

JE KINDLE-NOTITIES VOOR:

The Capitalist Manifesto

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83 Highlights

Highlight (Geel) | Locatie 74

> We begin to form some notion of the economic counterpart of political democracy, or of the economic substructure needed to support free political institutions, when we recognize that it must involve two things: (1) economic liberty, i.e., the abolition of all economic slavery, servitude, or dependence; and (2) economic equality, i.e., the enjoyment by all men of the same economic status and, therewith, of the same opportunities to live well.

Highlight (Geel) | Locatie 157

> The socialization of the economy can be completed, according to Strachey, only when the abolition of private property in the means of production replaces the present highly attenuated private ownership of capital. But when that happens, all capital property must be vested in the State; and then, as Milovan Djilas has pointed out, you have a new class of “owners”? the bureaucrats who form the managerial class in a totalitarian state. Djilas’s book, The New Class, offers irrefutable evidence that a completely socialized economy, far from creating a free and classless society, creates one in which there is sharp class division between the rulers who are, in effect, the owners and the workers who are economically as well as politically enslaved. In the light of it, we can see clearly that it is socialism, not capitalism, which is essentially incompatible with democracy.

Highlight (Geel) | Locatie 244

> Marx and Engels admired the power of capital. “The bourgeoisie,” they asserted, “during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together.” But they deplored the consequences of the power wielded by the owners of capital.

Highlight (Geel) | Locatie 247

> Capital property was owned by less than one-tenth of the population, under whose tyrannical will the remaining nine-tenths lived like slaves. Hence the authors of the Communist Manifesto called for the transfer of all private property in capital instruments to the State, where it would be administered—they claimed—for the benefit of all men.

Highlight (Geel) | Locatie 314

> What appears to be the increasing productiveness of labor is not the increasing productiveness of labor but the increasing productiveness of capital. What appears to be the preservation

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Highlight (Geel) | Locatie 340

> In all the slave societies of the past, human beings were divided into two classes. On the one hand, there were the owners of property—in land, animals, slaves, raw material and tools. They were the masters and as such they were economically free men. On the other hand, there were the toilers who had no property of the aforementioned sort. They were the slaves, men without any economic freedom.

Highlight (Geel) | Locatie 362

> In the following threefold contrast between the conditions of economic slavery and freedom, the word “slave” is used in the broadest sense to cover not only men who belong to other men as their private chattels, but also all who are forced by lack of property to lead servile or subhuman lives. 1. The slave was a man who worked for the good or profit of another man, and worked as an instrument or tool of that other man as well as in his interests. He was exploited in the sense that the fruits of his labor were alienated from his good to that of another. In contrast, the economically free man engaged in no activity in which he served as the instrument of another man, and did nothing which served any good except his own or the common good of his society. 2. The slave was a man who was dependent for his subsistence on the arbitrary will of another man, his master. In this condition, he was always threatened with economic destitution—starvation or worse. He had no economic security or freedom from want. In contrast, the master as an owner of property was an economically independent man. This is not to say that any man is ever wholly secure from misfortune. Since wealth is among the goods of fortune, it is always subject to accidents. But allowing for accidents, the economically free man is one who has enough property to be free from want without greater dependence on other men than they have upon him, and to be relatively secure against the threat of destitution. 3. The slave was a man who spent most of his time and energy in toil. Toil for him began in childhood and ended with his death, usually an early one; and it occupied almost all of his waking life, seven days a week. What time was left he needed for sleep and other basic biological functions in order to keep alive. In contrast, the man who obtained all the subsistence he needed, or much more than that, from the use of his property, including the labor of his slaves, had economic freedom in the most important sense of this term: freedom from toil. Only when such freedom is added to freedom from want, insecurity, or destitution—and to freedom from exploitation by another and from dependence on the arbitrary will of another—do we approach the ideal of liberty in the economic sphere of human life.

Highlight (Geel) | Locatie 390

> The distinction between labor and leisure is generally misunderstood in twentieth-century America. Leisure is misconceived as idleness, vacationing (which involves “vacancy”), play, recreation, relaxation, diversion, amusement and so on. If leisure were that, it would never have been regarded by anyone except a child or a childish adult as something morally better than socially useful work.

Highlight (Geel) | Locatie 393

> The misconception of leisure arises from the fact that it involves free time—time that is free from the biological necessity of sleep, and of labor to obtain the means of subsistence. Such time can, of course, be filled in various ways: with amusements and diversions of all sorts, or with the intrinsically virtuous activities by which men pursue happiness and serve the common good of their society. Leisure, properly conceived as the main content of a free, as opposed to a servile, life, consists in activities which are neither toil nor play, but are rather the expressions of moral and intellectual virtue—the things a good man does because they are intrinsically good for him and for his society, making him better as a man and advancing the civilization in which he lives.

Highlight (Geel) | Locatie 417

> Since the confusion of leisure with idleness or amusement is rampant in our industrial society, when, for the first time in history, it has become possible for all men to have enough free time to engage in leisure, it may be difficult for our contemporaries to understand that labor and leisure are the two main forms of human work, and that the first is for the sake of the second. Unless they do understand this, however, they will not see the ultimate moral significance of the capitalist revolution. It may increase human freedom and strengthen the institutions of a free society, but freedom itself is only a means. Freedom can be squandered and perverted as well as put to good use. Only if freedom from labor becomes freedom for leisure will the capitalist revolution produce a better civilization than any so far achieved, and one in the production of which all men will participate. Only if men thus use their opportunity for leisure will the capitalist revolution result in an improvement of human life itself, and not merely in its external conditions or institutions. As labor is for the sake of leisure, so freedom and justice for all are the institutional means whereby the good life that was enjoyed by the few alone in the pre-industrial aristocracies of the past will be open to all men in the capitalistic democracies of the future.{8} The

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Highlight (Geel) | Locatie 430

> It may be helpful to observe that where Aristotle drew a sharp line between labor and leisure, Adam Smith made the same distinction in human activities by drawing an equally sharp line between what he called “productive labor” and “non-productive labor.” His use of the word “labor” shows that he had socially useful work in mind in both cases, and not idleness or play. By “non-productive labor,” he meant the activities of the clergy, statesmen, philosophers, scientists, artists, teachers, physicians and lawyers. He called these activities “labor” because, like the forms of work that are productive of wealth, they are not playful but serious, and serve a socially useful purpose. And he called such labor “non-productive” because, unlike other forms of work, the socially useful purpose they serve is not the production of wealth or the goods of bodily subsistence, but the production of civilization, or the goods of the human spirit.

Highlight (Geel) | Locatie 498

> What he is saying, in short, is that all men are under a moral obligation not just to work for a living, but to work in order to deserve a living. In the Christian sense, those who, having the means of subsistence, do not try to live well by doing liberal work enjoy a living they do not deserve.

Highlight (Geel) | Locatie 559

> Let us, then, for one more moment of projection, imagine a society in which machines do all or most of the mechanical work that must be done to provide the wealth necessary both for subsistence and for civilization. Let us imagine, further, that in this society, every man, or every family, has a sufficient share in the private ownership of machines to derive sufficient subsistence from their productivity. In this automated industrial society, each man, as an owner of machines, would be in the same position as an owner of slaves in a slave society. As a capitalist, he would be an economically free man, free from exploitation by other men, free from destitution or want, free from the drudgery of mechanical work—and so free to live well if he has the virtue to do so.{11}

Highlight (Geel) | Locatie 565

> Such a society would be a truly classless society, and the very opposite of the class-divided society of the socialist state, in which a despotic bureaucracy constitutes a ruling and owning class as against the mass of the workers who have no economic independence or any effective political power. Even were we to accept at its face value the claim that the dictatorship of the proletariat creates a “classless society,” it would be a classless society of propertyless workers. In contrast, the classless society of capitalism, the image of which we have projected from Aristotle’s extraordinary fantasy, would be a classless society of masters not slaves, of propertied men able to enjoy leisure, not of propertyless men still engaged in toil. Such a classless society fulfills the ideal of economic democracy. All its members would be economically free and equal, even as in a political democracy all men enjoy political freedom and equality. Just as the status of citizenship conferred upon all has achieved political democracy, so the individual and private ownership of capital by all households would achieve economic democracy. This ideal can become a practical reality to whatever extent an actual society is able (1) to reduce human toil to the minimum through a proper use of automation; (2) to approximate a universal diffusion of private property in the capital instruments of production; and (3) to educate its members to devote themselves not only to the wise management and productive use of their productive property, but also to the pursuits of leisure and the production of the goods of civilization.

Highlight (Geel) | Locatie 607

> The factors of production fall into three main categories: (1) natural resources, (2) human labor, and (3) inanimate instruments made by man. Each of these can be further subdivided as follows.

Highlight (Geel) | Locatie 609

> Natural resources include (a) agricultural and mineral land, the sea and air, and the raw (unprocessed) materials derived from them; (b) all sources of natural power, e.g., water power, electrical power, solar power, atomic power, etc.; and (c) the power and skill of domesticated animals.

Highlight (Geel) | Locatie 611

> Human beings engaged in subsistence work contribute (a) physical power analogous to the power of animals or other sources of natural power, such as waterfalls; (b) mechanical skill, which consists in the direction or control

> of such power as is needed to produce wealth; and (c) creative skill, which consists in the invention or improvement of things, including the nonhuman factors in production, or in the organization and management of the productive forces derived from all the productive factors involved. Inanimate instruments can be divided into (a) hand tools, which merely increase human productive power or skill; (b) power-driven machines, which replace men to some extent as sources of skill and which replace men and animals as sources of productive power, generally supplying more productive power than can be derived from animals and men; and (c) automatic machines, which not only replace men and animals as sources of productive power and provide vastly more power than either, but also replace men as sources of productive skill and, in addition, contribute to the productive process as a whole—skills that are entirely beyond the capacity of men and animals to develop.

Highlight (Geel) | Locatie 688

> In the industrial production of wealth, i.e., in machine production, there are, as we have seen, three main types of human workers: (1) mechanical workers; (2) technical workers; and (3) managerial workers. Of these three, the first perform purely mechanical tasks. The last two perform tasks most of which are not mechanical and cannot be mechanized.

Highlight (Geel) | Locatie 724

> Where the value of labor is competitively determined (even allowing for true collective bargaining, which merely establishes a balance of the power as between the employed and the employer and leaves the employer free to employ others if he believes better terms can be made), the wage determination is automatically a determination of the value of labor's contribution to the final product. But since we live in an economy characterized by redistributive taxes, the combined power of unions and the countervailing power they receive from government, and various potent political devices that artificially stimulate consumer demand in order to provide full employment, there is no statistical evidence from which we can compute the actual economic productivity of labor in America today. We can only draw inferences from the magnitude of the means employed to prevent the competitive fixing of wages and to increase the employment of labor. We can also draw inferences of a negative sort, with regard to the relative economic productivity of capital instruments, by considering the incomes still received by the owners of capital after all the foregoing forces have diverted from the owners of capital and to the owners of labor a large portion of the wealth produced by capital instruments. {18}

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> By property we mean that which a man possesses, together with a right to control it, use it, derive benefits from it, or dispose of it, in any lawful manner that he wishes. With regard to property, we would like to make two distinctions. (1) The first distinction is between innate and acquired property. Innate property is that which a man possesses as part of his own nature, together with a right to its control. So far as property having economic significance is concerned, the only form of innate property is the productiveness that is inherent in a man's bodily strength and mental skill.

Highlight (Geel) | Locatie 746

> Acquired property consists in all things external to a man's own person, which he not only possesses but also establishes his right to control. Writing with a pre-industrial economy in mind, John Locke enunciated the fundamental truth that it is a man's use of his own innate labor power which is the basis of his appropriation of the things which God gave to all men in common.{20} Locke's labor theory of property must never be confused with Marx's labor theory of value. Locke is concerned only with explaining the origin of acquired property rights at that starting point in human affairs when men first appropriated the land they tilled or the tools they made.

Highlight (Geel) | Locatie 758

> (2) The second distinction involves a threefold classification of the forms of productive property, i.e., the ownership and control of factors productive of wealth. It is as follows: (a) Property in natural resources (including mineral and agricultural land, resources reclaimed from the sea or air, raw materials, natural sources of power and domesticated animals). (b) Property in instruments of production (including processed materials as well as hand tools, power-driven machines and automatic machines) and in productive organizations. (c) Property in human labor power (including the acquired labor power of other men who are owned as slaves, as well as one's own innately possessed labor power).

Highlight (Geel) | Locatie 800

> To the extent that any of the contributions to production are not evaluated through the operation of supply and demand in a freely competitive market, the distribution which results from participation in production may be (1) less than the value of the contribution made, or (2) more than its value. In either case, the difference between the competitively determined value of the contribution and what is received for it (in wages, dividends, payments for materials, etc.) represents a secondary distribution of wealth in favor of the party who gets more than the value his contribution would have been determined to have in a freely competitive market. The importance of this distinction between primary and secondary distribution will be seen in the next chapter where we shall set forth three principles of justice applicable to the production and distribution of wealth. None of these principles applies to secondary distribution. The only questions of justice with which we shall be concerned relate to the primary distribution of wealth—the distribution that is integrally connected with participation in the production of wealth."{22}

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> At the opposite extreme, we must recognize the fact that there are many men who possess adequate capital estates and who take such compensation as they can get for the liberal work they do as educators, scientists, criminal lawyers, physicians, highly paid public officials, etc. In addition, it is often the case that these men are able to retain little or nothing of such compensation because of their already being in a high income tax bracket. These men represent the ultimate in failure or refusal to distinguish between (1) items of wealth which are property subject to purchase and sale, and (2) the goods of civilization which should be entirely above the market place.

Highlight (Geel) | Locatie 858

> Therefore, the solution of this problem is not to be found in obliterating the essentially sound distinction between the goods of subsistence and the goods of civilization, nor in excluding the payments made to men who do essentially liberal work from the primary distribution of wealth, thereby making certain principles of economic justice inapplicable to liberal work that is extrinsically compensated. The ultimate solution lies rather in the transformation of our society that the capitalist revolution aims to bring about—a transformation that will enable an ever increasing part of the liberal work which creates civilization to be done without any extrinsic compensation for it.

Highlight (Geel) | Locatie 920

> In order to apply this principle, we must be able to assess the economic value of the contribution made by each of the independent participants in production. How can their economic value be impartially or objectively determined, and determined in a way that is consonant with the institutions of a free society? More specifically, what assesses the value of the contribution to production made by factors A, B and C, in terms of which the owners of such factors are entitled to receive proportionate shares of the total wealth produced? Our answer, in brief, is: free competition.

Highlight (Geel) | Locatie 931

> Aristotle recognized, Marx says, that we cannot equate qualitatively different commodities, unless they can somehow be made commensurable; but lacking any objective and common measure of their exchange value, he found that there was no way to commensurate qualitatively different things. Marx quotes Aristotle as declaring that “it is impossible that such unlike things can be commensurable”; and then adds that Aristotle “himself tells us what barred the way to his further analysis; it was the absence of any concept of value. What is that equal something, that common substance which admits of the value of the beds being expressed by a house? Such a thing, in truth, cannot exist, says Aristotle.”{25}

Highlight (Geel) | Locatie 937

> At this point, Marx offers his own solution of the problem which, he says, Aristotle failed to solve. The objective and common measure of exchange value is human labor. According to the labor theory of value, two qualitatively different things can be made commensurable by measuring both by the amount of human labor involved in their production, and when thus measured, things of equivalent value can be justly exchanged.

Highlight (Geel) | Locatie 946

> Aristotle admits, as Marx says, that it is impossible for the qualitatively heterogeneous to be made perfectly commensurate; “but,” he immediately adds, “with reference to demand they may become so sufficiently.”{27} So far as we know, Marx and Aristotle offer the only recorded solutions to the problem of how to commensurate the value of heterogeneous things in order to determine equivalents for the purpose of justice in exchange. If Marx’s labor theory of value is false, as we contend it is, then Aristotle’s solution is the only one available; and, as he says, it is sufficient for all practical purposes even if, under actual market conditions, it falls short of

perfection. The exchange value of goods and services is, in its very nature, a matter of opinion. Only where free and workable competition exists does the value set on things to be exchanged reflect the free play of the opinions of all, or at least many, potential buyers and sellers. Any other method of determining values must involve the imposition of an arbitrary opinion of value, an opinion held by one or more persons or an organized group; and such a determination of value, to be effective, must be imposed by force. We submit that the human mind can conceive of no other accurate, objective, and impartial determinant of economic value, once the fallacious labor theory of value has been discarded. What has just been said about free competition as the only accurate, objective, and impartial means of measuring the equivalence of values for the purpose of justice in the exchange of heterogeneous commodities is equally applicable when the purpose is one of measuring the relative contribution of different factors in the production of wealth, in order to allocate a just distribution of the wealth produced among the owners of these productive forces.{28}

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One further point should be observed in passing. If the labor theory of value were true—that is, if labor and labor alone were the source of all value in economic goods and services—then labor would be entitled, in strict justice, to the whole of the wealth produced. According to this theory, labor, either in the form of living labor or, as Marx suggests, in the form of “congealed labor” (i.e., the labor that is accumulated and congealed in machines), contributes everything to the production of wealth except what nature itself affords. Hence, everything produced would belong to labor as a matter of just requital.{29}

Highlight (Geel) | Locatie 967

Hence if the labor theory of value were true and if a just distribution of wealth were to be based upon it, there would be no problem of how to divide the wealth produced as between the owners of property in capital and the owners of property in labor power. Marx might then be right in arguing that capital property in private hands should be expropriated, and in recommending that the State, having “expropriated the expropriators,” should operate all capital instruments for the general welfare of the working masses, to whom all the wealth produced should then be distributed according to their individual needs.{30} Since,

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We are, therefore, confronted with this critical problem. In an industrial economy such as ours, is it possible to order things so that (1) all families are in a position to earn what amounts to a decent standard of living, (2) by an organization of the economy which preserves and respects the rights of private property in capital instruments as well as in labor power, and which (3) distributes the wealth produced among those who contribute to its production in accordance with the principle of distributive justice stated above?

Highlight (Geel) | Locatie 1057

That solution is based on full respect for property rights and on principles of economic justice which not only respect such property rights but also recognize that each man (or, more accurately, each household) has a natural human right to participate in the production of wealth through the ownership and application of productive property (either property in labor or in capital instruments or in both) to a degree sufficient to earn for that household a decent standard of living.

Highlight (Geel) | Locatie 1064

> Justice, in its most general formulation, imposes the following moral duties or precepts upon men who are associated for the purposes of a common life: (1) to act for the common good of all, not each for his own private interest exclusively; (2) to avoid injuring one another; (3) to render to each man what is rightfully his due; and (4) to deal fairly with one another in the exchange of goods and in the distribution of wealth, position, status, rewards and punishments.

Highlight (Geel) | Locatie 1079

> Among those who participate in the production of wealth, each should receive a share that is proportionate to the value of the contribution each has made to the production of that wealth.

Highlight (Geel) | Locatie 1084

> Every man has a natural right to life, in consequence whereof he has the right to maintain and preserve his life by all rightful means, including the right to obtain his subsistence by producing wealth or by participating in the production of it.

Highlight (Geel) | Locatie 1092

> Since everyone has a right to property in the means of production sufficient for earning a living, no one has a right to so extensive an ownership of the means of production that it excludes others from the opportunity to participate in production to an extent capable of earning for themselves a viable income; and, consequently, the ownership of productive property by an individual or household must not be allowed to increase to the point where it can injure others by excluding them from the opportunity to earn a viable income.

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> One is man’s right to property in his own labor power. As we have seen, the injustice of chattel slavery or forced labor consists in the violation of this right. But while an economy which has abolished chattel slavery or forced labor grants all men the right to be independent participants in the production of wealth through the use of their own labor power, that by itself is not enough in any economy in which men who wish to earn a living by the use of their property are unable to do so.

Highlight (Geel) | Locatie 1249

> We are thus brought to the consideration of a second basic right, which is complementary to man’s right to produce the wealth he needs, or, what is the same thing, to share in the distribution of wealth as a result of earning his share. This second right derives immediately from the most fundamental among all of man’s natural rights—his right to life or existence. The right to life involves more than a right not to be murdered or maimed. Since a man cannot live for long without having the means of subsistence, the right to life is meaningless unless it involves a right to acquire subsistence by rightful means. This right has sometimes been referred to as the “right to a living wage.”{36} As that phrase indicates, it is a right to earn a living, not to receive it as a gift or to

> obtain it by theft. To say that it is a right to earned income is, therefore, to say that the share of wealth received must be proportioned to the contribution made.

Highlight (Geel) | Locatie 1258

> The chattel slave may be given subsistence; but since he is deprived of all property—property in his life and liberty as well as labor power—he has, under these unjust conditions, no way of earning his living. A man who cannot find employment may be kept alive by private charity or by the public dole; but he, too, is unable to earn a living so long as he is unable to use the only property he has, his labor power, to participate in the production of wealth and thereby have a just claim upon a share in its distribution.

Highlight (Geel) | Locatie 1262

> Thus we see that there are two conditions under which a man's life may be preserved and yet his right to subsistence denied, i.e., his right to obtain a living through the use of his own property. One is the condition of slavery, in which a man lacks any property through which he can participate in the production of wealth. The other is the condition of those who have productive property but whose property, under the prevailing economic circumstances, is rendered ineffective as a means of obtaining a viable income. We are, therefore, required by justice to do more than abolish chattel slavery. We are required to organize the economy in such a way that every man or family can use his or its property to participate in the production of wealth in a way that earns a living for that man or family. This principle of justice, which is based on the right of every man or family to obtain a viable income by earning it, is integrally connected with the principle of distributive justice already stated. The latter declares the right of every independent participant in the production of wealth to receive a share of that wealth proportionate to his contribution. It indicates that a man's right to an earned income is a conditional right; for it imposes upon him the duty to contribute by the use of his property to the production of wealth. Unless he does so, he cannot rightfully claim a share.

Highlight (Geel) | Locatie 1300

> contend that, under all conditions, men are justly entitled to a living wage is, therefore, equivalent to saying that men have a right to the continuance of the conditions under which wealth is produced primarily by labor. There is, of course, no such right; nor would men wish to see it implemented or enforced if there were. To speak of the right to a living wage is, therefore, an inaccurate statement of the right to earn a viable income by effective participation in the production of wealth. The principle of participation entails a right to produce wealth in a manner consistent with the way wealth is in fact being produced, taking full advantage of the existing state of technology.

Highlight (Geel) | Locatie 1305

> In an industrial economy, there are two basic ways in which a man or a household may participate in the production of wealth to an extent sufficient to earn thereby a viable income. One is through the productive employment of one's own labor power. The other is through the productive employment of the capital instruments in which one has property (normally represented by shares of capital stock, but capable of being represented by other forms of securities or by partnerships or other proprietary interests). A household may also participate in production through combinations of these two means.

Highlight (Geel) | Locatie 1318

> But it is possible for the ownership of capital to become highly concentrated. Such concentration is capable of reaching the point at which some men or households are either totally excluded from participation in production or excluded from participating to an extent sufficient to earn them a viable income or, as we sometimes say, a decent standard of living. It is at this point that the principle of limitation must become operative to prevent such concentrations of capital ownership as are injurious to the economic rights of others, i.e., their right of effective participation in production and to earn thereby a viable income in the form of the distributive share to which they are justly entitled by the value of their contribution.

Highlight (Geel) | Locatie 1352

> The liberty of each man to pursue his private interests, so far as this can be done without injury to others or to the common good, would not be infringed by legislation preventing individual accumulations of capital from exceeding the amount at which they tend to prevent others from effectively participating in the production of wealth by their ownership of capital. If any line can be drawn between liberty and license, it is certainly at the point at which one individual seeks to do as he pleases even though he thereby invades the rights and liberties of other men. In his essay On Liberty, John Stuart Mill circumscribed the sphere of actions in which the individual is justly entitled to be free from interference or regulation on the part of society or government, by excluding from that sphere actions which injure others or work against the public interest.{40}

Highlight (Geel) | Locatie 1367

> It should not come as a surprise, therefore, that in a truly capitalist economy, economic freedom and justice will be as widely diffused as the ownership of capital. The thing to be in a capitalist democracy is a citizen-capitalist.

Highlight (Geel) | Locatie 1371

> Until the emergence of industrial production in the nineteenth century, all the economies of the past were laborist economies. Many were in fact slave economies, because a large portion of the human labor used to produce wealth was drawn from men who were owned as chattels. But a laborist economy need not be a slave economy. In fact, the primitive form of the laborist economy involved no slaves at all. It was only in its civilized form that slavery was introduced and became indispensable to the development of civilization.

Highlight (Geel) | Locatie 1375

> We define an economy as laborist if labor (i.e., human productive power and skill) is the chief force in the production of wealth, and is either the sole form or the principal form of productive property entitling its owners to shares in the distribution of the wealth produced. The primitive laborist economy was that of the isolated family or the small village or tribe, in which there was some division of labor among the members of the group, in which each family owned its own labor power, its tools and its animals, in which land was usually common rather than appropriated, and in which few were hirelings, i.e., dependent for their subsistence on payments made by others.

Highlight (Geel) | Locatie 1381

> In some primitive laborist economies, including some that exist today, the distribution of the total wealth produced was and is accomplished by gift and apportioned to need rather than determined by right and apportioned to earning. In such cases, the institutions of the market and competitive evaluation by demand were and are also absent.{41}

Highlight (Geel) | Locatie 1384

> However, where in a primitive laborist economy the distribution was by right rather than by gift (as, for example, in isolated colonies or frontier settlements), that distribution was also laboristic in form. It could hardly have been otherwise if it tended to approximate a just distribution; for in an economy where labor is the chief productive force, the distributive shares of the wealth produced, to be justly apportioned, must be largely determined by the different amounts of labor—both power and skill—whereby men contribute to the production of wealth.

Highlight (Geel) | Locatie 1404

> In the civilized form of the laborist economy, there was not only a division of labor in the sphere of subsistence work, but, what is more important, there was also a sharp division of human activity itself into subsistence work and leisure work. While slaves and toilers produced the wealth on which the whole society subsisted and prospered, the propertied men of leisure, at least those who were virtuous as well as free, produced the goods of civilization. It was generally thought that slavery, serfdom, or their equivalents in submerged human labor, were necessary for the emancipation of the few to do the work of civilization. SECOND

Highlight (Geel) | Locatie 1411

> With the invention and improvement of power-driven machines, labor began to lose its place as the chief form of productive property. As society passed from handicraft production to machine production and from non-mechanized to mechanized agriculture and mining, labor progressively contributed less and less to the wealth produced; capital instruments, more and more. As the efficiency of the machines increased, the burden of production gradually shifted from men to machines. With that change, capital replaced labor as the principal form of productive property.

Highlight (Geel) | Locatie 1419

> As we have already seen, capital consists of property in all the means of producing wealth except one, i.e., labor. Hence, by the substitution of machinery for labor as the principal form of productive property, we pass from a laborist to a capitalist economy. The distinctive character of a capitalist economy is thus indicated. It can be defined as an economy in which capital instruments are the chief productive force and, together with natural resources, constitute the principal form of productive property entitling its owners to shares in the distribution of the wealth produced. THE

Highlight (Geel) | Locatie 1430

> We have seen that the ownership of labor power was either (a) universally diffused, as in primitive laborist economies in which slavery did not exist, or (b) relatively concentrated, as in civilized laborist economies in which large amounts of human labor were owned by a small slave-owning class. We have also seen that the form of distribution was either (a) by right, i.e., based on amount of contribution to production, or (b) by gift, i.e., based on needs rather than on rights.

Highlight (Geel) | Locatie 1434

> In those cases in which all, or a major portion, of the wealth produced is distributed among those who by their labor produced it, we call the form of the distribution "laboristic." The principle of such distribution may be either justice or charity depending on whether it is based on rights or needs. Labor receives what labor earns when shares of the wealth produced are apportioned among those who produce it by a competitive evaluation of the contributions workers make to its production.

Highlight (Geel) | Locatie 1438

> The slave economies present us with what at first appears to be an anomalous case. They were laborist in mode of production, but they were not laboristic in mode of distribution, inasmuch as the major portion of the wealth produced went to the slave owners who were also owners of land, tools, and animals. If we can call the slave owners "capitalists," even though labor was the principal form of productive property that they owned, we can describe the form of distribution as "capitalistic," thereby signifying that the major portion of the wealth produced was distributed to those who earned it, not by their own labor power but by the use of other instruments of production which they owned.

Highlight (Geel) | Locatie 1443

> So far the terms we have used to describe the various forms of the laborist economy are purely descriptive. They describe the way in which the wealth of a society is produced, the way in which its principal productive property is owned, and the way in which the wealth produced is distributed. But when we pass from the form of distribution to the principle of distribution, we cannot avoid questions of justice. Thus, for example, we have seen that, in an economy that is laborist as to mode of production, either justice or charity (i.e., either rights or needs) may be the principle of a distribution that is laboristic in form.

Highlight (Geel) | Locatie 1448

> We are also confronted with the anomalous case of the slave economies that are laborist as to mode of production but are "capitalistic" rather than "laboristic" in the form of their distribution. The basic fact that slavery is intrinsically unjust, because it violates each man's natural right to property in his own labor power, underlies the anomalous character of the slave economies. It explains how they can be capitalistic in form of distribution, even though they are laborist as to mode of production. Wherever we find such discrepancy between the mode of production and the form of distribution, we have good reason to suspect that the economy is not organized in accordance with all three of the relevant principles of economic justice—the principles of distribution, participation and limitation.{44}

Highlight (Geel) | Locatie 1455

> Nevertheless, if we judge the slave economies in terms of only one of these principles, i.e., the principle of apportioning distributive shares on the basis of contributive shares, then the capitalistic form of distribution in a slave economy did observe one principle of justice while violating the other two. This amounts to saying that if we do not question the highly concentrated ownership of human labor (which violated the principles of participation and limitation), then slave owners, in receiving the major portion of the society's wealth, received what the productive use of their property earned for them.

Highlight (Geel) | Locatie 1468

> (1) The Mode of Ownership. The capital instruments of a society can be (a) privately owned and operated by individuals, families, and corporations; or (b) publicly owned by the State and operated by its governing bureaucracy. (a) Under a system of private ownership of capital, the ownership may be highly concentrated in the hands of the few at one extreme, or widely diffused among the population at the other extreme; or its degree of concentration or diffusion may fall somewhere between these two extremes. Insofar as it is highly concentrated, it gives the few economic power with which they can exert undue influence on the organs and personnel of government. Insofar as it is widely diffused, it gives the people generally the economic independence they need to bulwark their political liberty. (b) Under the system of public ownership of capital, the ownership is completely concentrated in the corporate personality of the State, which means that, for all practical purposes, it is highly concentrated in the hands of the policy making office-holders who exercise the political power of the State. Only if those persons were completely responsible to the electorate and subject to all the checks of popular sovereignty could the operative control of the capital instruments owned by the State be widely diffused, even though the ownership of them is not. But where, in a capitalist economy, private persons and corporations do not own property in capital instruments, they are without the leverage of economic power to exercise control over those who have political power; and so, where the State is the only capitalist, both economic and political power tend to become concentrated in the organs or bureaus of government. The bureaucrats who act in the name of the State are beyond check and cannot be made responsible. Under such conditions, democratic processes are fictitious, and the economic as well as political freedom of individuals is all but extinguished.{46}

Highlight (Geel) | Locatie 1483

> (2) The Form of Distribution. In economies in which capital instruments are the chief productive force and the principal form of productive property, the form of distribution is either (a) capitalistic or (b) laboristic. We are using these terms here in the same descriptive sense that we used them before in connection with economies in which human labor is the chief productive force and the principal form of productive property. (a) The distribution is capitalistic in form if the major portion of the wealth produced goes to the owners of capital. In an economy in which the private ownership of capital prevails, and in which that ownership is highly concentrated in the hands of a small class, the residue which remains to be apportioned among the laboring masses will inevitably be less than is needed for a decent standard of living, or in some cases even for a meager subsistence. {47} (b) The distribution is laboristic in form if all or the major portion of the wealth produced goes to those who contribute to its production only by the use of their own labor power; and it is partly laboristic and partly capitalistic in form if the distributive share which goes to the owners of capital is less than the major portion of

> the wealth produced, being the residue that remains after a substantial portion of that wealth goes to labor in order to provide a majority of the population with a decent standard of living.{48}

Highlight (Geel) | Locatie 1496

> In an economy in which the ownership of capital is completely concentrated in the hands of the State, the form of distribution is purely laboristic, and necessarily so.{49} In an economy in which capital is privately owned, but in which that ownership is concentrated in the hands of the few, the form of distribution cannot be purely laboristic without completely violating the rights of private property in capital. A purely laboristic distribution of industrially produced wealth is inconsistent with the effective private ownership of capital. It nullifies a productive use of such property in order to obtain the share of the wealth which it produced. But under a system of private ownership, and one in which that ownership is highly concentrated, it is possible for the form of distribution to be either purely capitalistic or partly capitalistic and partly laboristic.

Highlight (Geel) | Locatie 1505

> (3) The Principle Underlying the Form of Distribution. The principle underlying the form of distribution is either (a) one of strict justice, based on the rights of private property in capital and labor, as well as on other human rights; or (b) one of charity. When the principle is one of charity, concern for human needs or welfare may lead to only a limited invasion of the rights of private property in capital, in which case the form of distribution will remain partly capitalistic; or the principle of need may completely replace the principle of rights, in which case private property in capital will be completely abolished and the form of distribution will become purely laboristic.

Highlight (Geel) | Locatie 1595

> The capitalist revolution also turns away from the mixtures and confusions of economies that are partly socialized or laboristic capitalisms. But it does not turn back to the unjust and inhumane capitalism of the nineteenth century. It moves forward to the full fruition of the principles of justice that were possible under capitalism from the beginning. It seeks to make an economy that is capitalist in its mode of production one that is also purely capitalistic in its mode of distribution, as it should be. And by seeking to make all men capitalists, it strives to make effective their right to live on what they can earn by their capital property as well as by their labor, as men should be able to live in a society where capital instruments produce most of the wealth.

Highlight (Geel) | Locatie 1608

> (1) The form of capitalism which existed in Great Britain during the nineteenth century and which persisted in a waning state until the end of the First World War. In view of the fact that this was the original form taken by capitalism with the emergence of industrial production, we think it is fitting to call it “primitive capitalism.” It represents the least developed stage of industrial production as well as the first stage in the organization of an economy in which power-driven machinery and other capital instruments slowly became the chief productive force.

Highlight (Geel) | Locatie 1612

> The distinguishing characteristics of primitive capitalism are: (a) private ownership of capital instruments; (b) no limitation on, and hence undue concentration of, such ownership; (c) a capitalistic form of distribution with full returns to the owners of capital of what their productive property earns; (d) a bare subsistence standard of living, or worse, for the laboring masses in the population.

Highlight (Geel) | Locatie 1615

> (2) The form of capitalism which exists in Soviet Russia today. Two names suggest themselves as appropriate: “completely socialized capitalism” and “State capitalism.” The first points to the form of distribution, the second to the mode of ownership which prevails. We will use “State capitalism” because it is briefer.

Highlight (Geel) | Locatie 1618

> The distinguishing characteristics of State capitalism are: (a) public ownership of capital instruments; (b) complete concentration of such ownership in the hands of the State, or in what for all practical purposes become the hands of the bureaucrats who wield the political power of the State; (c) a laboristic form of distribution, controlled and administered by the State for the economic welfare of the workers; (d) a much improved basic standard of living for the masses, with a scale of differential incomes added to provide incentives, not earned rewards, for the most highly productive types of labor.

Highlight (Geel) | Locatie 1622

> (3) The form of capitalism which exists in the United States and Great Britain today and which has been developing since the end of the First World War and the rise of labor unions to power with the help of the countervailing power of government. This form of capitalism has been called “collective capitalism,” “managerial capitalism,” and “laboristic capitalism.”{54} It can also be called “mixed capitalism,” “partly socialized capitalism,” or “welfare capitalism.” All these names point to the fact that the form of distribution is partly capitalistic and partly laboristic. The last two, in addition, point to the controlling principle of the distribution insofar as it is laboristic—concern for the needs of those who participate in production through labor alone, not for what they are justly entitled to by such participation as measured by its contribution. We will use “mixed capitalism,” (and sometimes “the mixed economy”) as the tag-name for this form because it calls attention to the mixture of conflicting elements, some of which are vestiges of primitive capitalism and some of which are halfway measures whose tendency, if they continue unchecked, would push this economy further and further toward completely socialized or State capitalism.

Highlight (Geel) | Locatie 1633

> The distinguishing characteristics of mixed capitalism are: (a) vestigial or nominal private ownership of capital instruments; (b) no limitation on, and hence still undue concentration of, such ownership, though that concentration is somewhat less than in primitive capitalism; (c) a form of distribution that is partly capitalistic and partly laboristic, according to which owners of capital receive some share of what their property produces but much less than they are entitled to as measured by its contribution, and according to which those who

participate in production through mechanical labor alone receive a much larger share than such participation earns by its contribution; (d) a generally high standard of living for the laboring masses in the population.

Highlight (Geel) | Locatie 1638

(4) The form of capitalism which will exist, probably in the United States first, after the capitalist revolution has brought into being the first justly organized capitalist economy. This is the only one of the four forms for which it is difficult to find a readily appropriate name. As contrasted with primitive capitalism, it might be called “mature capitalism” or “fully developed capitalism” to indicate its highly advanced stage of industrial production; but both State capitalism and mixed capitalism will also enjoy the advantages of the technological advances to be made in the next fifty years. As contrasted with State capitalism, it might be called “private property capitalism,” but that does not distinguish it from mixed capitalism in which capital instruments are, nominally at least, still privately owned. As contrasted with mixed capitalism, it might be called “pure capitalism” to indicate that its form of distribution is purely capitalistic, i.e., without any admixture of a socialized laboristic form of distribution; but primitive capitalism can also be called “pure” in the same sense.

Highlight (Geel) | Locatie 1687

With regard to the institution of private property, mixed capitalism somewhat resembles primitive capitalism and the Capitalism of the future. On this score, it is unlike State capitalism. But in certain essentials mixed capitalism has a much deeper affinity with State capitalism; for, while it involves the nominal private ownership of capital instruments, it does not give full effect to the rights of such ownership under its partly capitalistic and partly laboristic form of distribution. As partly socialized or welfare capitalism, it has strong leanings toward the completely socialized welfare state of State capitalism. A serious economic crisis, which might be precipitated by uncontrollable technological advances, or by monetary inflation necessarily resulting from its policy of full employment, would unquestionably bend it further in that direction. Finally, there is the one crucial respect in which Capitalism stands completely by itself. It is the only form of capitalism which is built on the diffused private ownership of capital instruments. And it is for that reason the only form of capitalism that is a justly organized economy.

Highlight (Geel) | Locatie 1770

This is not the only point on which Marx finally went wrong after being partly right. He was right in his condemnation of the injustice of primitive capitalism. He was right in his moral indignation over the human misery that its injustice caused; and though he was not a lone voice in his outcry against it, he, perhaps more than any other man, so forcefully stated the case that no one thereafter could ever make light of it. He was right in his enthusiasm for the unqualified superiority of the new capitalist economy over all the laborist economies of the past so far as its sheer power of producing wealth is concerned. He was also right in his sense that the injustice of a system in which close to nine-tenths of the wealth produced went to about one-tenth of the population (i.e., those who owned the capital instruments of production) somehow stemmed, not from the capitalist mode of production, but from the mode of capital ownership together with a capitalistic form of distribution. In all this he was right, but he was wrong—crucially wrong—when he finally put his finger on the root of the trouble. He thought the root cause of the injustice of primitive capitalism was the private ownership of capital. Private property in capital, he thought, operating under a capitalistic form of distribution, inevitably

resulted in the maldistribution of wealth with all its consequences: human misery, almost slavery, for the submerged masses, and a concentration of economic and political power in the hands of a small class of capitalists. Though he came very near to putting his finger on the right spot, he missed it. But for that fatal error, Marx might have advocated the capitalist revolution instead of the socialist revolution. The root of the trouble was not the private ownership of capital, but the highly concentrated private ownership of capital. That being the cause, the remedy lies not in abolishing private property in capital, as Marx recommended, but rather in diffusing the private ownership of capital by bringing into existence new capitalists at a rate commensurate with the shift in the burden of production from human toil to capital instruments. When that is accomplished under Capitalism, a capitalistic distribution of wealth will produce results the very opposite of those produced under primitive capitalism.

Highlight (Geel) | Locatie 1787

Marx's fatal error in diagnosing the cause of the injustice in primitive capitalism was intertwined with all the other errors he made, both in his theory of capitalism and in his revolutionary program. His labor theory of value, which is pivotal in his theory of capitalist production, served to rationalize or "justify" the expropriation of private property in capital; for if, as he claimed, labor and labor alone produces all wealth, even in a capitalist economy (machines, he said, represent nothing but accumulated or "congealed" labor), then all the wealth produced should in justice be distributed to those who produce it. Since, in his view, the owner of capital produces nothing, simply by owning machines and raw materials and allowing them to be used by labor, any return to the capitalist, Marx argued, is unearned increment obtained by the exploitation of labor. He therefore concluded that the only way to prevent such exploitation and unearned increment is to have society as a whole, organized as a State, take over all capital instruments and control them for the benefit of the producers of wealth, to whom all the wealth should go. To accomplish a laboristic distribution of wealth, the State must not only control the capital instruments; it must also control the distribution of the wealth that a society of laboring men produces. Thus the labor theory of value, with its consequences, reaches the result at which Marx aimed from the beginning—from the moment he made his mistaken diagnosis that the private ownership of capital was the root cause of the trouble.{58}

Highlight (Geel) | Locatie 1902

For the most part, the value of labor is not determined by bargaining in the United States any more than it is in Russia, although all our talk about "collective bargaining" sometimes deceives us into thinking so. Bargaining implies a freely competitive market of sellers and buyers. It implies the right to buy elsewhere if better terms can be found. The laboristic distribution which organized labor, with the help of government, has managed to effect has been achieved by the exercise of political and economic power, not by bargaining. In Russia, the governing bureaucracy is exclusively vested with such consolidated economic and political power. In the United States, the countervailing power of government is in varying degrees wielded in support of the demands of labor, of farmers, and even of industries where it will promote "full employment," even though that results in unneeded surpluses.

Highlight (Geel) | Locatie 1923

All the modifications of primitive capitalism that have occurred gradually in England and the United States between 1850 and 1950 have tended to prevent the predicted collapse of capitalism, understood as a system of

> industrial production based on private property in capital. These reforms were effected by the growth of trade unions; by legislation in support of “collective bargaining”; by governmental regulation of wages and hours and of the prices of many goods and services; by government spending for welfare, public works programs and the promotion of full employment; by policies of taxation which facilitated a laboristic distribution of wealth; by all sorts of protection for society itself and its members, against the excesses of laissez-faire—a system which operated, for a short while, to the immense benefit of the owners of capital property.

Highlight (Geel) | Locatie 1929

> It is probably the case that these reforms could not have been effected by due process of law, had not the political battle, i.e., the battle for the extension of the franchise, first been won. It was the gradual emergence of political democracy during the last half of the nineteenth century and the first decades of the twentieth that made it possible for primitive capitalism to be overthrown without widespread violence; as the absence of political democracy made recourse to violent revolution almost a necessity in Russia.

Highlight (Geel) | Locatie 1933

> The chief human effect of all these reforms was to raise the standard of living of the masses; and, at first, that was the only, or at least the chief, purpose of the effort. But when the cycle of recurrent economic depressions began to give urgent credibility to Marx’s prediction of the inevitable collapse of private-property capitalism, another motive for adopting, extending, and accelerating these reforms came into the picture. It was the motive underlying Henry Ford’s voluntary recommendation of the five-dollar day, which other capitalists gradually came to see as eminently expedient. One way of preventing the threatening collapse, and of correcting the imbalance between mass production and individual consumption, was to build up mass purchasing power by raising real wages. Henry Ford did this in his “revolutionary proposal” to his fellow capitalists, which subsequently became, in the “revolutionary policies” of Franklin Roosevelt, a concerted effort on the part of the government to “save capitalism” (i.e., capitalism based on private property in capital) by closing the circuit of production and consumption.

Highlight (Geel) | Locatie 1942

> Capitalism, as a system of industrial production, could not help becoming more and more productive. If private capitalists could not bring themselves quickly enough to adopt a laboristic distribution of wealth, then direct governmental action and the action of trade unions with governmental support had to be resorted to, in order to assure consumer demand of such a magnitude as to exert continual pressure on production in the interest of obtaining a rising standard of living. As between Henry Ford’s “revolutionary proposal” and Franklin Roosevelt’s “revolutionary policies,” there was no difference so far as the adoption of a laboristic principle of distribution is concerned. The difference—and it is a crucial one—lies rather in the fact that the intervention of government in the distributive process makes the distribution socialistic in method as well as laboristic in form; and

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Highlight (Geel) | Locatie 1949

> so, in the process of trying to “save” a capitalism that is based on private property in capital, it may have introduced the germ of its destruction.

Highlight (Geel) | Locatie 1950

> There is a better and surer way of “saving capitalism” that has not yet been tried. The general standard of living can be raised to the point where mass purchasing power, widely diffused among individuals and families, supports whatever level of production of goods and services we may desire within the limits of our resources. This can be done without recourse to a laboristic distribution of wealth. It can be done by a capitalistic distribution of wealth, if that is based on a widely diffused ownership of capital instruments.

Highlight (Geel) | Locatie 1967

> The only way out is not to try to perpetuate our mixed economy but to transform it into the unmixed one of Capitalism by extirpating the socialist elements in the mixture. To do this without falling back into primitive capitalism, we must go forward along another path—the path of the capitalist, rather than the socialist, revolution.

Highlight (Geel) | Locatie 1979

> Inflation is a natural and necessary process in an economy that is capitalist in its mode of production and laboristic in its form of distribution. Over 70 percent of the wealth produced is distributed to labor, but over 90 percent of that wealth is produced, not by labor, but by capital instruments. Quite apart from the manifest injustice of this imbalance, it is in this ulcerous gap that the spiral of inflation breeds.
