

the German economic writer Rodbertus is sometimes included in the category of pre-Marxian socialists and with his generalized concept of rent has been called an anticipator of Marx's theory of surplus value. Certainly his theory at first sight has a good deal in common with that of the English Ricardian socialists. But the main concern of his theory was to provide an explanation of crises of overproduction (in terms of under-consumption) and of how these could be prevented. His critique of existing society must be classed as "conservative socialism," and the social reforms he advocated as a forerunner of "Bismarckian socialism" rather than of the popular socialist movement as we know it. Again, Lassalle (in some respects influenced by Rodbertus) was a popularizer and propagandist of socialist ideas rather than a theorist in his own right.

The Fabians and Guild Socialism

By the end of the century, when Fabian socialism arose in England as a rival both of nineteenth-century economic liberalism and of Marxism, the climate of thinking had changed. Gone was the influence of eighteenth-century rationalism and of the metaphysics of natural right, and gone with them was the habit of deriving ideal models for a future society from some mythical "natural" state of society in the past. The end of the Victorian era, the time of transition from the age of steam to that of electricity and from free trade to imperialism, had a more practical, more mundane, and more circumscribed cast of thought. The Fabians were not alone in their preoccupation with the inadequacies of laissez-faire and the propriety of extending the economic functions of the state. Certain academic economists, notably Sidgwick, had already opened this question, as earlier Jevons himself had done much more cautiously and as afterward Marshall and his disciple and successor Pigou were to do.

Among the authors of the *Fabian Essays* of 1889 were some famous names, such as Bernard Shaw, Sidney Webb, Graham Wallas, and Sidney Olivier, who, although sharing a common platform, spoke each with an individual accent. Bernard Shaw had been weaned from Marxism to the economic theories of Jevons (under the economist Wick-steed's influence) and from early revolutionary faith to a belief in evolutionary

"gradualism," which was the hallmark of the group as a whole. Webb was the patient empiricist, versed in the literature of royal commissions and acts of Parliament, who could report voluminously and in detail on social ills and inefficiencies needing remedy and the practical steps by which governmental action could remove them. In his Fabian essay he remarks that "history shews us no example of the sudden substitution of Utopian and revolutionary romance," attacks the age of individualism as the age of anarchy, and advances a radical programme of specific reforms as the necessary complement to political democracy. As a group, the Fabians were concerned with particular evils and remedial measures, rather than with any general philosophy of society or even (Shaw excepted) with the denunciation of private property and the receipt of rent, interest, and profit. Much emphasis was laid on efficiency, and their essential method would probably be called today "social engineering." Some have even denied them the name "socialists," owing to their lack of interest in any radical reconstitution of the property basis of society. Perhaps it is in Bernard Shaw, and in him only, that are found traces of continuity with earlier brands of socialism, whether of the English or the Continental variety, since he makes polemical use (in the *Fabian Essays* and in others of his works) of a generalized concept of rent as an "unearned surplus" reminiscent of Marxian surplus value—a socially created surplus, which ought to be appropriated by society and not by individuals.

Close on the heels of the Fabians—and to a large extent as a reaction against the strong element of *étatisme* in their outlook—came the comparatively short-lived but luminous movement known as "guild socialism." Originating in a group of writers connected with the journal *New Age* (edited by A. R. Orage) in the first decade of the present century, it was soon reinforced by recruits from the contemporary university generation (mainly Oxford Fabians and most notably G. D. H. Cole). It drew largely upon the ideas of the French syndicalists, with their emphasis on industrial direct action and the "industrial democracy" of direct workers' control, to correct the centralizing and bureaucratizing bias traditional to state socialism. (Cole's early work, *The World of Labour* of 1913, is eloquent of this French inspiration.) Their target of attack

was less the particular inefficiencies of capitalist individualism than the evils and the hateful human degradation of "wage slavery," with labour treated as a commodity, the abolition of which required that the social ownership of industrial capital be combined with the organization of industry under the control of democratic guilds composed of the actual producers (i.e., workers by hand and brain in the industries in question). Industrial democracy in this form was necessary not only to emancipate the workers but also to complement, indeed to realize, political democracy. In their theory of the state, guild socialists tended to be pluralist and to reject the notion of state sovereignty. In its denunciation of wage slavery guild socialism had more affinity with earlier and with Continental socialist thought than had the more insular English Fabianism.

Marxian Socialism

Not surprisingly, in view of its Hegelian roots, Marxian socialism started with a philosophy of history and a methodology. In a much-quoted phrase, Marx spoke of finding Hegel standing on his head and of proceeding to set him on his feet. This he claimed to have done by enunciating his materialist interpretation of history. According to this, it was the mode of production of any given epoch that was the key to the interpretation of that epoch, including its "superstructure" of ideas and moral sentiments and its legal and political institutions. This mode of production was conceived of as embracing not only its productive technology but also the prevailing "social relations of production"—namely, relations between men that turned upon their relations to the process of production and in particular to ownership of the means of production. In effect, these were class relations, and the contradictions inherent in such relations were the basis of class struggle, the prime mover of historical change to date.

History since the end of tribal society had witnessed three main modes of production: slavery, feudal serfdom, and modern capitalism based on wage labour. All of these were forms of class society—each marked by class antagonism in its specific way—in which the producer was in a position of subjection to a ruling class whose power rested on ownership. In consequence of this subjection the surplus product, over

and above what the producer himself retained for subsistence, was appropriated by the ruling and owning class, whether slave owners, feudal *seigneurs*, or capitalists. In the first of these socioeconomic forms, the ruling class owned the person of the labouring producer as well as the impersonal, material means of production. In the second, it had the legal right to annex a certain portion of the labour time of the producer, whether in the form of direct labour services or of tribute in kind. In the third, the labourer was in legal status a free agent, the relation between him and the capitalist being that of a contractual market relationship, yet the economic compulsion of his propertyless status obliged the proletarian wage earner to sell his labour power for little more than a subsistence wage (or for even less in conditions of acute unemployment). Thus the wage-labour-capital relationship under capitalism bore a major analogy with earlier and more patently servile forms of class relationship; property right per se was able to draw to its possessor, independently of any productive activity, a share of the total product.

This, in brief, was Marx's concept of exploitation (and as fruit of exploitation, class struggle): His economic analysis, as expounded in *Das Kapital*, was designed to enlarge on this analogy with previous modes of appropriating surplus product and to show how the persistence of a difference between the value of labour power (sold for wages) and the value of its product was consistent with the "law of value"—that is, with conditions of a free market and of perfect competition. Unlike earlier socialist writers, he did not deduce the existence of surplus value or exploitation from some principle of natural right of labour to its product (all too often supposed by commentators and critics to be inherent in the labour theory of value). The analogy with earlier modes of appropriating a surplus product was for him a historical datum, which he sought to explain in terms of economic theory—doing so by penetrating below the market "appearance" of things to the "essence" of social relations under capitalism (the relationship between capitalist and proletarian as that of owner and propertyless). For this reason, the boundaries of economic analysis were drawn more widely than in the narrower market-equilibrium studies to which we have grown accustomed in

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post-Menger, post-Jevonian economics, from which proper relations and their influence are excluded because they are thought to belong to social rather than to economic theory.

Marx's explanation turned on his distinction, to which he attached great importance, between labour and labour power. Labour power was what was sold as a commodity in return for wages and, like other commodities, sold for a price determined by the cost in labour necessary to produce and reproduce it. This was the cost of producing its own subsistence—its essential input (this being modified, as Marx like Ricardo, allowed, by a historically relative factor of social habit and custom). Hence wages absorbed only *part* of the product of labour at work for any given length of time—the value of labour power as a productive input was never more than a fraction of the net output emerging from the productive process. The difference was surplus value, which accrued to the title of ownership as profit, interest, or rent.

In this consisted the main part of his critical diagnosis of contemporary society. But it was also fundamental to his description of the dynamic of capitalist society and his prediction of its eventual replacement by socialism. With the development of the capitalist mode of production the class struggle would develop both in extent and in acuteness. With the widening and deepening of exploitation the proletariat would acquire class consciousness and would develop its own organization, both economic and political, as the eventual instrument of capital's overthrow. But there were two other agents of the dynamic process. First, there was a continuous tendency both toward concentration of production into larger units and toward centralization of capital itself, tendencies that at the same time encouraged more concentrated and more enduring organization of labour, while confronting labour with a more centralized, impersonal, and tyrannical foe. Second, because of its uncoordinated character (its characteristic "anarchy of production"), combined with a growing contradiction between the rate of growth of productive power and the slower rate of growth of markets, the process of capital accumulation was periodically interrupted by dislocating economic crises of overproduction. Such crises served the function of recreating