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Socialist Democracy

Carl Cohen

Before considering socialism as such, think about car insurance: At present, insurers divide drivers into classes by age, gender, and driving record. Those in the low-risk categories get lower premiums. This means that a young male driver, however safe, is lumped in a risk group with others who may statistically be at higher risk to make a claim. Is that fair? A socialist system pools the benefits and burdens of an entire community. In the insurance example, all drivers might pay a uniform premium based on the driving population as a whole rather than groupings decided by the insurance companies. Similarly, health insurance would not penalize those unlucky enough to be born with medical issues. Why should we punish people for problems they did not create or deserve?

In this extract, Cohen suggests arguments that a socialist might offer for extending this view of fairness into the economic and political realm. He points out that at present society protects the individual's political rights (freedom of speech and assembly, for example), but under socialism there would be protection of an individual's economic rights (freedom from unemployment and hunger) as well. Cohen examines some of the central claims underpinning capitalism and suggests that they are not as self-evidently true as they first appear to be. He also notes that we currently have forms of socialism in society, and we can extend that insight by recognizing that many European countries have ruling parties that are avowedly socialist, at least in name.

Every democracy, socialist or not, will seek to protect citizens' political rights—but only socialist democracies protect citizens' economic rights. Freedom of speech and assembly are priceless; are not freedom from unemployment and hunger equally so? We think so. The same collective action needed to defend the citizens against aggression from without is needed to organize production rationally and to distribute wealth justly within our own borders. In the economic sphere as much as any other, cooperation and foresight are central. The public ownership of industry is the only way to achieve them.

THE UNFAIRNESS OF PRIVATE OWNERSHIP

History confirms this. The private ownership of productive industry has always resulted in deprivation for most, luxury for a few. The owners of factories and mines are forced, by competition, to exploit both workers and resources. Where private interests have been the foundation of the system, they have always been advanced at the expense of public interests. Why not build a power project in the heart of the Hudson River valley or on the seashores of Maine? It is not a

concern for beauty but for bookkeeping that pays off. Drill for oil wherever it can be found—in the last of the forests, on the beaches, on the lawn of the state capitol. Business is business. The great redwoods of California, each hundreds of years old and a monument to nature's grandeur, fall by the thousands; the forests are clear-cut, left as ugly, muddy hillsides. The drive for profit is the sharpest of all saws.

The system of private ownership encourages, even demands, selfishness at every turn. Let buyers, employees, the general public beware! Cornering the market in computing equipment, controlling access to the telephone system, delaying the marketing of steers in order to raise the price of beef, steadily increasing the price of gasoline when petroleum is in short supply—all such maneuvers are within the rules of the capitalist game. Sharp play and toughness yield riches; generosity yields bankruptcy; and no one may refuse to play.

To limit the injustices done in the name of private enterprise, some have tried to adjust the rules of the game. It does not work. Fair business practice codes, antitrust legislation, minimum-wage laws, and the like, do restrain some of the excesses of the capitalists. But such changes are no more than cosmetics, mitigating but not eliminating the real evil. Injustice flows not merely from the excesses of capitalism but from the essence of the system of private ownership itself.

Changing the rules cannot eliminate exploitation and gross inequality; only changing the entire game can. If everyone is to be free from economic need, everyone must have the right to participate in planning production and controlling distribution. That can be only when industrial production and distribution is entirely in public hands. Just as those who are not represented in parliament will suffer politically, those not represented in economic decision making

will surely suffer in the market. The very argument that justifies democracy in the political sphere justifies democracy in the economic sphere as well. Economic injustice in a private enterprise system is not an accident but a necessary outcome. To eliminate that injustice we must end the disproportion in the powers of its elements, just as the disproportionate powers of political elements were finally ended by giving the vote to all citizens. The case for socialism is the case for economic democracy.

THE INHUMANITY OF THE MARKET

Socialism is simply economic good sense. The long-term fruits of capitalism have become too bitter: cycles of boom and bust, unemployment and welfare, personal dissatisfaction and business failure. Inflation steals from everyone (except those who can raise prices and rents quickly); depression demoralizes everyone. Disorder and distress are widespread. Our land itself is abused, our water poisoned, and our air fouled. When everything is left "up for grabs," the grabbing will be vicious and the outcome chaotic. There can be no intelligent planning for future needs, no rational distribution of products or materials in short supply, no reasonable deployment of human energies, in an economy in which the fundamental rule is dog-eat-dog. Legislation designed to blunt the fangs can do no more than reduce the depth of a serious wound.

Capitalism relies upon the so-called "market economy." The prices asked or offered for raw materials and finished products it leaves entirely to private parties, individuals or business firms, who enter a supposedly open market. This free market, it is argued, will be self-regulating; supply and demand will rationalize prices, fairness

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None of this actually works in the way capitalist mythology depicts it. The system relies upon the wisdom and power of economic fairies that never did exist. Nothing in the market is dependable, since everything within it fluctuates in response to unpredictable and uncontrollable factors: the tastes of buyers, the moods of sellers, the special circumstances of either, accidents causing short supply, or fashions transforming reasonable supply into glut.

Rationality and fairness through competition? No claim could be more fraudulent. In a capitalist market prices depend largely upon the relative strengths (or weaknesses) of the traders. If I own all the orchards, and am therefore the seller of all the cherries in the market, you, dear buyer, will pay my price or eat no cherries. Steel, timber, farm machinery are for sale in the market. Go, dear friend, and bargain with the sellers. Anyone tempted to believe capitalist propaganda about the give and take in the market should put it to the test. Reflect upon your own recent experiences as a shopper: You were told the price of the item you looked at—a TV set or a can of beans—and you paid that price or left without. That is how the market works for ordinary folks. Giant firms, manufacturers or chain retailers, may bargain with suppliers on occasion—but even then the stronger get the better deals. Those who control resources and money control the market, manipulating it in their own interests. Those who enter the market (either as buyer or seller) with great needs but little power are squeezed and exploited. The weak get twisted, the strong do the twisting. That's free enterprise.

Fairness? Markets do not know the meaning of the word. All's fair in war—and market competition is perpetual war, through guile and threat, on a thousand fronts. Rewards go to the

aggressive; the keys to victory are accumulation, possession, control. And rules for fair dealing? They will be evaded, broken surreptitiously, even ignored—just like the rules of war—when it profits the combatants.

Private enterprise is worse than unfair. It is no-fair; it does not recognize justice as any concern for *homo economicus*. The only things that count, for it, are the things that can be counted. Such a system is by its nature, explicitly *inhumane*. To render it humane it is necessary to transform it into an instrument for humans. Socialism makes human concerns the fundamental concerns in the design, manufacture, and distribution of material goods. Only thus can an economic system achieve justice. What should appear in that holiest of capitalist places, “the bottom line”? A record of increased human satisfactions? Or a record of profit?

THE CRUELTY OF CAPITALISM

“Ah, but that callous system you attack,” replies the capitalist, “is the most wonderfully productive in all the world. We do not, it is true, share everything and share alike—but by rewarding personal ambition and intellect, we encourage and tap the productivity of all. Capitalist societies may not be perfectly equitable, but they are rich—and that, in the end, is what we all want.”

The true colors of the beast begin to show. Riches, material acquisition, is for it—but not for us—the paramount objective. Socialists think of human life in broader and deeper terms. For us money and goods are servants, not masters. General human well-being, we say, is the mark of a good society. Material wealth is only our tool.

Even on their own ground, however—measuring everything by prosperity—the case for capitalism fails. That private ownership leads to greater productivity is also myth. Enormous

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growth there has been, of course, in all modern economies; but that growth came with invention and discovery, with technological advance, with mass production and automation. It comes in capitalist countries *and* socialist countries, when relatively primitive methods of production are replaced by more efficient systems. Human intelligence, not capitalism, should get credit for that. There is no reason to believe that human intelligence must be less energetic, or less inventive, when put to common service than when serving private ends.

The ironic consequence of that private service is *deprivation*, the hidden *lack* of that very prosperity capitalism claims. In a system of private ownership the factories and mines must produce at a profit or not at all. Most steel foundries—under capitalism—operate well below capacity most of the time. Produce too much steel and the price will drop; what profit, after all, is there in that? Houses and apartments are needed by tens of millions of Americans; we have the capacity to build that housing, but it goes largely unused. Carpenters and masons wait impatiently in union halls for work; lumber yards and designers lay off workers; contractors and salesmen search desperately for buyers who can afford loans at high interest rates; banks wait cautiously for safe borrowers. The entire system permits even needed construction only when a profit is to be made. If there is no money in it, those in need of housing will simply wait. You cannot make a buck by being a nice guy. What does get built is outrageously expensive, affordable only by the rich. Building slows to a crawl while housing needs soar. The human need for housing plays second fiddle to the demand for profit, and the building industry floats like a chip on the waves of a capricious economic ocean.

So it is with every industry. Production within the plant may be organized and efficient in the highest degree—but the “free market” to which

skills and products are brought is madness itself. Again and again capitalism carries itself, now with unbridled enthusiasm, now with unrelieved desperation, to the brink of dissolution. “Business cycles”—the euphemistic name for the manic booms and depressing busts of the capitalist market—are the inevitable consequence of stupid inaction, leaving to pure chance and private avarice the control of our essential common business. The resulting human misery has been incalculable. After a chain of depressions through the nineteenth and early twentieth centuries, capitalism produced the super depression of the 1930s—a slough of despair, fathomless in depth and a decade in length. It was cut short, at last, only by the productive impetus of a terrible war. . . .

SOCIAL PLANNING

Two practical principles . . . comprise the substance of democratic socialism. Public ownership is the first, the foundation of socialism. Planning production and distribution for the common good is the second, and the fruit of socialism. When all members of the community have equal voice in the management of the economy, the elected representatives of those voices will naturally seek to deploy productive powers rationally. The community, then fully in command of its own affairs, will deliberate carefully in choosing its economic goals and in devising the means to attain them. It will make plans.

All intelligent humans plan. Preparing for the future is the mark of rational beings. Capitalists plan thoughtfully for their own advancement, plan cautiously for the security of their families, plan assiduously for the growth of their businesses. Yet they bitterly attack us for advocating the same foresight in the larger community! In matters close to them they do not cease to think ahead. But they insist that the community

as a whole should entrust its future to an "invisible hand" that is somehow to ensure social health and prosperity. Sophisticated in private affairs, their handling of public affairs is simply immature, primitive.

Critics of socialism (it should be noted in fairness) often do recognize the need to plan in some particular sphere of the economy. Doing so, of course, such critics implicitly abandon

their devotion to "free" markets. They plan the supplies of oil or gas, the road system, the storage of grain, and the money supply. But if the use of careful planning is appropriate in any single sphere of the economy, it is no less appropriate for the economy as a whole. Capitalists who plan, but are infuriated by planning, are blinded by an ideology from which they cannot free their own minds. . . . ♦ ♦ ♦

The Right to Eat and the Duty to Work

Trudy Govier

There is a lot of discussion in business ethics about layoffs and downsizing. We need to recognize that these debates go on against the backdrop of a system that allows benefits to the unemployed and a safety net (of sorts) of welfare payments for those who cannot or will not work. Govier (writing from Canada) asks what responsibility society has for the welfare of its members. Any affirmative answer will have implications for business, in that government will restrict the free market and impose duties beyond furthering our own self-interest. Benefits have to be paid for, of course, and often this takes the form of taxation on business, which provides an incentive for seeking cheaper labor overseas.

Govier identifies three positions: (1) Individualist, where there is no right to state welfare benefits; (2) Permissive, where there is an unconditional right to benefits; and (3) Puritan, where benefits are made conditional, perhaps on one's willingness to work.

No matter which position you sympathize with, it is useful to have it in mind when reading selections about outsourcing, reductions in force, or layoffs. What happens to those left behind, and should they have been shrewd enough to save or retrain? Does our current system send the wrong incentive signals to people or businesses? Does (and should) the community as a whole mitigate the sometimes harmful effects of business decisions?

Although the topic of welfare is not one with which philosophers have often concerned themselves, it is a topic which gives rise to many complex and fascinating questions—some in the area

of political philosophy, some in the area of ethics, and some of a more practical kind. The variety of issues related to the subject of welfare makes it particularly necessary to be clear just