grinding down of labour by capital cannot be prevented. Still less is it proved that the whole of capital-profits over and above that portion which compensates the *entrepreneur* for his expenditure of time and labour is so much stolen from the wage-labourer of the real value created by his paid labour. Since, as I have shewn,

the real value contributed by labour to the product cannot be determined, it is as impossible to prove that exploitation would be entirely suppressed in the 'State for the people,' as that the absorption of the increment actually goes on under the Capitalistic *régime*, and thus the [86/87] profits of capital are by no means proved to be a form of exploitation. In the Social State just because no more individual home-production would go on, a distribution of the entire product of labour or its full realized value would not be possible: Collectivism would open a far wider field for exploitation than any hitherto known system of production, for communism is a thoroughgoing and gigantic system of appropriation of the increment. This whole one-sided individualistic representation of the exact balancing of the reward and the performance of labour is entirely fallacious, though it has been so frequently preached to the proletariat. The highest gains of capital are sometimes thoroughly well-merited, in cases where the *entrepreneur*, mainly by his own skill in manipulating and placing his capital or his labour, or it may be his capital only, has achieved a great success in production. How much of the value of the common product is to be ascribed to the influence of capital and how much to the share of paid labour, is, as I have said, not determinable. To designate as does Marx, the whole profits of capital *Plunder*, carried on by appropriation by capital of the product-value created by wage-labour is in itself [87/88] a plundering out-break of hypercritical logic. It is wholly vain to prophesy that in the ideal state of democratic collective production the door will be entirely closed against all exploitation, and all possibility of the depression of wages to a starvation limit for ever at an end. The private capitalist of course could no longer exploit the wage-labourer, since all private capital would be over and done with. But labourer could very really exploit labourer, the administrators could exploit those under them, the lazy could exploit the industrious, the impudent their more modest fellow-workers, and the demagogue those who opposed him. Under such a system above all others it would be impossible to set any limits to this. It would be the very system to lend itself most freely to exploitation, as it would have no means of defending itself from practical demagogy and the discouraging of the more productive and more useful class of labour. With the quantitative reckoning of labour-time, with the setting up of a 'normal performance of work', with the merging of intensive and extensive measurement of labour, things might reach such a pitch that Marx's vampire 'the Capitalist' would shew up [88/89] as a highly respectable figure compared with the Social Democratic Parasites, hoodwinkers of the people, a majority of idlers and sluggards. The state would be the arch-vampire, the new state, whose function it would be to provide pleasure for the people and to fill up for each and all the highest measure of earthly bliss! Again, in the inclusion of all the land into state-leased property, or the absorption of all ground rents in the form of taxes, as Henry George's Land-nationalization scheme proposes, there would be no guarantee against exploitation in the form of lavish state expenditure for the sweetening of the populace.

From the third letter entitled 'On the Positive Methods of Combating Social Democracy', dated 2 January 1885

Even in the case of those existing monopolies in production, which are found to result in exploitation, the State or the corporation should rather first enter into competition with them than take over the monopoly at one stroke. State-production should only be introduced under the pressure of absolute necessity. The great free of State or Municipal Collective Production will not grow as high as the heavens even in the lapse of centuries. On this subject I have already spoken with sufficient clearness.

For the rest, such regulation as is demanded by the age in general, and therefore also in the interests of the proletariat, should be at once applied to the capitalistic system of Production. Its outgrowths and excrescences must be pruned away. Let the arbitrary dictation and exploitation of capital be met and opposed by regulations for the protection of the wage-labourer and for securing him a proportionate share in the profits.

Liberalism and Capitalism need not to be destroyed, but only to be led back into the service [194/195] of the common weal. The capitalistic régime has been productive of great but not incurable evils. Socialism has exposed them to view. But it carries with it a bright ray of light which cannot be hid even under the bushel of Social Democratic Criticism.

'Capital' assumes the guidance and direction of the whole business of production on behalf of the community generally. It guarantees on its own undivided responsibility, and by the very conditions of its own material existence, the wise and economical management of the production and circulation of commodities. It casts about for the cheapest methods of manufacturing goods of the greatest utility. It marshals, disciplines, and controls the vast armies of labour. It bears the losses which arise from revolutions in technique and from the sudden fall of prices induced by over-competition. It bears the brunt of loans, taxes, and outlay all kinds by way of advance. It works out enormously complicated processes of production, transfer, distribution, and profit-sharing commodities by comparatively simple methods, and such as are least calculated to disturb the other social functions. For all this it receives [195/196] the profits of capital, when it operates well and successfully in the service of the whole. And rightly so. This profit is generally speaking a premium, as actively efficacious as it is well-deserved, on thrift and economy in the management of productive and distributive processes. The most horrible isolated outgrowths of the lawless and limitless domination of capital, and the unblushing egotism with which they are carried on, by no means constitute a reason for its abolition, and the substitution for it of an impossible productive Democracy. They do constitute a reason for regulating the use to be made of ownership in the means of production, and for establishing a seasonable equilibrium between Capitalism and such collective and associated industries as already exist.

[407] ... a positive Social Policy will become *the leaven of progress, and act as a counterpoise against any reaction into the laissez aller of Liberalism, thus performing the best possible service to the cause of social advancement.*

From the appendix to the third letter, on Bellamy's *Looking Backward*, dated 10 January 1891

[412] Bellamy gives no practically conceivable organization to his State of the Future. A great part of his success is due to this, that he does not weary his readers with such hypothetic forms of organization of collective production as I have attempted to suggest in the third volume of my 'Structure and Life of the Social Organism', or as may be constructed out of the writings of Rodbertus.

[413] I regard a purely Democratic Collectivism as practically and forever impossible. Bellamy does not give us the slightest hint as to how – especially under the conditions of American Democracy – he will provide a constitutional basis for his State of labour-mandarins, medallists, and examiners of work, as well as for the preponderating influence of old age and so on.

But although the fair prospects of 'Looking Backward' fail to rouse me to any warmth, yet a positive outlook upon the year 2000, even as I conceive it, leaves me quite as cold. The utmost I can do for you is to avow in explicit [415/416] terms what I do consider possible. I think it possible that by that time there will have been a slow and gradual development of public management of many departments of business, in industry, trade, mining and so on, which to-day are directed by private capital, and that thereby – as compared with the industrial and commercial Capitalism of to-day – a very considerable economic progress will have been made: further, I think it possible that the valuation and appraisal of commodities and services as it takes place to-day will have been succeeded by a more regulated system of rating, practically satisfying the criticism of the industrial and commercial Capitalism of to-day, which Bellamy has given us in the form of a political romance. I hold it possible that by the year 2000 such a more public economic system may be manageable, and may effect a progress to a far better state of things in certain spheres than we have in the industrial and commercial Capitalism of to-day, as well as reacting beneficially on the private production which will even then still be the rule in agriculture. If in the course of a long period of time public management were to take the field to [416/417] any very large extent, it would be essentially through the agency of Capital itself, and by the process of converting competition into monopoly both in industry and commerce: but this would mean that it had ultimately degenerated, either severally in its parts, or by association, into an intolerable money-slavery, both dangerous and harmful to the commonwealth, bringing ruin to the greater number of employers, and bondage to the labourers. It is not probable that Capital will ever reach such a self-destructive stage, but even should it do so the State by the year 2000 would, there is no doubt, have a

constitutionally tempered universal suffrage quite sufficiently at its command to check without revolution the consequences of this self-survival. Female labour will by that time probably have attained a well regulated organization. Protection of labour will have been carried to a far higher development. The inequalities of wealth and income will have been considerably modified: the disappearance alike of enormous properties and of the hosts of destitute poor will have been succeeded by, and have rendered technically possible an incomparably higher and better-[417/418]-to-do average condition of the entire people. But then the professional differentiation of all social functions must have been carried to a height never before attained, and the separate individual development of each have been set fully in harmony with the interest of the whole. I have thus but little to change of the opinions expressed in the third volume of my 'Structure and Life of the Social Organism'. Nor do I see anything which is calculated to inspire alarm in the prospect of such a development, proceeding not upon the storm wind of universal revolution, but slowly by way of never ceasing reform. I have no faith in the millennial realm of Democratic Communism, in the fabled social kingdom which is to give everything equally to all, to dispense with government and aristocracy, to be rid of all established professional differentiation and all private gain, and, instead of elevating, altogether to destroy the efficacy of the struggle for existence. Such a faith, I say again definitely and with conviction, is a mere bigotry and superstition, and as uncouth a one as has ever been cherished in any age.

I have said only that I regard this progress [418/419] by the year 2000 as *possible*. Whether it will *actually* be accomplished or not, depends upon whether any Communistic outbreak occurs in the meantime, and whether international relations take a favourable and peaceful course. The international brotherhood, which democratic Communism is forming, represents danger which we may not under-estimate . . .