

## UNB Brunswickan

### **Perspectives: Capitalism and Socialism - Part 1**

W. M. Stewart  
1990-03-16

*"True cooperation has its final goal in socialism, which is the continual observance of the Golden Rule." - E.A. Partridge*

I have read the phrase "[collapse of socialism in Eastern Europe](#)" at least a hundred times in our newspapers and magazines in the last few months. This is a patently false and libelous statement.

For socialism to have collapsed in Eastern Europe, it first would have had to have been practiced there. It wasn't. It was of course communism which was practiced in Eastern Europe, and communism which has collapsed there. To imply that socialism bears any similarity to communism is mystifying and invidious reasoning of the first water.

Indeed, communism and socialism do not even belong to the same class-one is a totalitarian political philosophy, whereas the other is a democratic economic philosophy.

Communism is based on violently obtaining and violently maintaining power, one-party rule, suppression of religion, expansionism, and suppression of the free press. Communism is a cruel, evil, and unmitigated failure.

Now socialism, on the other hand, is based on the reasonable supposition that the democratically elected representatives have a right and duty to attempt to provide every citizen with an equal opportunity to succeed. Socialism is the philosophy of the future.

If we are to consider socialism as a viable economic philosophy, we must first understand that our present model, capitalism, is fundamentally flawed. I look forward to the day--say ten years hence--when I can read with quiet satisfaction the ringing phrase: "capitalism has collapsed in Western Europe!"

To say that capitalism is fundamentally flawed is not to say that it is merely unsatisfactory or inhumane, although I believe this to be true, but rather that the logical theoretical structure on which capitalism is built contains a feedback mechanism which guarantees inefficiency, a permanent working poor, a permanent group of unemployed, and guaranteed cyclical recession.

This "feedback flaw" was most dearily explained by [Albert Einstein](#) in his landmark 1949 essay "Why Socialism?". It is simply described, and simply understood. Memorize it; meditate upon it; send a copy of it to Michael Wilson.

Mr. Einstein's analysis goes as follows. In a capitalist economy a worker's wages are not determined by the value of the goods he produces, but rather by market forces-by supply and demand. That is, wages are set by the market at the minimum possible level at which there is no-one else that will take the job for less. Where there is a surplus of workers, as is the case for the majority of workers in the labour industry and the growing service industry, wages must necessarily drop. It is important to realize that wages, even in theory, are in no way related to the value of the goods produced, but are strictly determined by supply and demand.

Now enters the feedback flaw: in the last two hundred years, technology has made it possible to produce consumer goods with less and less human labour. In a capitalist system, instead of resulting in a shorter work-week, these advances result in unemployment! As technology improves, this surplus of workers is continually re supplied. Where there are more workers competing for fewer jobs, market forces then drive wages still lower.

Is this not deliciously ironic? Science and technology have for centuries been promising mankind less work and more leisure time; just when they begin to reach the critical mass where they can fulfill their promise, we organize our economic system so that we get lower wages and unemployment instead.

As Mr. Einstein also pointed out, the aforementioned feedback flaw is compounded by another: since unemployed and poorly paid workers constitute a poor consumer market, production is thereby further restricted. This double feedback is inherently unstable, and must inevitably lead to cyclic economic recession.

(It is true that these feedback flaws are slightly moderated by limited unionization on the one hand, and exploitation of the markets and natural resources of third world countries on the other. On the whole, however, the analysis stands examination largely unimpaired.)

That Einstein was right is manifest: economists now acknowledge that capitalism carries with it a built-in unemployment rate of about ten percent, and cyclic economic recession (one coming soon to a country near you) are an accepted fact of life. Indeed, without minimum wage legislation and unemployment insurance to stop-gap these flaws, every capitalist country on the planet would face mass starvation in its streets within a week.

Next week: Philosophical Considerations.

---

## UNB Brunswickan

### **Perspectives: Capitalism and Socialism - Part 2**

By Wm. M. Stewart  
UNB Brunswickan  
1990-03-23

*"To those who object that capitalism is "rooted in human nature", we answer: Possibly, but so was cannibalism. We no longer eat each other. A civilization is within our reach in which we shall no longer exploit each other."* - League for Social Reconstruction, Eugene Forsey and others, 1935

In last week's column, I discussed Albert Einstein's observation that capitalism is theoretically flawed, and emphasized that to imply that socialism is communistic is false and libelous.

The nub of the philosophical disagreement between capitalism and socialism is the question of empathy for the poor, and whether or not the democratically elected representatives have a duty to alleviate their poverty.

What mystifies and angers socialists the most is how a capitalist society can carry blithely on in the face of the terrible suffering that accompanies poverty.

First, most of the urban middle class rarely see real poverty--for example, the 30,000 New Brunswickers who live without running water or indoor plumbing. Second, there is a strong degree of self-interest. But the essential justification lies deeper.

The central article of capitalist faith is that poverty is inevitable, self-induced, and the responsibility of no-one but the poor themselves. As a society, rich and poor alike, we have come to believe that poverty can only be a consequence of laziness, stupidity, or some other profound personal failing.

Furthermore, since ability, creativity, and initiative are unequally distributed, poverty is considered to be a mildly regrettable but permanent feature of human existence. It is not uncommon to hear persons of wealth quote John 12:8 to justify this point of view: "For the poor always ye have with you, but you do not always have me."

Kurt Vonnegut (Palm Sunday) has made the case that Jesus Christ's statement in John 12:8 was an expression of regret, not prophecy, a profound expression of resignation, of disappointment as he observed the selfish nature of man.

Socialists believe it to be self-evident that a child born in an outport of Newfoundland does not have the same opportunity as one born in a Toronto suburb. A socialist might quote Ecclesiastes 9:11 in support of this view: "Speed does not win the race nor

strength the battle. Bread does not belong to the wise, nor wealth to the intelligent, nor success to the skillful; time and chance govern them all."

Socialist believe, not in taking away advantages or opportunity from the presently wealthy, but in providing the structure and mechanism to extend these opportunities as best as is possible to all citizens, regardless of the region of the country they live in or the material circumstances of their parents.

Socialists recognize many virtues of free enterprise, such as the value of incentive, and rewards for productivity and creativity. However socialists believe in a mixed economy, that some industries used by all the citizenry are best owned by the citizenry.

As an aside: The argument that companies owned by the citizenry are unprofitable is no longer valid, for the appropriate mechanisms are now perfected: Air Canada was profitable when it was privatized; Petro-Canada and Canada Post are profitable now. There is no logical argument for privatization of these corporations.

Socialists believe that for the first time in human history technology has provided us with the means to provide every citizen with a fair standard of living. All that remains is the will to do so.

Let us look to Europe for our example, and to Sweden in particular: "Swedes can boast of full employment, thriving manufacturing exports, a budget surplus and a per capita income that ties it for third place (after Switzerland and Japan)--not to mention a 'quality of life' that is measured in longevity, air quality, low crime rates, absence of poverty, high educational performance and physical fitness." (Globe and Mail, 3 March 1990)

The only economic philosophy to offer constructive solutions for our economic problems is socialism. Capitalism is a failure--theoretically and practically. Poverty and homelessness are on the rise. Leisure time is decreasing, our level of stress is increasing, unemployment is increasing, and our economic future lies in the hands of a capricious and unaccountable international currency market.

Capitalism is a Darwinian philosophy which teaches us to be adversarial and confrontational, ignoring the fact that cooperation is the highest and most advanced manifestation of a sophisticated social group. Capitalism may well be an appropriate minimalist survival strategy for pre-civilized times, but it is unworthy of the social development of twenty-first century man.

When we finally understand and truly believe that cooperation is more efficient than confrontation, then the predatory phase of human history will draw to a close, and we will finally embark on the construction of a truly humane economic system, and a truly humane society.

—