

## Benjamin M. Anderson Challenges the Philosophy of the Pseudo-Progressives

### The Two Lines of Marxian Thought and Policies

In all countries which have not openly adopted a policy of outright and all-round socialization the conduct of government affairs has been for many decades in the hands of statesmen and parties who style themselves “progressives” and scorn their opponents as “reactionaries.” These progressives become sometimes (but not always) very angry if somebody calls them Marxians. In this protest they are right insofar as their tenets and policies are contrary to some of the Marxian doctrines and their application to political action. But they are wrong insofar as they unreservedly endorse the fundamental dogmas of the Marxian creed and act accordingly. While calling in question the ideas of Marx, the champion of integral revolution, they subscribe to piecemeal revolution.

For there are in the writings of Marx two distinct sets of theorems incompatible with each other: the line of the integral revolution as upheld in earlier days by Kautsky and later by Lenin, and the “reformist” line of revolution by instalments as vindicated by Sombart in Germany and the Fabians in England.

Common to both lines is the unconditional damnation of capitalism and its political “superstructure,” representative government. Capitalism is described as a ghastly system of exploitation. It heaps riches upon a constantly diminishing number of “expropriators” and condemns the masses to increasing misery, oppression, slavery and degradation. But it is precisely this awkward system which “with the inexorability of a law of nature” finally brings about salvation. The coming of socialism is inevitable. It will appear as the result of the actions of the class-conscious proletarians. The “people” will finally triumph. All machinations of the wicked “bourgeois” are doomed to failure.

But here the two lines diverge.

In the *Communist Manifesto* Marx and Engels designed a plan for the step-by-step transformation of capitalism into socialism. The proletarians should “win the battle of democracy” and thus raise themselves to the position of the ruling class. Then they should use their political supremacy to wrest, “by degrees,” all capital from the bourgeoisie. Marx and Engels give rather detailed instructions for the various measures to be resorted to. It is unnecessary to quote in extenso their battle plan. Its diverse items are familiar to all Americans who have lived through the years of the New Deal and the Fair Deal. It is more important to remember that the fathers of Marxism themselves characterized the measures they recommended as “despotic inroads on the rights of property and the conditions of bourgeois production” and as “measures which appear economically insufficient and untenable, but which in the course of the movement outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionizing the mode of production.”\*

It is obvious that all the “reformers” of the last one hundred years were dedicated to the execution of the scheme drafted by the authors of the *Communist Manifesto* in 1848. In this sense Bismarck’s *Sozialpolitik* as well as Roosevelt’s New Deal have a fair claim to the epithet Marxian.

But on the other hand Marx also conceived a doctrine radically different from that expounded in the *Manifesto* and absolutely incompatible with it. According to this second doctrine “no social formation ever disappears before all the productive forces are developed for the development of which it is broad enough, and new higher methods of production never appear before the material conditions of their existence have been hatched out in the womb of the previous society.” Full maturity of capitalism is the indispensable prerequisite for the appearance of socialism. There is but one road toward the realization of socialism, namely, the progressive evolution of capitalism itself which, through the incurable contradictions of the capitalist mode of production, causes its own collapse. Independently of the wills of men this

\* It is important to realize that the words “necessitate further inroads upon the old social order” are lacking in the original German text of the *Manifesto* as well as in the later authorized German editions. They were inserted in 1888 by Engels into the translation by Samuel Moore which was published with the subtitle: “Authorized English Translation, edited and annotated by Frederick Engels.”

process “executes itself through the operation of the inherent laws of capitalist production.”

The utmost concentration of capital by a small cluster of expropriators on the one hand and unendurable impoverishment of the exploited masses on the other hand are the factors that alone can give rise to the great revulsion which will sweep away capitalism. Only then will the patience of the wretched wage earners give way and with a sudden stroke they will in a violent revolution overthrow the “dictatorship” of the bourgeoisie grown old and decrepit.

From the point of view of this doctrine Marx distinguishes between the policies of the petty bourgeois and those of the class-conscious proletarians. The petty bourgeois in their ignorance put all their hopes upon reforms. They are eager to restrain, to regulate and to improve capitalism. They do not see that all such endeavors are doomed to failure and make things worse, not better. For they delay the evolution of capitalism and thereby the coming of its maturity which alone can bring about the great debacle and thus deliver mankind from the evils of exploitation. But the proletarians, enlightened by the Marxian doctrine, do not indulge in these reveries. They do not embark upon idle schemes for an improvement of capitalism. They, on the contrary, recognize in every progress of capitalism, in every impairment of their own conditions and in every new recurrence of economic crisis a progress toward the inescapable collapse of the capitalist mode of production. The essence of their policies is to organize and to discipline their forces, the militant battalions of the people, in order to be ready when the great day of the revolution dawns.

This rejection of petty-bourgeois policies refers also to traditional labor union tactics. The plans of the workers to raise, within the framework of capitalism, wage rates and their standards of living through unionization and through strikes are vain. For the inescapable tendency of capitalism, says Marx, is not to raise but to lower the average standard of wages. Consequently he advised the unions to change their policies entirely. “Instead of the *conservative* motto: *A fair day’s wage for a fair day’s work*, they ought to inscribe on their banner the *revolutionary* watchword: *Abolition of the wages system.*”

It is impossible to reconcile these two varieties of Marxian doctrines and of Marxian policies. They preclude one another. The authors of the *Communist Manifesto* in 1848 recommended precisely those policies which their later books and pamphlets branded as petty-bourgeois

nonsense. Yet they never repudiated their scheme of 1848. They arranged new editions of the *Manifesto*. In the preface of the 1872 edition they declared that the principles for political action as outlined in 1848 need to be improved, as such practical measures must be always adjusted to changing historical conditions. But they did not, in this preface, stigmatize such reforms as the outcome of petty-bourgeois mentality. Thus the dualism of the two Marxian lines remained.

It was in perfect agreement with the intransigent revolutionary line that the German Social-Democrats in the eighties voted in the Reichstag against Bismarck's social security legislation and that their passionate opposition frustrated Bismarck's intention to socialize the German tobacco industry. It is no less consonant with this revolutionary line that the Stalinists and their henchmen describe the American New Deal and the Keynesian patent medicines as clever but idle contrivances designed to salvage and to preserve capitalism.

The present-day antagonism between the Communists on the one hand and the Socialists, New Dealers, and Keynesians on the other hand is a controversy about the means to be resorted to for the attainment of a goal common to both of these factions, namely the establishment of all-round central planning and the entire elimination of the market economy. It is a feud between two factions both of which are right in referring to the teachings of Marx. And it is paradoxical indeed that in this controversy the *anti-Communists'* title to the appellation "Marxian" is vested in the document called the *Communist Manifesto*.

### The Guide of the Progressives

It is impossible to understand the mentality and the policy of the progressives if one does not take into account the fact that the *Communist Manifesto* is for them both manual and holy writ, the only reliable source of information about mankind's future as well as the ultimate code of political conduct. The *Communist Manifesto* is the only piece of the writings of Marx which they have really perused. Apart from the *Manifesto* they know only a few sentences out of context and without any bearing on the problems of current policies. But from the *Manifesto* they have learned that the coming of socialism is inevitable and will transform the earth into a Garden of Eden. They call themselves progressives and their opponents reactionaries precisely because, fighting for the bliss that is bound to come, they are borne by the "wave

of the future” while their adversaries are committed to the hopeless attempt to stop the wheel of Fate and History. What a comfort to know that one’s own cause is destined to conquer!

Then the progressive professors, writers, politicians, and civil servants discover in the *Manifesto* a passage which especially flatters their vanity. They belong to that “small section of the ruling class,” to that “portion of the bourgeois ideologists” who have gone over to the proletariat, “the class that holds the future in its hands.” Thus they are members of that elite “who have raised themselves to the level of comprehending theoretically the historical movements as a whole.”

Still more important is the fact that the *Manifesto* provides them with an armor which makes them proof against all criticisms levelled against their policies. The bourgeois describe these progressive policies as “economically insufficient and untenable” and think that they have thereby demonstrated their inadequacy. How wrong they are! In the eyes of the progressives the excellence of these policies consists in the very fact that they are “economically insufficient and untenable.” For exactly such policies are, as the *Manifesto* says, “unavoidable as a means of entirely revolutionizing the mode of production.”

The *Communist Manifesto* serves as a guidebook not only to the personnel of the ever-swelling hosts of bureaucrats and pseudo-economists. It reveals to the “progressive” authors the very nature of the “bourgeois class culture.” What a disgrace is this so-called bourgeois civilization! Fortunately the eyes of the self-styled “liberal” writers have been opened wide by Marx. The *Manifesto* tells them the truth about the unspeakable meanness and depravity of the bourgeoisie. Bourgeois marriage is “in fact a system of community of women.” The bourgeois “sees in his wife a mere instrument of production.” Our bourgeois, “not content with having the wives and daughters of their proletarians at their disposal, not to speak of common prostitutes, take the greatest pleasure in seducing each other’s wives.” In this vein innumerable plays and novels portray the conditions of the rotten society of decaying capitalism.

How different are conditions in the country whose proletarians, the vanguard of what the great Fabians, Sidney and Beatrice Webb, called the *New Civilization*, have already “liquidated” the exploiters! It may be granted that the Russian methods cannot be considered in every respect as a pattern to be adopted by the “liberals” of the West. It may also be true that the Russians, properly irritated by the machinations of the Western capitalists who are unceasingly plotting for a violent over-

throw of the Soviet regime, become angry and sometimes give vent to their indignation in unfriendly language. Yet the fact remains that in Russia the word of the *Communist Manifesto* has become flesh. While under capitalism “the workers have no country” and “have nothing to lose but their chains,” Russia is the true fatherland of all proletarians of the entire world. In a purely technical and legal sense it may be wrong for an American or Canadian to hand over confidential state documents or the secret designs of new weapons to the Russian authorities. From a higher point of view it may be understandable.

### Anderson’s Fight Against Destructionism

Such was the ideology that got hold of the men who in the last decades controlled the administration and determined the course of American affairs. It was against such a mentality that the economists had to fight in criticizing the New Deal.

Foremost among these dissenters was Benjamin McAlester Anderson. Throughout most of these fateful years he was the editor and sole author, first of the *Chase Economic Bulletin* (issued by the Chase National Bank), and then of the *Economic Bulletin* (issued by the Capital Research Company). In his brilliant articles he analyzed the policies when they were still in the state of development and then later again when their disastrous consequences had appeared. He raised his warning voice when there was still time to abstain from inadequate measures, and later he was never at a loss to show how the havoc which had been done by rejecting his previous objections and suggestions could be reduced as much as possible.

His criticism was never merely negative. He was always intent upon indicating roads which could lead out of an impasse. His was a constructive mind.

Anderson was not a doctrinaire remote from contact with reality. In his capacity as the economist of the Chase National Bank (from 1919 to 1939) he had ample opportunity to learn everything about American economic conditions. His familiarity with European business and politics was not surpassed by any other American. He knew intimately all the men who were instrumental in the conduct of national and international banking, business and politics. An indefatigable student, he was well acquainted with the content of state documents, statistical re-

ports and many confidential papers. His information was always complete and up-to-date.

But his most eminent qualities were his inflexible honesty, his unhesitating sincerity and his unflinching patriotism. He never yielded. He always freely enunciated what he considered to be true. If he had been prepared to suppress or only to soften his criticism of popular but obnoxious policies, the most influential positions and offices would have been offered to him. But he never compromised. This firmness marks him as one of the outstanding characters in this age of the supremacy of time-servers.

His criticism of the easy money policy, of credit expansion and inflation, of the abandonment of the gold standard, of unbalanced budgets, of Keynesian spending, of price control, of subsidies, of silver purchases, of the tariff and many other similar expedients was crushing. The apologists of these nostrums did not have the remotest idea how to refute his objections. All they did was to dismiss Anderson as “orthodox.” Although the undesired effects of the “unorthodox” policies he had assailed never failed to appear exactly as he had predicted, almost nobody in Washington paid any heed to his words.

The reason is obvious. The essence of Anderson’s criticism was that all these measures were “economically insufficient and untenable,” that they were “despotic inroads” on the conditions of production, that they “necessitate further inroads” and that they must finally destroy our whole economic system. But these were just the ends which the Washington Marxians were aiming at. They did not bother about sabotaging all essential institutions of capitalism, for in their eyes capitalism was the worst of all evils and was doomed anyway by the inexorable laws of historical evolution. Their plan was to bring about, step by step, the welfare state of central planning. In order to attain this goal they had adopted the “untenable” policies which the *Communist Manifesto* had declared to be “unavoidable as a means of entirely revolutionizing the mode of production.”

Anderson never tired of pointing out that the attempts to lower the rate of interest by means of credit expansion must result in an artificial boom and its inevitable aftermath, depression. In this vein he had attacked, long before 1929, the easy money policy of the twenties, and later again, long before the breakdown of 1937, the New Deal’s pump-priming. He preached to deaf ears. For his opponents had learned

from Marx that the recurrence of depressions is a necessary outcome of the absence of central planning and cannot be avoided where there is “anarchy of production.” The heavier the crisis may be, the nearer it brings the day of salvation when socialism will be substituted for capitalism.

The policy of keeping wage rates, either by government decree or by union violence and intimidation, above the height the unhampered labor market would have determined creates mass unemployment prolonged year after year. In dealing with American conditions as well as with those of Great Britain and other European countries, Anderson again and again referred to this economic law which, as even Lord Beveridge had asserted a few years before, is not contested by any competent authority. His arguments did not impress those who paraded as “friends of labor.” They considered private enterprise’s alleged “inability to provide jobs for all” as inevitable and were resolved to use mass unemployment as a lever for the realization of their designs.

If one wants to repulse the onslaughts of the Communists and Socialists and to shield Western civilization from Sovietization, it is not enough to disclose the abortiveness and impropriety of the progressive policies allegedly aiming at improving the economic conditions of the masses. What is needed is a frontal attack upon the whole web of Marxian, Veblenian, and Keynesian fallacies. As long as the syllogisms of these pseudo-philosophies retain their undeserved prestige, the average intellectual will go on blaming capitalism for all the disastrous effects of anti-capitalist schemes and devices.

### Anderson’s Posthumous Economic History

Benjamin Anderson devoted the last years of his life to the composition of a great book, the financial and economic history of our age of wars and progressing disintegration of civilization.

The most eminent historical works have come from authors who wrote the history of their own time for an audience contemporary with the events recorded. When gloom began to descend on the glory of Athens, one of its best citizens dedicated himself to Clio. Thucydides wrote the history of the Peloponnesian Wars and of the fateful direction of Athenian politics not merely as an unaffected student. His keen mind had fully recognized the disastrous significance of the course his countrymen were steering. He had been himself in politics and in the

fighting forces. In writing history he wanted to serve his fellow-citizens. He wanted to admonish and to warn them, to stop their march toward the abyss.

Such also were the intentions of Anderson. He did not write merely for the sake of recording. His history is in some way also a continuation and recapitulation of his critical examination and interpretation of current events as provided by his *Bulletins* and other papers. It does not chronicle a dead past. It deals with forces which are still operating and spreading ruin. Like Thucydides, Anderson was eager to serve those who desire an exact knowledge of the past as a key to the future.

Like Thucydides, too, Anderson unfortunately did not live to see his book published. After his premature death, much lamented by all his friends and admirers, the D. Van Nostrand Company published it, with a preface by Henry Hazlitt, under the title *Economics and the Public Welfare, Financial and Economic History of the United States, 1914–1946*. It contains more than this title indicates. For the economic and financial history of the United States in this period was so closely intertwined with that of all other nations that his narrative embraces the whole orbit of Western civilization. The chapters dealing with British and French affairs are without doubt the best that has been said about the decline of these once flourishing countries.

It is very difficult for a reviewer to select from the treasure of information, wisdom and keen economic analysis assembled in this volume the most precious gems. The discriminating reader is captivated from the first page on and will not put it aside before he has reached the last page.

There are people who think that economic history neglects what they call the “human angle.” Now, the proper field of economic history is prices and production, money and credit, taxes and budgets, and other such phenomena. But all these things are the outcome of human volitions and actions, plans and ambitions. The topic of economic history is man with all his knowledge and ignorance, his truth and his errors, his virtues and his vices.

Let us quote one of Anderson’s observations. In commenting upon America’s abandonment of the gold standard he remarks: “There is no need in human life so great as that men should trust one another and should trust their government, should believe in promises, and should keep promises in order that future promises may be believed in and in order that confident cooperation may be possible. Good faith—



personal, national, and international—is the first prerequisite of decent living, of the steady going on of industry, of governmental financial strength, and of international peace” (pages 317–18).

Such were the ideas that prompted the self-styled progressives to depreciate Anderson as “orthodox,” “old-fashioned,” “reactionary” and “Victorian.” Sir Stafford Cripps, who twelve times solemnly denied that he would ever change the official relation of the pound against dollars and then, when he had done so, protested that he *naturally* could not admit such intention, is more to their liking.