1 Socialist Analysis of Capitalism

1.1 Class Struggle

No matter whether they’re rich or poor, strong or weak, white, black, yellow, or brown, people everywhere must produce and distribute the things they need in order to live.

The system of production and distribution in the United States is called capitalism. Many other countries of the world have the same system.

In order to produce and distribute bread, clothes, houses, autos, radios, newspapers, medicines, schools, this, that, and the other thing, you have to have two essentials:


2. Labor workers who use their strength and skill on and with the means of production to turn out the required goods.
In the United States, as in other capitalist countries, the means of production are not public property. The land, raw materials, factories, machines, are owned by individuals, by capitalists. That is a fact of tremendous importance. Because whether you do or not own the means of production determines your position in society. If you belong to the small group of owners to the means of production—the capitalist class—you can live without working. If you belong to the large group that does not own the means of production—the working class—you can’t live unless you work.

One class lives by owning; the other class lives by working. The capitalist class gets its income by employing other people to work for it; the working class gets its income in the form of wages for the work it does.

Since labor is essential to the production of goods we need in order to live, you would suppose that those who do the labor—the working class—would be handsomely rewarded. But they aren’t. In capitalist society, it isn’t those who work the most who get the largest incomes, it is those who own the most.

Profit makes the wheels go round in capitalist society. The smart business man is the one who pays as little as possible for what he buys and receives as much as possible for what he sells. The first step on the road to high profits is to reduce expenses. One of the expenses of production is wages to labor. It is therefore to the interest of the employer to pay as low wages as possible. It is likewise to his interest to get as much work out of his laborers as possible.

The interests of the owners of the means of production and of the men who work for them are opposed. For the capitalists, property takes first place, humanity second place; for the workers, human itself takes first place, property second place. That is why, in capitalist society, there is always conflict between the two classes.

Both sides in the class war act the way they do because they must. The capitalist must try to make profits to remain a capitalist. The worker must try to get decent wages to remain alive. Each can succeed only at the expense of the other.

All the talk about harmony between capital and labor is nonsense. In capitalist society there can be no such harmony because what is good for one class is bad for the other, and vice versa.

The relationship, then, that must exist between the owners of the means of production and the workers in capitalist society is the relationship of a knife to a throat.

1.2 Surplus Value

In capitalist society, man does not produce things which he wants to satisfy his own needs, he produces things to sell to others. Where formerly people produced goods for their own use, today they produce commodities for the market.

The capitalist system is concerned with the production and exchange of commodities.

The worker does not own the means of production. He can make his living in only one way—by hiring himself out for wages to those who do. He goes to market with a commodity for sale: his capacity to work, his labor power. That’s what the employer buys from him. That’s what the employer pays him wages for. The worker sells his commodity, labor power, to the boss in return for wages.

How much wages will he get? What is it that determines the rate of his wages?

The key to the answer is found in the fact that what the worker has to sell is a commodity. The value of his labor power, like that of any other commodity, is determined by the amount of socially necessary labor time required to produce it. But since the worker’s labor power is part of himself, the value of his labor power is equal to the food, clothing, and shelter necessary for him to live (and since the supply of labor must continue, to raise a family).

In other words, if the owner of a factory, mill, or mine wants forty hours of labor done, he must pay the man who is to do the work enough to live on, and to bring up children capable of
taking his place when he gets too old to work, or dies.

Workers will get then, in return for their labor power, subsistence wages, with enough more (in some countries) to enable them to buy a radio, or an electric refrigerator, or a ticket to the movies occasionally.

Does this economic law that worker’s wages will tend to be merely subsistence wages mean that political and trade union action by workers is useless? No, it definitely does not. On the contrary, workers, through their unions, have been able in some countries, including the United States, to raise wages above the minimum subsistence level. And the important point to remember is that this is the only way open to workers to keep that economic law from operating all the time.

Where does profit come from?

It is not in the process of exchange of commodities but rather in the process of production that we will find the answer. The profits that go to the capitalist class arise out of production.

The workers, by transforming raw material into the finished article have brought new wealth into existence, have created a new value. The difference between what the worker is paid in wages and the amount of value he has added to the raw material is what the employer keeps.

That’s where his profit comes from.

When a worker hires himself out to an employer he doesn’t sell him what he produces; the worker sells his ability to produce.

The employer does not pay the worker for the product of eight hours work; the employer pays him to work eight hours.

The worker sells his labor power for the length of the whole working day—say eight hours. Now suppose the time necessary to produce the value of the workers wages is four hours. He doesn’t stop working then and go home. Oh, no. He has been hired to work eight hours. So he continues to work the other four hours. In these four hours, he is working not for himself, but for his employer. Part of his labor is paid labor; part is unpaid labor. The employers profit comes from the unpaid labor.

There must be a difference between what the worker is paid and the value of what he produces, else the employer wouldn’t hire him. The difference between what the worker receives in wages and the value of the commodity he produces is called surplus value.

Surplus value is the profit that goes to the employer. He buys labor power at one price and sells the product of labor at a higher price. The difference—surplus value—he keeps for himself.

1.3 Accumulation of Capital

The capitalist begins with money. He buys the means of production and labor power. The workers, using their labor power on the means of production, produce commodities. The capitalist takes these commodities and sells them—for money. The amount of money he gets at the end of the process must be greater than the amount of money he started with. The difference is his profit.

If the amount of money at the end of the process is not greater than the amount of money he started with, then there is no profit and he stops producing. Capitalist production does not begin or end with peoples needs. It begins and ends.

Money cannot become more money by standing still, by being hoarded. It can only grow by being used as capital, that is by buying the means of production and labor power and thus getting a share of the new wealth created by workers every hour of every day of every year.

Its a real merry-go-round. The capitalist seeks more and more profits so he can accumulate more capital (means of production and labor power), so he can make more and more profits, he can accumulate more capital, so he can etc., etc., etc.
Now the way to increase profits is to get the workers to turn out more and more goods faster and faster at less and less cost.

Good idea, but how to do it? Machines and scientific management, that was (and is) the answer. Greater division of labor. Mass production. Speed-up. Greater efficiency in the plant. More machines. Power-driven machines that enable one worker to produce as much as five did before, as much as ten did, eighteen, twenty-seven. . .

The workers who are made superfluous by machinery become an industrial reserve army which can slowly starve, or, by its very existence, help to force down the wages of those who are lucky enough to have jobs.

And not only do machines create a surplus population of workers, they also change the character of labor. Unskilled, low-paid labor—with a machine—can do work that required skilled high-paid labor before. Children can take the place of adults in the factory, women can replace men.

Competition forces each capitalist to look for ways whereby he can produce goods more cheaply than others. The lower his unit labor cost the more possible it is to undersell his competitors and still make a profit. With the extension of the use of machinery, the capitalist is able to get the workers to produce more and more goods faster and faster at less and less cost.

But the new and improved machinery which makes this possible costs a lot of money. It means production on a larger scale than before; it means bigger and bigger factories. In other words, it means the accumulation of more and more capital.

There is no choice for the capitalist. The greatest amount of profits goes to the capitalist who uses the most advanced and efficient technical methods. So all capitalists keep striving for improvements. But these improvements require more and more capital. To stay in business at all, to meet the competition of others and preserve what he has, the capitalist must keep constantly expanding his capital.

Not only does he want more profits so he can accumulate more capital so he can make more profits—he finds that he is forced to do so by the system.

1.4 Monopoly

One of the greatest hoaxes ever perpetrated on the American people is the ever-repeated assertion that our economic system is one of free private enterprise.

That is not true. Only part of our economic system is competitive, free, and individualistic. The remainder—and by far the most important part—is the exact opposite: monopolized, controlled, and collectivistic.

Competition, according to theory, was a fine thing. But capitalists found that practice didn’t jibe with theory. They found that competition lessened profits while combination increased profits. They were interested in profits so why compete? It was better from their point of view—to combine.

And combine they did—in oil, sugar, whiskey, iron, steel, coal, and a host of other commodities.

Free competitive enterprise was already on its way out as far back as 1875. By 1888 trusts and monopolies had such a stranglehold on American economic life that President Grover Cleveland felt it necessary to sound a warning to Congress: As we view the achievements of aggregated capital, we discover the existence of trusts, combinations, and monopolies while the citizen is struggling far in the rear or is trampled to death beneath an iron heel. Corporations, which should be carefully restrained creatures of the law and the servants of the people, are fast becoming the people’s masters.

Through the marriage of industrial and finance capital, some corporations were able to expand to so great an extent that in some industries today a handful of firms, literally, produce
more than half the total output or nearly all of it. In these industries, certainly, the traditional American system of free competitive enterprise no longer exists. In its place there is concentration of economic power in a few hands—monopoly.

Here are some specific examples from the 1946 report of the House of Representatives Committee on Small Business, entitled *United States Versus Economic Concentration and Monopoly*:

- General Motors, Chrysler, and Ford together produce nine out of every ten cars made in the United States.

- In 1934 the Big Four tobacco companies—American Tobacco Company, R.J. Reynolds, Liggett & Myers, and P. Lorillard—produced 84 per cent of the cigarettes, 74 per cent of the smoking tobacco, and 70 per cent of the chewing tobacco.

- The Big Four rubber companies—Goodyear, Firestone, U.S. Rubber, and Goodrich—account for nearly 93 per cent of the total net sales of the rubber industry.

- Before the war, the three largest companies in the soap industry—Proctor Gamble, Lever Bros., and Colgate-Palmolive-Peet Co.—controlled 80 per cent of the business. Another 10 per cent was secured by three other companies. The remaining so percent was distributed among approximately 1200 soap producers.

- Two companies—Libby-Owens-Ford and the Pittsburgh Plate Glass Co.—together make 95 per cent of all plate glass in the country.

- The United States Shoe Machinery Co. controls more than 95 per cent of the entire shoe-machinery business in the United States.

It is not difficult to see that with such extensive domination, the monopoly capitalists are in a position to fix prices. And they do. They fix them at that point where they can make the highest profits. They fix them by agreement among themselves; or by the most powerful corporation announcing the price and the rest of the industry playing the game of follow the leader; or, as frequently happens, they control basic patents and give licenses to produce only to those who agree to stay in line.

Monopoly makes it possible for the monopolists to accomplish their purpose—make tremendous profits. Competitive industries make profits in good times and show deficits in bad times. But for monopoly industries the pattern is different—they make tremendous profits in good times, and some profits in bad times.

The agitation against monopoly power and profits which began in the last quarter of the 19th century continued into the 20th century. But though much was said about the growing evil, little was done about it. Neither the Federal Trade Commission nor the anti-trust division of the Department of Justice, even when they had the will to do something, was given the funds or the staff to do it with.

As a matter of fact, little could be done about it. When the Standard Oil Company was dissolved in 1911, Mr. J.P. Morgan is reported to have made this appropriate comment: No law can make a man compete with himself. Subsequent events proved Mr. Morgan right. By 1935:

- One-tenth of one per cent of all the corporations in the United States owned 52 per cent of the assets of all of them.

- One-tenth of one per cent of all the corporations earned 50 per cent of the net income of all of them.

- Less than 4 per cent of all the manufacturing corporations earned 84 per cent of the net profits of all of them.
A more nearly perfect mechanism for making the poor poorer and the rich richer could scarcely be devised.

That’s what the TNEC report says about monopoly.

It gives as evidence the effect of monopoly on workers, producers of materials, consumers, and stockholders.

The workers are made poorer by the monopolists failure to pay wages equal to their productivity.

The producers of materials (e.g. farmers) are made poorer by the low prices that the monopolist sometimes pays.

The consumers are made poorer by the high prices that the monopolist charges.

The stockholders, on the other hand, are made richer by the unnecessarily high profits that the monopolist thus obtains.

Whenever the charge is made that there is a dangerous concentration of power and wealth in the hands of a few, the apologists for Big Business deny that the picture is as black as it is painted. They argue that even where there are unnecessarily high profits, these profits are distributed to millions of people and not to a small group. They argue that there is a wide distribution of stock ownership, that not Mr. Big alone, but Tom, Dick, and Harry and millions of other little fellows own stock in the giant monopoly corporations. Its a plausible argument and it fools a great many people.

But the argument that the people own American industry is phony. The number of stockholders in any company may indeed be large. But that is not significant. What is significant is how many own how much. What is significant is how the profits are divided among the shareholders. And the moment you get that figure, you find that the people as a body own a microscopic share of American industry, while a handful of Big Boys own most of it and reap the colossal profits.

The most impressive and most easily understood figures in this connection were those given to Congress in 1938 by President Roosevelt:

The year 1929 was a banner year for distribution of stock ownership. But in that year three-tenths of one per cent of our population received 78 per cent of the dividends reported by individuals. This has roughly the same effect as if, out of every 100 persons in our population, one person received 78 cents out of every dollar of corporate dividends while the other 299 persons divided up the other 22 cents between them.

The true picture was presented to Congress in 1941 by Senator O’Mahoney in the Final Report and Recommendations of the Temporary National Economic Committee, of which he was chairman: We know that most of the wealth and income of the country is owned by a few large corporations, that these corporations in turn are owned by an infinitesimally small number of people and that tile profits from the operation of these corporations go to a very small group.

1.5 Distribution Of Income

It is not true that we Americans live well. The truth is that while a fortunate few of our countrymen live luxuriously, most Americans live miserably. The truth is that our high standard of living is an empty boast—it does not pertain to most of our people.

President Roosevelt broke through the mist of lies about our high standard of living in his second inaugural address when he said: I see one-third of a nation ill-housed, ill-clad, ill-nourished.

In the United States, as in all other capitalist countries, there has been a continual increase over the years in the amount of goods and services produced. A never-ending stream of re-
markably useful conveniences and incredibly wonderful luxuries has been made available to the people.

However, the availability of this profusion of goods is measured not by the people’s needs but by their ability to pay. And the proportion of the national income that goes to most Americans is too small to enable them to purchase the things which would make their lives richer and more satisfying.

Government statistics prove the point. Here, for example, is a table of income distribution by families for the United States in 1966, put out by Bureau of the Census, Current Population Reports (Series P.60, No. 53, 1967, p. 1):

<table>
<thead>
<tr>
<th>Total family money income</th>
<th>Number of families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $1,000</td>
<td>1,149,000</td>
</tr>
<tr>
<td>$1,000 to $1,999</td>
<td>2,635,000</td>
</tr>
<tr>
<td>$2,000 to $2,999</td>
<td>3,197,000</td>
</tr>
<tr>
<td>$3,000 to $3,999</td>
<td>3,341,000</td>
</tr>
<tr>
<td>$4,000 to $4,999</td>
<td>3,474,000</td>
</tr>
<tr>
<td>$5,000 to $5,999</td>
<td>4,108,000</td>
</tr>
<tr>
<td>$6,000 to $6,999</td>
<td>4,574,000</td>
</tr>
<tr>
<td>$7,000 to $7,999</td>
<td>4,542,000</td>
</tr>
<tr>
<td>$8,000 to $8,999</td>
<td>7,408,000</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>10,008,000</td>
</tr>
<tr>
<td>$15,000 and over</td>
<td>4,486,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48,922,000</strong></td>
</tr>
</tbody>
</table>

Note that some 10,32,000 families, or over 21 per cent of the total, had incomes in 1966 of less than $3,999 for a year! This means that one out of every five families in the United States had less than $80 per week to eat, drink, and be merry on. You know how far $80 a week would take a family with the prices prevailing in 1966.

But we don't need to guess. The fact that there are large numbers of desperately poor people in today’s affluent America was proven by President Johnson himself in his message to Congress in the spring of 1967. He reported that: (1) 60 per cent of all poor children—three out of every five—never see a dentist, in affluent America; (2) 60 per cent of all poor children with disabling handicaps do not receive medical care, in affluent America; (3) In their first year of life, the death rate of poor babies is 50 per cent higher than that of those who are not poor, in affluent America.

While many Americans did not get enough money to live decently, those at the top got much more than enough. In 1966, according to the Current Population Reports (p. 7) of the Bureau of Census, the 20 per cent of families at the top of the income ladder received 40.7 per cent of the total income of all of the nations families, while the 60 per cent of the families at the bottom of the ladder received only 35.5 per cent. The 1/5 at the top received more income than the 3/5 at the bottom. But wouldn’t the very rich at the top have to pay very high taxes which would take most of their money? That’s what they say, but it isn’t true.

Not according to an article by Senator Gore of Tennessee which appeared in *The New York Times Magazine* on April 11, 1965. In that article, entitled *How To Be Rich Without Paying Taxes*, the Senator says: ... Now, when examples like these are brought to light by proponents of tax reform, many people dismiss them as untypical; they still believe that we have a progressive system of taxation based on ability to pay. The truth, however, is that the typical taxpayer with an income of one million dollars or more per year regularly pays a smaller percentage of his income in taxes than do some factory workers or teachers.

It is true that relative to the inhabitants of most other countries, our people, as a whole, have a higher standard of living. But that means, not that we are well off, but that the others...
are worse off. It doesn’t mean what the propagandists want us to believe when they talk about the American high standard of living.

1.6 Crisis And Depression

The facts about the distribution (or rather, the maldistribution) of income reveal the basic weakness of the capitalist system in its economic aspect.

The income of the mass of people is ordinarily too small to consume the product of industry.

The income of the wealthy is frequently too large for profitable investment in a market so limited by the poverty of the many.

The bulk of the population which would like to buy doesn't have the money. The few who have the money have so much they can't possibly spend it all.

The expansion of industry has leaped forward on seven-league boots; the expansion of consumer purchasing power has dragged along at a snail's pace.

The problem of mass production is solved; the problem of mass sales of the goods produced is not solved.

The market for goods exists in terms of workers needs; it does not exist in terms of their ability to pay for the goods they need.

The result is those periodic breakdowns of the system which we call crisis and depression.

To obtain profits, the capitalist must pay as little as possible to his workers.

To sell his products, the capitalist must pay as much as possible to his workers.

He can't do both.

Low wages make high profits possible, but at the same time they make profits impossible because they reduce the demand for goods.

Insoluble contradiction.

Within the framework of the capitalist system there is no way-out. We must have depressions.

After the crisis of 1929, it seemed that the United States had left behind it forever the period when capitalism could still expand. Henceforth it was to be concerned not with generating expansion but with keeping contraction to a minimum.

The people wanted jobs. Their chances of getting them were slim. According to J.M. Keynes, the famous English economist. The evidence indicates that full, or even approximately full employment is of rare and short-lived occurrence.

There was, however, one way in which the capitalist system could provide jobs. There was one way in which the paralyzing defects of capitalism—under consumption and overproduction—could be overcome. There was one way by which the overhanging fear of surplus could be dispelled—one way in which everything that was produced could be sold at a profit.

There was a cure for capitalism's fatal disease of crisis and depression.

WAR.

After 1929, it became apparent that only in the preparation and conduct of a war could the capitalist system be operated so as to provide full employment for men, materials, machinery, and money.

1.7 Imperialism And War

Large-scale monopoly industry brought with it greater development of the productive forces than ever before. The power of industrialists to produce goods grew at a more rapid rate than the power of their countrymen to consume them.

That meant they had to sell goods outside the home country. They had to find foreign markets which would absorb their surplus manufactures.
Where to find them?
There was one answer—colonies.
The necessity for finding markets for surplus manufactured goods was only one part of
the pressure for colonies. Large-scale mass production needs vast supplies of raw materials.
Rubber, oil, nitrates, tin, copper, nickel—these, and a host of others, were raw materials which
were necessary to monopoly capitalists everywhere. They wanted to own or control the sources
of those necessary raw materials. This was a second factor making for imperialism.
But more important than either of these pressures was the necessity for finding a market
for another surplus—the surplus of capital.
This was the major cause of imperialism.
Monopoly industry brought huge profits to its owners. Super-profits. More money than the
owners knew what to do with. More money than they could possibly spend. More money than
they could find an outlet for in income-creating investment at home. An over-accumulation of
capital.
This alliance of industry and finance seeking profits in markets for goods and capital was
the mainspring of imperialism. So J.A. Hobson thought, back in 1902, when he published his
pioneer study on the subject: Imperialism is the endeavor of the great controllers of industry to
broaden the channel for the flow of their surplus wealth by seeking foreign markets and foreign
investments to take off the goods and capital they cannot sell or use at home.
The treatment of colonial peoples varied from time to time and from place to place. But the
atrocities were general—no imperialist nation had clean hands. Leonard Woolf, an acknowl-
edged expert on the subject wrote: Just as in national society in Europe there have appeared
in the last century clearly defined classes, capitalists and workers, exploiters and exploited, so
too in international society there have appeared clearly defined classes, the imperialist Powers
of the West and the subject races of Africa and the East, the one ruling and exploiting, the other
ruled and exploited.
As with other imperialist nations, so with the United States. The profits from all the private
investments went to the financial groups involved, but government policy, government money,
and government force were employed to make available and to safeguard their private ventures.
President Taft was frank about the tie-up that existed between monopoly capitalist necessity
and government policy. While our foreign policy should not be turned a hair’s breadth from
the straight path of justice, it may well be made to include active intervention to secure for our
merchandise and our capitalists opportunity for profitable investment.
In the 20th century, in every great industrial nation, monopoly capitalism grew, and with
it the problem of what to do with surplus capital and surplus products. When the various
giants in control of their own national markets met on the international markets there was,
first, competition—long, hard, bitter. And then, agreements, associations, cartels, on an inter-
national basis.
With these huge international combines making arrangements for parceling out the world
market, it would seem that competition must cease and a period of lasting peace begin. But
that does not happen, because the strength relations are constantly changing. Some companies
grow larger and more powerful, while others decline. Thus what was a fair division at one
moment becomes unfair later. There is discontent on the part of the stronger group and a
struggle for a larger quota follows. Each government springs to the defense of its own nationals.
The inevitable result is war.
Imperialism leads to war. But war doesn’t settle anything permanently. The hostilities
which can no longer be resolved by bargaining round a table do not disappear because the
bargaining is done with the arguments of high explosives, atom bombs, maimed men, and
mutilated corpses.
No. The hunt for markets must go on. Monopoly capitalism must have its outlet for surplus
goods and capital and new wars will continue to be fought so long as monopoly capitalism continues to exist.

1.8 The State

Private property in the means of production is a special kind of property. It gives to the possessing class power over the non-possessing class. It enables those who own, not only to live without working, but also to determine whether the non-owners shall work and under what conditions. It establishes a master and servant relationship, with the capitalist class in the position of giving orders and the working class in the position of having to obey them.

Understandably, then, there is a perpetual conflict between the two classes.

The capitalist class, through its exploitation of the working class, is handsomely rewarded with wealth, power, and prestige, while the working class is plagued with insecurity, poverty, miserable living conditions.

Now, obviously, there must be some method whereby this set of property relations—so advantageous to the few and so disadvantageous to the many—is maintained. There must be some agency with power to see to it that this system of social and economic domination by the wealthy minority over the laboring majority is preserved.

There is such an agency. It is the state.

It is the function of the state to protect and preserve the set of private property relations which enables the capitalist class to dominate the working class.

It is the function of the state to uphold the system of oppression of one class by another.

In the conflict between those who have private property in the means of production and those who have not, the haves find in the state an indispensable weapon against the have-nots.

We are led to believe that the state is above class—that the government represents all the people, the rich and the poor, the high and the low. But actually, since capitalist society is based on private property, it follows that any attack on private property will be met with the resistance of the state, carried to the length of violence if necessary.

In effect, therefore, so long as classes exist, the state cannot be above class—it must be on the side of the rulers. That the state is a weapon of the ruling class was plain to Adam Smith as long ago as 1776. In his famous book, *The Wealth of Nations*, Smith wrote: Civil government, so far as it is instituted for the security of property, is in reality instituted for the defense of the rich against the poor, or of those who have some property against those who have none at all.

The class that rules economically—that owns the means of production—so rules politically.

It is true that in a democracy like the United States, the people vote the respective candidates into office. They do have a choice of Democrat X or Republican Y. But that is never a choice between a candidate who is on one side of the class war and a candidate who is on the other side. There is little basic difference in attitude toward the system of private property relations between the candidates of the major parties. What differences do exist have to do mainly with variation in emphasis or detail—not with fundamentals.

Boiled down to its essentials, the freedom to choose between Democrat X or Republican Y means for the workers merely the freedom to choose which particular representative of the capitalist class will make the laws in Congress in the interests of the capitalist class.

The tie-up that exists between the men who make the laws and the men in whose interests those laws are made is so close that there can be no doubt of the relationship between the state and the ruling class. In the mind of one of our greatest Americans there was no doubt that the class that ruled economically also ruled politically:

"Suppose you go to Washington and try to get at your Government. You will always find that while you are politely listened to, the men really consulted are the men who..."
have the biggest stake—the big bankers, the big manufacturers, the big masters of commerce, the heads of railroad corporations and of steamship corporations. . . The masters of the Government of the United States are the combined capitalists and manufacturers of the United States.

This very revealing statement was published in 1913 in a book by Woodrow Wilson. The author was in a position to know what he was talking about. He was President of the United States at the time.

The question arises: if the machinery of the state is controlled by the capitalist class and functions in their interest, then how does it ever happen that laws designed to regulate and limit the power the capitalists ever get on the statute books?

This happened, for example, during the administration of Franklin D. Roosevelt. Why?

The state acts on behalf of the non-owners and against the owners when it is forced to do so. It will yield on this or that particular point of conflict because pressure from the working class is so great that concessions must be made, or law and order will be endangered, or worse still (from the point of view of the ruling class) revolution may ensue. But the important point to remember is that whatever concessions are won in such periods are confined to the existing property relations. The framework of the capitalist system itself is left untouched. It is always within that framework that concessions are made. The aim of the ruling class is to yield a part in order to save the whole.

All the gains won by the working class during the administration of President Roosevelt—and they were many—did not change the system of private ownership of the means of production. They did not bring the overthrow of one class by another. When Mr. Roosevelt died, the employers were still in their accustomed places, the workers in theirs.

Since the state is the instrument through which one class establishes and maintains its domination over the other class, genuine freedom for the oppressed majority cannot truly exist. Greater or lesser degrees of freedom—depending on the circumstances—will be granted, but in the last analysis, the words freedom and the state cannot be combined in a class society.

The state exists to enforce the decisions of the class that controls the government. In capitalist society the state enforces the decisions of the capitalist class. Those decisions are designed to maintain the capitalist system in which the working class must in the service of the owners of the means of production.

2 Socialist Indictment of Capitalism

2.1 Capitalism is Inefficient and Wasteful

The increase in man’s power to produce should have resulted in the abolition of want and poverty. It has not had that result even in the United States, the strongest, richest, and most productive capitalist country in the world.

In the United States, as in every other capitalist country, there is starvation in the midst of plenty, scarcity in the midst of abundance, destitution in the midst of riches.

There must be something fundamentally wrong with an economic system characterized by such contradictions.

There is something wrong. The capitalist system is inefficient and wasteful, irrational, and unjust.

It is inefficient and wasteful because even in those years when functioning at its best, one-fifth of its productive mechanism

It is inefficient and wasteful because periodically it breaks down, and then, not one-fifth but one-half of its productive capacity is idle. According to Brookings Institution, At the height of
the boom period the amount of idle capacity, expressed in terms of a generalized figure, was something like 20 per cent. In periods of depression this percentage is, of course, very greatly increased rising as high as 50 per cent in the current 1930s depression.

It is inefficient and wasteful because it does not always provide useful work for all those who want to work—at the same time that it allows thousands of physically and mentally able persons to live without working.

It is inefficient and wasteful in the employment of a host of advertisers, salesmen, agents, canvassers, and the like, not in the same production and distribution of goods, but in the insane competition for customers to buy the same commodity from Company A instead of from Company B, or Companies C, D, E, or F.

It is inefficient and wasteful because much of its men and materials are devoted to the production of the most extravagant luxuries at the same time that enough of the necessities of life for all is not produced.

It is inefficient and wasteful because, in its concern for increased price and profitability instead of for human needs, it sanctions the deliberate destruction of crops and goods.

Finally, it is inefficient and wasteful because periodically it leads to war—the merciless diabolical destroyer of all that is good in life, as well as of life itself.

This inefficiency and waste is not merely an abuse which can be corrected. It is part and parcel of the capitalist system. It must continue as long as the system lasts.

During the depression of the 1930s in the United States there were years in which as many as one-fourth of all employable workers who were willing and wanted to work could not find jobs. They starved, or went on home relief, or found make-work jobs with public works agencies. Men, women, and children in every city on bread lines. The magnitude of this waste of labor power is outlined in this never-to-be-forgotten picture: If all the eleven million unemployed men and women were lined up in one long bread line, standing just close enough for one man to be able to lay his hand the shoulder of the one in front, that line would extend from New York to Chicago, to St. Louis, to Salt Lake City, yes, to San Francisco. And that’s not all. It would extend all the way back again—twice the distance across the continent.

And at the same time that these millions of wretched human beings were in dire need of an opportunity to put their talent and energy to use so they might obtain the bare necessities of life, other more favored men and women who had never known and had no desire to learn what work was, were living in comfort and luxury through their ownership of the means of production. They could live in shameless idleness because the capitalist system was so designed as to enable them to receive an income from the ownership of shares in industries of which they may have never even heard. The poverty of the many who wanted work but could not find it was rendered all the more humiliating because of the riches of the few who were receiving dividends without work.

Confronted with the paradox of poverty in plenty, the capitalism devises a plan for tackling the problem.

The plan is to abolish the plenty.

Kerosene is poured on potatoes to make them unfit for human consumption, 30 per cent of the coffee crop is destroyed, milk is poured into rivers, fruit is left to rot on the ground.

This seeming insanity is not as crazy as it appears—not in the capitalist system. In an economy which is concerned not with feeding people the potatoes, coffee, milk, and fruit which they need, but only with getting as high prices and profits as possible, restricting the supply is, at times, the way to achieve your end. But that doesn’t make the practice right; it only proves the point—that the capitalist system is, by its very nature, inefficient and wasteful.

The greatest waste of capitalism is war.
The all-out production of goods which is not possible in capitalist economy in peacetime is achieved in wartime. Then, and then only, does capitalism solve the problem of full employment
of men, materials, machinery, and money.

To what end? Sheer destruction. Destruction of the hopes and dreams and lives of millions of human beings; destruction of thousands of schools, hospitals, factories, railways, bridges, docks, mines, power plants; destruction of thousands of square miles of farm land and forests.

No one can count the agonies of the wounded, the sufferings of the maimed and the mutilated, the longing of the living for the dead. But we do know how much money war costs. We do know the amount of waste in terms of dollars and cents. The figure makes crystal clear that the greatest waste of capitalism is war.

The First World War cost 200 billion dollars. In 1935, the authors of Rich Man, Poor Man worked out a yardstick by which to measure that. Here it is: It would be enough money to give a $3,000 house [in pre-inflation dollars] and a piece of ground to every family in the United States, and England, and Belgium, and France, and Austria, and Hungary, and Germany, and Italy.

Or with that much money we could run all the hospitals in the United States for 200 years. We could pay all the expenses of our public schools for 80 years. Or again, if 2,150 workers were labor for 40 years at an annual wage of $2,500 each, their combined earnings would pay the cost of the World War for just one day!

World War II cost over five times as much.

Nowhere is the waste of the capitalist system better illustrated than in war.

2.2 Capitalism is Irrational

The capitalist system is irrational.

It is based on the premise that the self-interest of the business man is sure to benefit the nation; that if only individuals are left free to make as much profit as they can, the whole of society must be better off; that the best way to get things done is to let capitalists make as large a profit as possible out of doing them and, as a certain by-product of the process, the needs of the people will be served.

This proposition is definitely not true—certainly not all the time. As monopoly replaces competition it becomes less and less true. The interest of the profit-seeker may or may not coincide with the interests of society. As a matter of fact, they frequently clash.

The capitalist system is irrational because instead of basing production on the needs of all, it bases production on the profits of the few.

The capitalist system is irrational because instead of using the common-sense method of tying production directly to needs, it uses an indirect method of tying production to profits in the vague hope that needs will somehow be met.

It is as illogical and absurd as going from New York to Chicago roundabout by way of New Orleans, instead of by the direct route.

Furthermore, a neat question concerning democracy is raised by the power of a handful of profit-seeking industrialists to decide, completely on their own, and in their own interest, whether or not the nation’s needs are to be satisfied and at what price. It is not unfair to suggest that where the people do not control the economy in their own interest, economic democracy is supplanted by economic dictatorship.

This economic dictatorship, so dangerous to the welfare of the country in time of peace, can become a threat to its very existence in time of war. Regardless of the gravity of the crisis, the economic dictators insist that profits come before duty—and they are in a position to make the country pay their price. This is not an unfounded charge; it is confirmed by the experience of the United States in both World War I and World War II. A TNEC report, published in 1941, tells the story:
Speaking bluntly, the Government and the public are over a barrel when it comes to dealing with business in time of war or other crisis. Business refuses to work, except on terms which it dictates. It controls the natural resources, the liquid assets, the strategic position in the country's economic structure, and its technical equipment and knowledge of processes.

The experience of the World War II, now apparently being repeated, indicates that business will use this control only if it is paid properly. In effect, this is blackmail, not too fully disguised. It is in such a situation that the question arises: What price patriotism?

The same irrationality in the system is exhibited when it allows business interests to let their greed for gain stand in the way of the conquest of nature for the service of the people. Almost every spring the Ohio River overflows its banks killing scores of people and destroying millions of dollars worth of property. Farm crops are ruined, homes uprooted and smashed, and cities inundated. This need not happen. The mighty river can be tamed, its wild energy can be harnessed, its seasonal fluctuations can be leveled off to provide a safe system of all-year-round navigation, and the soil, where it is wholly or partially destroyed through erosion, can be saved.

We have the know-how. It can be done. It has been done in the TVA [Tennessee Valley Authority].

Why, then, isn't it done? Why isn't TVA, America's highly successful experiment in regional planning, duplicated with an OVA—Ohio Valley Authority? And an MVA—Missouri Valley Authority?

Why? Because the capitalist system is irrational. The turbulent river must continue to go on its annual rampage leaving death and destruction in its wake because the flood control, power development, navigation system, the soil conservation, which an OVA could accomplish for the benefit of the many, would cut into the profits of the public utility companies, coal companies, and railroads. These business interests fought the development of power production and cheap water transportation in TVA and they continue to fight it in other river valley regions. Another proof of the absurdity of the basic premise of capitalism, that private interest and public welfare necessarily coincide.

Nowhere is the irrationality of the capitalist system more evident than in its lack of plan. Within each business there is system, organization, planning; but in the relationship of one business to another there is no system, no organization, no planning—only anarchy.

The economic welfare of the nation can best be achieved, industrialists assure us, not by careful comprehensive planning to that end, but by allowing individual capitalists to decide what is best for themselves and hoping that the sum of all those individual decisions will add up to the good of the community.

It just doesn't make sense.

The capitalist system is irrational, also, in its division of the people into warring classes. Instead of one nation, indivisible, with liberty and justice for all, capitalism, by its very nature, creates two nations, divisible, with liberty and justice for one class and not for the other. Instead of a unified community, with people living together in brotherhood and friendship, the capitalist system makes for a disunited community with the class that works and the class that owns necessarily fighting each other for a larger share of the national income.

The income of the Owning class, profits, is looked upon as a good thing since the purpose of industry is profit making; the income of the working class, wages, is looked upon as a bad thing since it cuts into profits. Regardless of the lip service paid to the merit of the theory of high wages, that is the nub of the matter. Profits are regarded as a positive good to be made as large as possible; wages are regarded as a positive evil to be kept down to a minimum so costs of production will be low.
The resultant inability of the workers to buy back the goods they produce leads to crisis and depression the periodic breakdown of the system. Could any economic system be more illogical?

Another irrationality that grows out of this emphasis on profit making as the primary motive for the development of industry, it is the confusion it creates in the Values men live by.

What is the guide to conduct in capitalist society? That depends.

In the world of family and friends, in the world of religion, other standards prevail. Instead of competition, cooperation; instead of hate, love; instead of grab for yourself, service to others; instead of climb to the top on the other fellows back, help your fellow-man; instead of how much is there in it for me?, will benefit others?; instead of the lust for riches, the desire to serve.

Two sets of values—as different as night and day.

2.3 Capitalism is Unjust

The capitalist system is unjust.

It must be unjust because its foundation stone is one of inequality.

The good things of life flow in a never-ending stream to a small, privileged, rich class; while frightening insecurity, degrading poverty, and inequality of opportunity are the lot of the large, unprivileged, poor class.

This is one result of the private ownership of the means of production—the basis of the capitalist system. Another important result is the inequality of personal freedom between those who own and those who do not own the means of production.

The worker, in theory, is a free person who can do as he pleases. In fact, however, his freedom is severely limited. He is free only to accept the oppressive terms offered by the employer—or starve.

As President Roosevelt put it in his message to Congress on January 11, 1944, Necessitous men are not free men.

The structure of the capitalist system is such that the majority of the people must always be necessitous men and therefore not free. They own nothing but their two hands; they must eat today what they earned yesterday; at 40, they are considered too old to work in mass-production industry; and always there is the overhanging dread of losing their job.

Another injustice of the capitalist system is the toleration of a parasitic class which, far from being ashamed of living without working, actually takes pride in it. The apologists for the capitalist system argue that though these parasites are idle, their money is not—the tribute they exact from those who work is the reward of the risk they take. To some extent, that is true—there is indeed a possibility that their money will be lost.

But while they risk their money, the workers risk their lives. Just how great are the risks the workers take? The figures are astounding. Loss of life and injuries within our industrial plants during the war period far exceeded the casualties on the battle fronts.

In 1946, every 30 minutes, for 24 hours around the clock, seven days a week, an American worker was killed on the job by accident.

Every 17.5 seconds an American worker was injured.

Who really takes the risks in industry?

And what is the reward the workers get for the risks they take? Here is a specific example, typical of capitalist industry:

In 1946, the union of shipyard workers in the Bethlehem Steel Company fought for and won an increase of 15 per cent which raised the minimum shipyard rate to $1.04 an hour.

That’s $41.60 a week, or $2163.20 a year.
In 1946, the executives in Bethlehem were given a 46 per cent salary boost. Mr. J.M. Larkin, vice-president of Bethlehem, who insisted that the incentive rates for workers had to be cut, was given a bonus of $38,764 in addition to his salary of $138,416.

That's $177,180 a year, $3,407.30 a week, $85.18 an hour.

Mr. Larkin received each week more than one and one-half times as much as workers getting the minimum rate at Bethlehem received in a year.

Mr. Larkin received every hour, more than twice as much as the workers earned in a week.

Mr. Larkin’s income, however large it may be relative to that of the workers, has the merit of being earned. He has performed a necessary function, and therefore has a legitimate moral claim to what he receives. But what moral claim to ownership does the man have who inherits a fortune and never does a stroke of work in his life?

Let us be clear about the significance of the institution of inheritance in the capitalist system. When a man inherits a million dollars it isn’t just a pile of money on which he draws until nothing is left. Its not like that at all.

The million dollars is most commonly in the form of stocks or bonds in industrial or banking corporations. Some shares may pay dividends of 8%, some 2% etc. Let us assume that he has an average return of 4%. This means that by the simple fact of owning those shares, he has an annual income of $40,000.

Of all the wealth that is produced in the country every year, $40,000 worth flows into his pockets. He spends the $40,000 this year, and next year, and the year after. After 20 years he dies, and his son inherits the fortune. The son then has $40,000 a year to spend. And his son after him. And so on. And after generations of spending $40,000 every year, the million dollars is still intact! Who says you can’t eat your cake and have it too?

Neither the man, nor his son, nor his sons son has ever had to soil their hands with work. Their ownership of the means of production has enabled them to be parasites living off the work of others.

Another crying injustice in the capitalist system is inequality of opportunity.

A baby is born into the home of a worker earning $2,000 a year at the same time that one is born into the home of the millionaire. Do they enjoy the same rights and opportunities? Will the food, clothing, and shelter of the one is as good as that of the other? Will the medical care, recreation, and schooling is similar?

It's no good to answer that America is the land of opportunity, and the workers son, if he has ability, can rise to the top. Ability counts for a great deal, but birth, social position, and wealth count for more. This does not mean that with ability, energy, and luck it is not possible for a poor boy to become rich. It is. But the chances for the poor, as a class, to rise above their station were always slim and are getting increasingly less possible.

Where opportunity is lacking, it is not enough to have ability. And opportunity is lacking.

That’s what Supreme Court Justice Jackson told the members of the American Political Science Association some years ago: The real curse of our system of private enterprise today is that it has destroyed enterprise, it does not offer an opportunity for enough of the ablest men to rise to the top . . . the dream of ability rising to the top is seldom true. . . . Parents labor and save to provide formal education for their children and when that education is finished there is no place for the boy or girl to go except straight to the bottom of an impossibly long ladder of a few great corporations dominated by Americas sixty families.

On the state of education in the country, President Johnson said in 1965:

How many young lives have been wasted; how many entire families now live in misery; how much talent has this great powerful nation lost because America has failed to give all of our children a chance to learn. Last year almost one out of every three of all draftees were rejected by the armed services because they could not read or write.
at the eighth grade level. Today as I speak nearly 54 million have not finished high school. This is a shocking waste of human resources.

Inequality of opportunity in education extends even further. The President’s Commission on Higher Education reported, in 1947: One of the gravest charges to which American society is subject is that of failing to provide a reasonable equality of educational opportunity for its youth. For the great majority of our boys and girls, the kind and amount of education they may hope to attain depends, not on their own abilities, but on the family or community into which they happened to be born or, worse still, on the color of their skin or the religion of their parents.

The color of their skin means Negroes, and the inferior quality of education afforded to blacks is shown by a multitude of statistics. Here are two very significant facts from a 1967 report by the Bureau of the Census and Bureau of Labor Statistics entitled Social and Economic Conditions of Negroes in the United States: The average Negro youngster in the final year of high school is performing at a ninth-grade level. By 1963, about 7 per cent of all Negroes 25 to 34 years had completed college compared to about 14 per cent of all whites in this age group.

If you have a black skin not only will your education be poorer, but you are more apt to die at birth, your illness is more likely to be fatal, your life expectancy will be shorter, the house you live in will be inferior, your chance of getting and holding a job will be slimmer, and your income will be lower. In 1966 the median income of black families—the colonial people within our own borders—was only 60 per cent that of white families.

In a system where the primary motive for the production of goods is the making of profit, it is inevitable that profit should be regarded as all-important—more important even than lives. And so it is. In capitalist society, it is not uncommon for dollars to be valued higher than human beings.

The bodies of 111 men who died in the Centralia mine explosion on March 25, 1947 are grim witnesses to that truth.

These 111 men need not have died.

The operators knew the mine was unsafe because both state and federal mine inspectors wrote report after report telling them so.

Dwight Green, Governor of the State of Illinois, knew the mine was unsafe.

He knew because on March 9, 1946, he received a letter from the officers of the United Mine Workers Local Union No. 52, who wrote at the request of the men in the mine: . . . Governor Green this is a plea to you, to please save our lives, to please make the department of mines and minerals enforce the laws at the No. 5 mine of the Centralia Coal Co. . . . before we have a dust explosion at this mine like just happened in Kentucky and West Virginia. . . .

One year later, three of the four men who signed that letter were dead—killed in the explosion they had begged the Governor to save them from.

A state investigating committee—after the explosion—asked William H. Brown, supervisor of the mine, why the operators had not installed a sprinkling system.

He answered, We honestly did not think it was economical for our mine.

You mean you didnt want to bear the expense? asked the Committee.

That’s right, Brown replied.

Dollars vs. lives—and dollars won.

2.4 Capitalism Is On The Way Out

The capitalist system is not only inefficient and wasteful, irrational, and unjust; it has broken down.

In a period of crisis the system collapses to such an extent that instead of society being fed and clothed and sheltered by the workers within it, society must assume the burden of feeding.
clothing, and sheltering the jobless with systems of doles, home relief, make-work jobs, and the like.

Were it only in periods of crisis that the system checked production, then it could be argued that capitalism impeded the development of productive forces only temporarily, not permanently. But that is not the case. Professor Schlicter of the Harvard Graduate School of Business Administration says: It is not, however, merely in times of depression that industry fails to produce to capacity. Under existing economic arrangements, most enterprises must normally restrict output in order to maintain solvency.

In spite of the enormous toll of human life and the huge economic losses which war brings in its wake, capitalist nations, nevertheless, continue their drive towards war; the stability of the system is thus endangered, the possibility of the annihilation of the human race is real, yet capitalism is no sooner finished with one war than it prepares for the next.

It has no alternative. The contradictions which beset it cause it to disuse or under use its productive capacity in peacetime. Only in war or preparation for war can it produce abundance. It cannot live except by preparing the weapons for its own death.

Capitalism is ripe for change.

The new system cannot be made to order. It will have to grow out of the old system just as capitalism itself grew out of feudalism. Within the development of capitalist society itself we must look for the germs of the new social system.

We have not far to look. Capitalism has transformed production from an individual into a collective process. In the old days, goods were turned out by individual craftsmen working with their own tools in their own shops; today, products are made by thousands of laborers working together on intricate machines in giant factories.

Increasingly the process becomes more and more social, with more and more people linked together in larger and larger factories.

In capitalist society, things are cooperatively operated and cooperatively made, but they are not cooperatively owned by those who made them. Those who use the machinery do not own it, and those who own it do not use it.

Therein lies the fundamental contradiction in capitalist society—the fact that while production is social, the result of collective effort and labor, appropriation is private, individual. The products, produced socially, are appropriated not by the producers, but by the owners of the means of production, the capitalists.

The remedy is plain—to couple with the socialization of production the social ownership of the means of production. The way to resolve the conflict between social production and private appropriation is to carry the development of the capitalist process of social production to its logical conclusion—social ownership.

Most business in the United States today is carried on by corporations in which the owners hold shares and get the profits, but the work of managing the enterprise is performed by hired executives. By and large the owners of corporations have little or nothing to do with management and operation. Ownership, once functional, is now parasitic. The capitalists, as a class, are no longer needed. If they were transported to the moon, production need not stop even for a minute.

Private ownership of the means of production and the profit motive are doomed. Capitalism has outlived its usefulness.

In its place a new social order is arising—socialism.
3 Advocates of Change

3.1 The Utopian Socialists

Socialism is a system in which, in contrast to capitalism, there is common ownership of the means of production instead of private; planned production for use instead of anarchic production for profit.

The idea of socialism is not new. The capitalist system had hardly gotten into its stride with the coming of the Industrial Revolution and the growth of the factory system, when already its inefficiency, waste, irrationality, and injustice were apparent to thinking people.

Beginning about the year 1800, in both England and France, the evils of capitalism were brought before the public in pamphlets, books, and speeches. There had been such critics before as early as the 16th Century and every century thereafter. But the earlier writers were, in the main, isolated thinkers who had never built up a following. Now that was changed. Robert Owen in England, and Charles Fourier and Comte Henri de Saint-Simon in France, may properly be termed pioneer socialists because around each of them developed a movement of considerable size. Their books were widely read, their speeches drew large audiences, and through them the idea of socialism was spread to other lands—including such far-off places as the United States.

They were not content merely with denunciation of Society As It Is. They went further. Each of them, in his own fashion, spent considerable time and effort on carefully considered plans for Society As It Should Be.

Each of them worked out, in the minutest detail, his own vision of the ideal society of the future. Though their private utopias were quite unlike and different in specific particulars, they were based on a common pattern.

The most important first principle in each of their utopian schemes was the abolition of capitalism. In the capitalist system they saw only evil. It was wasteful, unjust, without a plan. Under capitalism the few who did not work lived in comfort and luxury through their ownership of the means of production. The Utopians saw in the common ownership of the means of production the production of the means to the good life. So in their visionary societies they planned that the many who did the work would live in comfort and luxury through their ownership of the means of production.

This was socialism—and this was the dream of the Utopians.

It remained a dream for the Utopians because though they knew where they wanted to go, they had only the foggiest notion on how to get there. They believed that all that was necessary was to formulate their plan for an ideal society, interest the powerful or the rich (or both) in the truth and beauty of their new order, experiment with it on a small scale, and then rely on the sweet reasonableness of people to bring it into being.

The naiveté of the Utopians is shown in the fact that the very groups they were appealing to were precisely the ones whose interest lay in keeping things as they were, not in change. They showed the same misunderstanding of the forces at work in society in their repudiation of political and economic agitation by the working class; in their insistence that only through good will and understanding by all men, not through the organization of workers as a class, would the new society be attained.

Equally unrealistic was their idea that they could succeed in setting up miniature social experiments in accordance with their utopian blueprints.

As might have been foreseen, their islands of bliss in the gray sea of capitalist misery were doomed to failure. The capitalist system could not be patched up in little isolated communities shut off from the rest of the world.

The Utopian Socialists were humanitarians who reacted strongly to the harsh environment of capitalism. They made valid and penetrating criticisms of the capitalist system and invented...
schemes for building a better world. While they were preaching their new Gospel, two men were born who were to approach the problem in a different way.

Their names were Karl Marx and Friedrich Engels.

### 3.2 Karl Marx and Friedrich Engels

The socialism of the Utopians was based on a humanitarian sense of injustice. The socialism of Marx and Engels was based on a study of the historical, economic, and social development of man.

Karl Marx planned no utopia. He wrote practically nothing on how the Society of the Future would operate. He was tremendously interested in the Society of the Past, how it arose, developed, and decayed, until it became the Society of the Present; he was tremendously interested in the Society of the Present because he wanted to discover the forces in it which would make for further change to the Society of the Future.

Unlike the Utopians, Marx spent no time on the economic institutions of Tomorrow. He spent almost all of his time on a study of the economic institutions of Today.

Marx wanted to know what made the wheels go around in capitalist society. The title of his most important book, *Capital: A Critical Analysis of Capitalist Society*, shows where his interest and attention were centered. He was the first great social thinker to make a systematic, intelligent, critical analysis of capitalist production.

With the Utopians, socialism was a product of the imagination, an invention of this or that brilliant mind. Marx brought socialism down from the clouds; he showed that it was not merely a vague aspiration, but the next step in the historical development of the human race—the necessary and inevitable outcome of the evolution of capitalist society.

Marx transformed socialism from a utopia to a science. Instead of a visionary fantastic blueprint of a perfect social order, he substituted a down-to-earth theory of social progress; instead of appealing to the sympathy, goodwill, and intelligence of the upper class to change society, he relied on the working class to emancipate itself and become the architect of the new order.