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CLASSLESS CAPITALISM

FREDERICK MARTIN STERN

**NEW DELHI
ADHUNIK SAHITYA PRAKASHAN**

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INTRODUCTION

When at last the war in Europe was ended, I began to receive a volume of letters from friends and relatives abroad. Some of them brought tragic news; many people I had known and cherished had died in the armed struggle against fascism, many others had disappeared in Hitler's gas chambers and concentration camps. But some of the letters were to me tragic in another sense. Old friends and acquaintances, thoughtful, sober and accomplished people, had developed a strong affinity for the Soviet Union; some had actually joined the Communist Party.

There was still another current reflected in these letters, an old familiar one, but now greatly intensified. A certain dislike of America had long been a sort of intellectual fashion among Europeans. But now I found that many of my correspondents were thinking of the United States with great suspicion, a mixture of fear and contempt.

To those who were moving toward communism the U.S.A. would of course represent the incarnation of capitalism, the source of all evil. But it appears that quite generally Europeans have become increasingly critical of the United States. There is no doubt that the anti-American propaganda which pours forth from Moscow in a steady stream has gone far to influence even determined anti-Communists.

One day last year a Frenchwoman, the sister of a dear friend of mine, landed in New York for a month's visit. She not only disclosed her own sympathies with the Communists, but told me that

her brother, too, a leading scientist and one of the most intelligent and decent persons I have ever known, was now moving in the same direction. Beginning with wartime contributions to Communist dominated underground organizations, he had since made considerable donations to Communist-front groups, and was now on the verge of joining the party.

This visitor, like many others I have encountered here, soon confessed that she found the facts of American life very different from her expectations. In several lengthy conversations I tried to explain to her that American capitalism was superior both to the kind of capitalism she knew in Europe and to Soviet communism. She returned to France with a set of ideas quite different from those she had held before her trip to America. Then, thinking over this experience, I decide to write a series of letters to her brother in Paris, to tell him what I myself had learned in America, to show him how this country appeared to my own, once-European eyes.

The correspondence turned out to be a much larger undertaking than I at first had thought, and it occurred to me that the letters might be helpful to other people as well, not only to those who have been influenced by Communist ideology, but to many others who harbour antiquated prejudices against the United States. Before I knew it, my letters had become a little book.

In dedicating this collection of letters to the nation which has so kindly adopted me, I am trying to fulfill a great responsibility. It is the responsibility of a man who has lived two lives—one in Europe and one in the United States—and who feels that he must do what he can to help bridge the old gap which the Soviet propaganda machine strives to widen into a perilous chasm.

Hence, my most obvious task has been to give Europeans a better understanding of the United States. At the same time I have tried to show

Americans some of the causes of the misconceptions about their own country. If my analysis should help to reduce the mental barriers that separate the nations, it will, I hope, make a small contribution to the cause of peace.

I am grateful to all those who have given me advice and criticism, and especially to Mrs. Bettina Hartenbach for editing the manuscript and for many valuable suggestions.

F.M.S.

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THE COMMON AIM

Dear Henry :

The length of this letter will no doubt surprise you, for in the past few years you and I have exchanged only brief notes at irregular intervals, as is often the case with old and tried friends who are separated by a large ocean. And up to last week, when Ann sailed back to France and I received a curt message from you, I kept on hoping that our separation was only physical.

But your last letter disturbs me profoundly. You tell me quite firmly that you are considering joining the Communist Party of France, which of course means the Communist Party of the entire Soviet power, with headquarters in Moscow. So instead of one of my customary replies in which I tell you how we are getting along, I am going to try to explain to you why I think the move you are contemplating will mean the negation of everything you have desired and striven for. Please be patient with me and read this through to the end. If I cannot deter you from the course you are tempted to choose, at least I shall have made the effort.

We are both serious men in our middle years, Henry, not youthful hotheads. Indeed, as I look back upon our long friendship it seems to me that we both tended to be careful and contemplative even when we first met, thirty-odd years ago, at Edinburgh. You were working in chemistry, and I in comparative law. I thought you the most un-

chauvinistic Frenchman I had ever met, and you paid me the compliment of finding me the most "thoroughly anti-Teutonic German." We used to pride ourselves on being citizens of Europe rather than just of our respective countries, and I think we were.

Well, since 1937 I have extended my citizenship, so to speak. I am now a citizen of the United States. During the war years I was more fortunate than you. True, we shared with millions of families the anguish of waiting for word from our son who was fighting the Nazis. But we did not have to live through the horrors of Fascist occupation, as you did, or take the frightful risks that you and your comrades took in the French underground. We are full of admirations for people who, like you, spent years in combating the dreadful Nazi machine, and we realize that your impressions and the friendships acquired in that fight must long endure with you.

But aside from the differences in our lives in the war and post-war years, we do have a similar background, don't we? I am thinking now of the long discussions we had when I came from Berlin to visit you in Paris in 1930, and of how we both, in spite of our different philosophical views, yours stemming from Comte, and mine from Kant and Schopenhauer, were unanimous in our devotion to democratic principles and social justice, and in our insistence upon the dignity of the individual.

You write tersely today of your opposition to American "imperialism"—an opposition that goes so far that you even refuse indignantly to come here for a visit—and I begin to fear that we have drifted too far apart in these fateful years: you with your chemistry, working hard on new methods while Europe was but one great prison, and I here, watching sometimes with horror the events that are rending the world, and studying at the same time the structure and history of this great nation to which I now belong.

In a way, the last years have been for me a great adventure. I have become an ardent admirer of the American people. And all the criticism you have heard—I mean honest American criticism of which there is plenty—endears them to me only more. I like to live in a country that does not pretend to be perfect, and where anyone may criticize anyone else, loudly and bluntly, not excluding the President of the United States. And I pity those lost souls who now live in countries where no one may deviate from one single narrow dogma, except at the risk of his life.

Let me illustrate what I mean with a little story. The incident occurred in 1943, just after the conquest of Sicily. It was a very hot evening and I was sitting on the porch of a hotel with several native-born Americans, some of whom also had sons in the army. They found much to complain of: the lack of democracy in the American army, stupid little happenings such as that a soldier was forbidden to enter a certain restaurant or hotel that was reserved for officers, and the like. I said to my friends that they were quite right, but that on the other hand they should see these matters in their proper perspective. At that time we had just learned of the so-called Patton incident. General George Patton, who had played an outstanding role in the conquest of Sicily, had inspected a field hospital and had slapped the face of a soldier who, asked about his illness, had answered that he was hospitalized for battle fatigue, a kind of nervous disorder. This incident, which caused a storm of indignation in the hospital, went through the whole press, with the result that General Patton had to apologize to the soldier, to the hospital, to the regiment of the soldier, to the division, and to General Eisenhower. "Here," I said to my companions, "you have an example of undemocratic behaviour on the part of an American general, but at the same time an example of the virtues of American democracy."

For, if the same thing had happened in another army, I think the matter would never have come to public notice at all, while in Germany they perhaps would have shot the soldier, or at best punished him severely."

You have read the novels of Upton Sinclair, Sinclair Lewis and John Steinbeck. These books, though fiction, are not malicious invention. I have read some of them, and I know the depressing picture they have drawn of American society. But please remember that all fiction writers overstate their point or, at least, never give you a complete over-all picture of the conditions of the country. After all, these writers had in mind the great and wonderful purpose of arousing the conscience of the American people. Their books were bought in large editions by good middle-class and upper-class Americans who wanted to know what was wrong in their own country.

And don't forget that what appears to an American, to a man like Lewis or Sinclair or Steinbeck, as utter poverty, is in most other countries the common lot of the lower classes. I hope we will always have critical spirits who will show us where we have failed and will keep us alive to the possibility of further progress, people who will expose the reactionaries and the preachers of class and race hatred. If ever we should stop producing such literature, that might well mark the end of all progress.

Yes, we have a good deal of criticism over here, but that does not mean that things in general are as bad as they are in the special sectors that have been pictured by those writers. Believe me, it is all very, very different from what you have been led to think.

You seem, old friend, to believe that we are dominated by a class of millionaires—you call them "Wall Street"—to whose tune our government must dance; people who, living in fantastic luxury, ruthlessly exploit the workers and the lower middle

classes. At the same time, you appear to think that American capitalists strive to expand the country's political influence all over the world; that they are in search of additional markets for the enormous output which, you assume, American workers must produce—but cannot buy. Ultimately, you expect the “gap between the productive and consumptive capacity” of the masses to lead to a tremendous crisis.

I am unhappy about these convictions of yours. They are not sound enough for your critical mind. Moreover, having no basis in the realities of American life, they do an injustice to the spirit of America. In fact, I believe you despise a nation and a system which you would love and admire, if you could see them in proper perspective.

All this is easy for me to say now, and with hearty conviction, but I confess that before I came to live here I held very different views. I had read, besides many novels, a number of books on economic problems and industrial techniques in America. Life in the United States always appeared to me as interesting, perhaps, but completely uninviting, indeed, repugnant. Coming here as an exile, I expected the people to be cold, calculating, money-minded and utterly selfish, without a sense of beauty or cultural values. And I remember vividly my astonishment when I finally got here and settled down, for I found most people helpful, warm hearted, easy going and liberal, both in their private affairs and in their social and political views. Above all, I found the social and political conditions here entirely different from what I had feared—and much to my liking.

My own experience has been repeated by many friends who have immigrated after me. They all have exclaimed over how different, and how much better, they have found the social setup and the human atmosphere than they had expected. On the other hand, there have been many people

who refused to come to these shores even when the Nazi murderers were at their heels. Several of our own relatives and friends, who later were killed by the Nazis, were offered everything they needed: affidavits for entry into the U.S.A., jobs, homes. But they preferred to suffer privation and persecution rather than the "degradation" they anticipated under the American way of life.

I have often wondered why there was so marked a difference between my own and most other people's expectations, and the actual reality. Was all the information we got in Europe wrong? No, I found it for the most part confirmed. Still, the picture we had was distorted. I puzzled over this and finally, I think, I found an explanation.

A person living in Europe spreads all he hears or reads about the United States upon the canvas of his life and experience in European civilization. He would not do so in the case of India or China. But if he turns his thoughts to life in America, he cannot help thinking that the social concepts under which he has grown up must form the basis of existence here too. Against this background, many things he hears about the life and ideas of Americans sound somehow illogical, crazy, or disgusting, like ugly dissonances in a piece of music.

After having lived here for a number of years, I came to realize that the hideous picture I had expected to find resulted not from misinformation, but from the fact that I had tried to spread valid information upon the wrong canvas—and in this case the canvas was my European concept of Western society. I learned that Western society as conceived by a European did not exist on this side of the Atlantic. Instead, I found a society which in my eyes is superior to what most other countries know.

I feel certain that you would go through the same experience if you only would come face to face with the facts. For I have found, to my surprise, that most Americans agree emphatically with the ultimate

aims of progressive and idealistic Europeans like you. They too want to spread welfare and happiness over the whole nation. They even agree with the great ideal which Karl Marx held out to the impoverished and humiliated masses everywhere: *the classless society*. They call it freedom and equality, but they mean the same thing: equal opportunity and equal dignity for all. This aim is actually part of their great tradition, and every good American is alive to it.

Now, I know this statement will at first sound ridiculous to you. And you may call me a cheap propagandist, or think that I live in an ivory tower, if I tell you that to a considerable degree the United States already has realized the ideal of a classless society.

Of course, I don't mean to say that we have no social classes at all in the United States. No more do I think that what Marx had in mind was a society without any class differences. As Lenin said (in *The State and Revolution*), "Marx not only, with the greatest care, takes into account the inevitable inequalities of men; he also takes cognizance of the fact that the mere conversion of the means of production into common property...*does not remove* the shortcomings of distribution and the inequality of bourgeois justice." And Lenin further stated that, because of the entirely unequal qualities, contributions, and circumstances of the people, the "first phase of communism" cannot produce equality of living standards. Nor have any of the other disciples of Marx interpreted the "classless society" as mere egalitarianism.

For the "highest phase of communist society," it is true, Lenin promised that everyone will be able to "take freely 'according to his needs.'" He forecast this happy result in the firm expectation that "expropriation will make it possible gigantically to develop the forces of production." It will make "labour so productive" that the people "will volun-

tarily work according to their abilities." But "according to his needs" obviously implies sufficiency for everyone, not equality. The approved "needs" of the manager or commissar in the Soviet state are one hundred to three hundred times higher than those of the workers. And while the commissar's needs are satisfied, perhaps magnificently, the workers have not yet been provided with the minimum for a satisfactory existence. In fact, Stalin, in his great speech against *uravnilovka* (equality of pay) of June, 1931, opened an intensive campaign for inequality. Ever since, equality has been branded by the Soviet regime as a criminal deviation, and inequality has been steadily on the increase.

But irrespective of the facts and theories of the Soviets, economic and social equality for all can probably never be attained in any kind of society. And yet the "classless society" is not only a truly great ideal; it can also be realized, if only we understand its real meaning. It means that the classes must not be rigidly separated from each other, and that every individual must have an opportunity to rise according to his talents and achievements. It means that no class may have special privileges by which it can dominate the nation, make the laws and manipulate justice. It means that no group should be permitted to deprive others of the fruits of their labour, to rob them of their means of subsistence. It means that no group or class may concentrate in its hands both economic and political power. The evil which the great founder of socialist theory intended to abolish is not the *existence* of social classes, but their castelike rigidity, their privileges and political predominance.

This, and nothing else, I have in mind when I speak about the trend toward a classless society in the United States. I mean that our upper classes are not nearly as exclusive as those of most other countries, and, above all, that they do not dominate the nation. Our workers have their full share of

political power. Consequently, there is no class hatred or class struggle. There is no reason for such conflict.

But American experience has proven much more. It has shown that rigid class separation and class predominance in politics and administration slow down both the productivity and the profitability of industry, and that the abolition of these age-old evils greatly benefits *both workers and capitalists*. By and large, America's economic and social system has given the citizen that opportunity to "work according to his abilities" which Lenin demanded. Thereby it has not only unleashed a truly "gigantic" production, but has brought a high standard of living to the vast majority of the people. It has truly enabled them "to take according to their needs." In fact, it has demonstrated something which I am almost afraid to say, for fear of antagonizing you before you have heard me out. All right, I'll take a deep breath and say it: American experience has taught us, if we care to learn, that the purpose of a classless society—the achievement of dignity and prosperity for all—cannot be realized without capitalism. The two are not opposed to each other, as ingrained prejudice would make us believe; they belong together and supplement each other.

But these are blanket statements which I don't expect you to accept just on my say-so. I would like to give you some facts and have your responses to them. So let me close now, my dear friend, with the hope that you don't think me too presumptuous in writing as I have done. I shall write you again in a few days to continue this discussion, and shall hope to hear from you soon.

1776 : TWO REVOLUTIONS IN ONE

Dear Henry :

I have not yet received an answer to my first letter. I hope you have not put it aside in anger or scorn, and that for the sake of our old friendship you will listen to me. For today I want to go on to explain certain statements in that letter of mine. I know you cannot understand what I tried to tell you last time without looking with me at a few basic facts of American history.

In this country there is a consistent trend toward the classless society that stems right from the American Revolution. Or rather, it stems from the immigrants who came here to find liberty and opportunity. In America newcomers from Europe found a new life and a new dignity. This was what they had come for—and it is why they still continue to come—ever since the early seventeenth century. The American Revolution crowned their efforts. It broke the old ties which, however tenuous, had kept the people of the American colonies in subjection to a king and an aristocracy. It swept away most of the old laws and traditions that threatened to perpetuate, or to revive, the old system.

The American Revolution is not too well understood abroad. In my opinion, its significance is more far-reaching than that of the French Revolution of 1789 or the Russian Revolution of 1917. I am amazed that all of us who were educated—and

presumably well educated—in Europe never learned the real meaning of this event. But perhaps I should not be amazed, for the men who wrote our history books must have had good political reasons for withholding from us any knowledge of the full significance of the American Revolution, if indeed they grasped it themselves.

It is common knowledge, of course, that in 1776 the thirteen original colonies declared their independence from Great Britain, and then won it in a long and terrible war. But hardly any European realizes that *the American Revolution was actually two revolutions in one*: a revolution against the mother country, and at the same time a social revolution. It brought to life and power ideas which, thirteen years later, were to dominate the French Revolution. America's social revolution was less violent, but I believe it was, in the long run, much more successful than the French.

The reason the colonists demanded independence from Britain was a desire for fuller democratic rights. There was no dynasty, aristocracy, or plutocracy in America that wanted to gain more power by shaking off British domination. The revolution was made by townspeople and farmers, educated and illiterate, rich and poor—and especially the poor. They all refused to remain the subjects of a king, ruled by his governors under laws passed by an aristocratic Parliament, thousands of miles away, in which they were not represented.

And once the break had occurred much greater differences became apparent. Americans would not put up any longer with European class and caste ideas. Of course, in the American colonies there had never been as rigid a caste system as in France. Nor was the British rule as oppressive as the absolutism of the French kings. But there did exist in 1776 a caste and class system, which America's social revolution did a thorough job of demolishing.

The abolition of monarchy and nobility by the

Constitution was final and decisive. With them went the typically feudal institutions of entail and primogeniture which kept large estates undivided from generation to generation. You can appreciate the significance of these institutions if you remember that the power of the aristocracy has been perpetuated by them down to our own times, both in Britain and in Germany. And the ferocity of Jefferson's fight against them bears witness to the paralyzing influence which they exercised in the American colonies.

The old royal limitations on the seizure of vacant lands also ceased to exist. The rents paid to the King and to certain families, such as the Penns and the Baltimores, remnants of old feudal obligations amounting to \$ 100,000 a year, were abolished. Huge estates, as for instance the holdings of Sir William Pepperell in Maine, of the Phillipse, Morris, and De Lancey families in New York, and the Fairfax family in Virginia, were confiscated or divided up into numerous farms. And just as the French Revolution expelled the aristocrats, the American Revolution drove out about a hundred thousand Tories who had dominated both the government and the economic life of the country.

These were, for the most part, wealthy men who saw their privileges and properties jeopardized if the royal power that had granted them should disappear. And they rightly feared that with the crown, which formed the top rung of the caste ladder, the whole system was bound to collapse. Social equality, meaning "loss of caste," was even harder for them to face than economic loss. Many Tories did return after the Revolution, but they had to accommodate themselves to a revised social order.

The new nation started to reform everything, including even the position of the churches. Payment of most tithes was abolished, as were the monopolies which some churches held in certain states. The penal law was humanized at a time when Europe's

codes were truly savage. Within a short time the emancipated colonies enacted legislation which in most respects was half a century in advance of the laws of the mother country.

The "unalienable right" of all human beings not only to life and liberty, but to the "Pursuit of Happiness", has always appeared to me a most remarkable tenet of the Declaration of Independence. It gave everyone a claim upon attributes which in Europe had always been associated with class privilege. Nor was this to remain a pious wish. Stating that "governments are instituted to secure these rights," the Declaration made the authority of the state the protector of the individual, irrespective of caste or class.

One after the other, the states recognized the political equality of their citizens by establishing universal suffrage. Pennsylvania was the first to do so, in 1776, and the other states followed suit. Though full citizenship rights generally depended on possession of real estate, or on the payment of certain minimum taxes, the great majority of the people had, by 1840, attained full suffrage—with the exception of the women, and of the Negro slaves in the South.

You may say that all this was no more than the French Revolution did, and perhaps even less. But there is one great difference: The accomplishments of the French Revolution, threatened from the beginning by many excesses and incessant changes, were largely washed away by Napoleon and by the Restoration of the Bourbon kings. In America, however, the ideas of the Revolution won increasingly wider acceptance. As the Frenchman Alexis de Tocqueville in his *Democracy in America* (Appendix G to Vol. I) remarked about one hundred years ago: "In France Democracy is still occupied in the work of destruction; in America it reigns quietly over the ruins it has made."

The stability of the new regime, and of its ideas

as well, can be judged by the men whom the nation elected to office in post-revolutionary times. Whereas in France, by 1800, hardly one of the leaders of the Revolution of 1789 could be found in an important position—indeed few of them had remained alive—the U.S.A. enjoyed for several decades the political wisdom and guidance of the very men who had led the fight for independence: from 1789, when the federal government was organized under the new Constitution, to 1817, George Washington was followed as President by John Adams, Thomas Jefferson and James Madison. And don't let people tell you that these men were "reactionaries." The same John Adams who wanted to "restrain the masses from controlling government" demanded "checks to hold the well-to-do in proper restraint."

In 1829, there followed Andrew Jackson, a most unconventional militia general of truly proletarian origin. He is still vividly remembered by the nation for his truculent fight against encroachments upon the government by the wealthy.

Then, in 1861, there was the Civil War, which the historian Charles Beard has called "The Second American Revolution." The owners of the large plantations of the South, who relied on slave labour, had developed into a new castelike class. As undisputed rulers of the Southern states, they wielded enormous influence. Now the capitalists, labourers, and farmers of the North and West united against them and drove the planter-aristocrats from power.

And in the twentieth century the two Roosevelts, one a Republican, the other a Democrat, gave new impetus to the traditional fight against monopoly and privilege.

Social reformers and progressive liberals have always had a much firmer springboard in the United States than in most European countries. In Europe they have had to fight the basic laws of the state. Here, on the other hand, they have always been

able to justify their demands by reference to the constitution and to the traditions of the country.

Now I do not mean to say that the American Revolution brought about, as if by the turn of a switch, a classless society with social and economic justice for all. Inevitably there ensued a period of transition with a good deal of upper-class predominance. Workers, including white-collar workers, were at times grossly underpaid by employers who made enormous profits. And all too often the well-to-do commanded an unjustifiably great influence, mainly over local administrations, but to some extent also at the state and federal levels. But the stories of the resulting abuses have often been generalized out of all resemblance to reality. Courts and legislatures prevented or redressed innumerable injustices and abuses, though the pages of our social history register only certain new laws and sensational trials. And obviously, the story of all the evil that was *not* committed because people did not dare remains forever untold.

Take any one of the reports written by Europeans who visited America during the last 175 years. Some of these are quite critical, yet all are in agreement that the living conditions of workers in America were generally far better than in Europe. They also agree as to the virtual absence of caste or class privilege. And the Americans themselves were, during the first fifty years after the Revolution, distinctly conscious of the class problem, as we can tell from the frequent debates over the respective merits of aristocratic and democratic rule. Slowly the voice of the advocates of class rule grew weaker, and the nation learned that "government of the people, by the people," as Lincoln put it, was entirely feasible. The trend toward social and economic equality consistently gained momentum, with additional spurts of vigour at various periods of national crisis. In our own time Franklin D. Roosevelt commanded both the energy and the

vision to implement this movement in various important aspects, and his successor, Harry S. Truman, is carrying on valiantly.

It seems to me fair to say that the American Revolution laid the foundation for a classless society. It did not wipe out the differences between rich and poor, but it was a mighty step toward the elimination of class privilege.

Well, Henry, I guess we have had enough history for one letter. Do let me hear from you soon.

THE MEANING OF "CLASS"

Dear Henry :

Thanks, old friend, for your answer to my two letters—I will try to be equally thoughtful in replying to you.

You say you wonder whether the historic events I have tried to describe to you have much real significance in our time. After all, Marx has stated that the social institutions of mankind are shaped by our methods of production. Can we, you ask, living in the age of atomic power, derive much benefit from ideas and events of the horse-and-buggy days ?

Let us recall, first of all, that Marx himself lived in a period which, in spite of advances like the steam-engine and the railroad, is by now definitely antiquated. Yet I think—and I am sure you will agree—that his theories have not become meaningless. On the contrary, I believe that there was a great and lasting truth in them. He exposed the evil of a class society that concentrated political power in the hands of the owners of economic power, and demanded instead a classless society with equal rights and opportunities for all.

It was this very same evil that the American revolutionists fought, and the classless society is the goal toward which they too have striven. But American methods have differed from the Marxian prescriptions. You will understand the reason for this difference if you look more closely at the

meaning of the terms "class" and "class society."

By "class" we may mean two different things. We may mean a group of people set off from others merely by their occupation or standard of living. This kind of class is unavoidable, whether you like it or not. It exists in every kind of society. It is doubly necessary in a modern society with its division of labour and specialization of jobs. A scientist or artist, a factory manager or a government official, does not work like a labourer in a factory or mine ; nor could he do his work very well if he had to live like one. And to stimulate initiative and ingenuity, to inspire everyone to do his level best, you have to give people something for their efforts. The differences that arise from these elements create what we might call "functional classes." And, as I have said before, the necessity for functional class distinctions has been conceded by workers, socialists and communists the world over.

But "class" can also signify in an exclusive privileged group, to which a person belongs because he was born into it. Here "class" is an extension of the old feudal "caste," and denotes a man's fixed, unchangeable "status." In fact, we might call this kind of class a "caste," except that the privileges of the caste are established by law, while those of the castelike class generally exist in fact only.

It is true that in most European countries the upper classes, until very recently, possessed certain privileges by law also. Up to 1918 the aristocracy and the wealthy bourgeoisie in Prussia (which embraced almost two thirds of all Germany) controlled the majority of both Chambers, and until 1945 many members of the British upper classes had more than one vote. But besides such legal advantages—and this is perhaps even more important—the European upper classes profited from a maze of traditions and connections. In most countries they dominated the law-making bodies either openly

or privately and wielded great influence in the executive and judicial branches of the government.

This kind of "class" strives to gain and retain wealth and power in a way reminiscent of the old aristocratic castes. Its methods have rightly been called "predatory," and its gains "exploitation." The caste arrogates to itself a part of the wealth which other people—and by no means only manual workers—create. Certain revenues, or rather the offices and jobs from which they flow, are reserved for members of particular families, or for such individuals as the caste or the king may deign to admit. They are not open to free competition, so that anyone, regardless of his station, may seek an office by virtue of his ability alone. And beside all the other advantages, the highest castes in most countries were exempt from taxes, either by law or as a result of administrative manipulations.

A privileged caste or class sets itself apart from the lower classes because it does not want to see its advantages watered down by countless newcomers, or its "honour" polluted by intimacy with "common" people. And as its pride and "honour" rest merely on group membership, and not on the ground of personal merit, the caste defends this treasured membership with jealous passion. To mark off the borderline very distinctly, it brands humble work, and especially manual labour, as entirely below its dignity, looking with disdain even upon commercial and industrial pursuits. It reserves supreme social honours for those who lead a life of leisure. Such a "society" sets a premium on obviously useless activities. It often fosters behaviour that is actually injurious to a person's usefulness and productivity, such as gambling, drinking or other dissipation. It expects to live by the fruits of other people's efforts, and glories in its privileged position.

This is the kind of class society which Marx, and the Americans too, attacked. But although they found a caste system repugnant, the people of

America did not adopt Marx's conclusions. Instead, they fought for equality of opportunity by abolishing all prerogatives and monopolies of the nobility and other castes and classes, so that every man could rise to whatever wealth, power and honour he as a person might be able to achieve, no matter what his origin.

Marx claimed that castelike privilege was an inherent characteristic of the capitalistic system. He held that a capitalist gains his profit always by a combination of economic and political power—in other words, by methods equivalent to those of the precapitalistic ruling castes. Many non-Marxist socialists, too, have depicted capitalism as a complex of usury, fraud and high-handed exploitation.

I shall explain later how Marx came to impute these ugly traits to capitalism, and why many Europeans are still convinced that he was right. I shall also demonstrate to you the reason why true capitalism need have nothing to do with caste privilege, or with fraud and exploitation. This will not be an easy task though, because for a person living in Europe it has always been harder to gain a clear and unbiased view of the ultimate potentialities of capitalism than for an American.

American capitalists, thanks to the destruction of the old caste society by the Revolution, did not succumb to the ideology of privilege to the same degree as did their brethren in Europe. Thus America became the place where what I call the true capitalistic spirit was developed earlier than anywhere else, and where it can best be studied.

An American capitalist, or perhaps I should better say a "modern" capitalist, employs for the creation of wealth all the technical devices that form so large a part of his capital. Whereas formerly the entrepreneur used human labour as the main element of production, today he concentrates on how best to use his capital equipment. In this

endeavour labour becomes his ally and partner and, as partner, acquires new stature and dignity.

Hence, the American capitalist does not believe that one man's gain must be another's loss, that wealth must be created at the expense of the workers. Nor do American workers hold that poverty results from the wealth of the capitalists. Instead, Americans in all walks of life believe in what I would call *creative co-operation*: that free men, by ingenuity and joint effort, can produce so much wealth that there will be enough, and more than enough, for everyone.

This is a much more ambitious aim. To achieve it the capitalists have had to give up the old, almost unbridgeable barriers, which used to separate man from man. Either you want to take away from the other fellow, or you want his faithful and wholehearted co-operation and are ready to work with him yourself. You can't have it both ways at the same time. Caste society and the creation of abundance simply don't go together.

Creative co-operation is a basic feature of mature capitalism. A business can be, and ought to be, profitable to *all* parties involved: otherwise it is not regarded as "good business." Quite aside from morality, *it is not good business to take anything away from anyone, or to be unfair to others*, whether they be your workers or your customers. Experience has shown that in the capitalistic world nothing begets wealth like wealth: the wealth of the workers is the greatest source of wealth for the capitalists, and vice versa. This is why Americans regard material backwardness, at home or abroad, as plain foolishness.

This attitude has been forced upon the capitalists by the collapse of privilege. In a defeudalized society, people are free to deal with whomever they please, and to work whatever they like. Hence, the manufacturer and the businessman have come to rely entirely on the trust and *good will* of others. They

must do everything to create good will, and cannot afford to jeopardize this costly asset. On a steadily increasing scale, the capitalist has learned to cherish not only the good will of his customers, but also of his employees on whose wholehearted co-operation he depends.

You see, I don't pretend that capitalism is a code of morals ; nor do I think that all capitalists behave as they should, even in their own best interests. We have in the United States as many cruel and selfish individuals as any other nation, and there has been a great deal of wrong-doing by all kinds of people, including many capitalists. But there is no social system in the world that can prevent evil, or the rise of unscrupulous characters to wealth and power. Just look at the history of any of the great movements which have sought to build a new and better world, from the conquests of the Caliphs, through the Crusades, to the revolutions in various countries, including Russia. Evil men have found their way to wealth and power at all times and under all kinds of flags and pretenses. If their success could prove the unworthiness and immorality of capitalism, it would serve to disparage every other social system as well.

What we must consider is whether a system authorizes and encourages injustice and evil, or whether it opposes them, and whether, in the long run, it improves the conditions of the less fortunate strata of the nation or tends to depress them still further. The old caste system, with its special privileges for the few, encouraged and often virtually forced the upper-class members to exploit and impoverish the lower classes. But this kind of power, no matter how much of it you may find surviving under the guise of "capitalism," has no place in a genuine democratic capitalism.

From this momentous difference between a caste society on the one hand, and what I like to call "Classless Capitalism" on the other, there arises a

further distinction. A society based on "status" wanted to keep all its elements rigid. It hated change. The upper caste favoured tradition in every respect: in thinking, in education, in religion. It clung to the existing conditions in technical and economic fields as well. To those in possession change appeared almost synonymous with loss, not only of material goods, but also of prestige and power.

In this respect, the caste system conformed to the necessities of Europe's agricultural society—and up to the nineteenth century most nations were basically agricultural. Even when farm lands were not so densely settled as in our day, there was hardly any space for new settlements. For a new peasant an old one had to go. Not only the nobility, but the peasants, too, were violently opposed to all that smacked of change, always suspicious of possible threats to their possessions and traditions. America was an exception. It offered almost limitless spaces for new farmsteads. Thus a man as devoted to rural life as Thomas Jefferson could become the strongest advocate of progress and democracy. But in Europe rural civilization seemed inseparable from rigidity and conservatism. This was the foundation on which the caste system rested—a system designed not to promote productive ingenuity, but merely to prevent change and consequent loss.

Democratic capitalism, on the other hand, is based upon change and growth. That is the atmosphere in which it thrives; it fears stagnation. It uses its forces not to depress and exploit the masses, but to expand production, to create new ideas, new wealth and greater prosperity for all.

American capitalism has developed creative co-operation to heights never before known in human history. This achievement must be credited in large measure to the fact that it has emancipated itself from the restrictive traditions of caste, class and privilege which have hampered economic expansion in most European countries.

AMERICA SHEDS CLASS DISTINCTIONS

Dear Henry :

You don't agree with my distinction between the privileged class in a caste society and the "functional" class of capitalists in a country like America. "Everywhere and at all times," you say, "the wealthy people have had great influence and power, and have used them as instruments with which to oppress the workers."

I will not deny that there is some truth in your statement. As I have said before, even in the United States not all businessmen and "capitalists" always play fair. Americans are not angels—any more than Europeans are. Some of them have gained wealth by sharp practices, including exploitation of labour, though more often such practices have been used in the struggle of capitalist versus capitalist. But I repeat, there always have been unscrupulous individuals and I suppose there always will be, under any system. A system can prove itself only by the long-range trend, whether conditions improve or deteriorate.

In the United States democratic capitalism has shown its direction as well as its worth by the large-scale improvement in the living standards of the masses, by the general enhancement of their liberty and human dignity. Once the bonds of caste and class domination were broken by the Revolution, the institutions and traditions of the United States effectively prevented the rebirth of a privileged

class such as Marx had in mind. You are quite right in pointing out attempts to entrench privilege on the part of the wealthy. But the important thing to remember is that whenever such a move was initiated, it lost out in the long run.

Of course many rich men do exert a great influence in the social and political life of the United States. Sometimes this influence comes from the power of their money, but very often it rests upon the importance of their enterprises or their personal judgment and experience. Men like Bernard M. Baruch and William S. Knudsen (President of General Motors) were called in by the government to help gear our productive capacity for war needs. They and many others served without any direct or indirect advantages to themselves. At present, Nelson Rockefeller and W. Averell Harriman, both members of very wealthy families, are serving in high government positions, but they are not thereby enabled to promote their own private interests.

In the U. S. A. wealth as such does not endow a man with undue political influence. There is no privileged class that has first call on government positions for its sons and friends, or for its lawyers. Of course there have been many cases where wealthy groups have managed to get their candidate elected as mayor, as governor, or even as president. But there have been at least as many cases where outspoken critics of wealth and privilege have been elected to office. Often, too, men who have come from the ranks of wealth have become staunch guardians of the welfare, dignity and liberty of the workers. Such men, for instance, were the two Roosevelts, Theodore and Franklin.

In the field of labour relations there was a time when the right of workers to organize into unions and to strike for their demands was still to be won. Great corporations hired bands of strike-breakers, real private armies, that fought workmen with guns. And sometimes the state government or, in the case

of the Pullman strike of 1894, even the President of the United States, used police and troops against the strikers. But these trends were opposed, and the opposition came by no means from labour only. Large segments of the citizenry rose in protest. In the Pullman strike the governor of Illinois intervened in favour of the workers, and very soon both legislation and the attitude of the courts began to change. Eminent Justices of the Supreme Court, like Oliver Wendell Holmes and Louis D. Brandeis, led the way toward recognition of trade unions. Nowadays, highhanded measures on the part of the employers are almost unthinkable.

Another attempt at class rule arose from the concentration of power through trusts and cartels that strove to eliminate competition. Here again, a complacent citizenry at first did not seem to care. But when the emergent forces of wealth went too far, Theodore Roosevelt fought the trusts with vigour and sincerity. His fight was far from a legalistic sham, and it is too little known in Europe how effectively some of the great American trusts were broken up.

I believe, too, that a society must prove itself in the private life of the people. It must give everyone the feeling that his worth and human dignity are recognized, quite irrespective of his occupation or his purse.

To be sure, certain remnants of caste ideology can be found even in the United States. I regard it as a vestige of the old feudal attitude, for instance, for a city dweller who has made a good deal of money to build himself a vast country estate, complete with horses and cattle, even though he cannot stand the stench of the stables and must sink huge sums into this form of luxury every year. Happily, the few snobs who try to look important by imitating the lordly life of a defunct aristocracy are not taken seriously in America. Nor does it matter too much how important some of these men,

or their wives, pretend they are. Their wealthy brethren know better, as do the workers. You can't get an American worker to think of himself as "lower class" if you try the "lord-of-the-manor" act in his presence. He has a lively sense of humour, and the amour-propre of a would-be aristocrat could scarcely survive his ridicule.

In general, you find an atmosphere of equality in America. How I wish, Henry, that you could come for a long visit. I am sure you would respond to the peculiar spirit that prevails here. Class distinctions are down to a minimum; indeed, compared to conditions in Europe, there appear to be no distinctions at all. You would warm to the frank and unabashed approach to one another of people from all walks of life; you would rejoice at the way rich and poor greet and meet and shake hands.

I still remember how pleasantly surprised I was on our first visit to the United States when the chauffeur who drove us from New York to Washington, D.C., in a car belonging to one of our friends, shook hands with me at the end of the day, assuring me that he was pleased to have made our acquaintance. The next evening, the cab driver who drove us to Mount Vernon, Virginia, the home of George Washington and now a national shrine, also shook my hand.

Men meeting in the streets don't doff their hats to each other. They find it a ridiculous sign of "deference" when a visitor from Europe persists in this habit, or bows to another man, even if he may be the boss. A friend of mine, also a "new American" as I am, was astonished when an old workman in a factory patted the president of the company on the back, called him by his first name and offered him a cigar. It took my friend some months to accept that this was "normal" behaviour as between employee and boss.

In Europe one hears that Americans are rude,

uncouth. But much of what appears to Europeans as "bad manners" comes from the general propensity of Americans to do away with formalities that set one class off from another. Many well-educated Americans enjoy flaunting their egalitarianism; they will put their feet on their desks, take off their ties and coats in hot weather, dig in their gardens, or pitch in to help paint the house. And they are amused when Europeans find their behaviour undignified.

This insouciance is difficult for well-bred Europeans to accept. And so is the familiar, unreserved form of address one often encounters. A European lady who had not been in this country very long complained to me once that some salesgirls dared to call her "dear," or "honey." Another friend of mine told me how amazed he was when he saw employees enter the office of the president or a senior partner of a firm for a meeting, sit down and continue to smoke their cigarettes—"some of them," he gasped, "even called the boss by his first name." In Europe my friend has always had to stand respectfully when called into his boss's office until he was formally invited to be seated.

Different titles for addressing upper and lower class people are unknown here. Aside from doctors of medicine, everybody is just a "Mister," up to the President of the United States. One can also address anyone as "sir," or say "yes sir," which means nothing more than an emphatic "yes." An American friend of mine, touring England by car in 1932, had to stop for a repair at a service station. When the mechanic asked him a question he answered, "Yes, sir." After a painful silence on both sides, the proprietor of the service station remarked: "I am afraid you dropped a brick. You shouldn't have said 'sir.' This man is beneath you." My American friend was left speechless. Another day on his tour he stopped at a pub and sat down at the bar to talk with some shepherds. The owner

of the pub promptly invited him in to the "private" bar, as he found it not proper for a "gentleman" to sit down with the "common folk."

These attitudes of equality, so intimate a part of any American's outlook on life, have to be observed at close range to be believed. I wish you could see the people here riding the subways and railroads, where no first, second or third class exists (with the sole exception of the Pullman cars for long trips); or watch them eating their lunch at the drugstore counter, executives alongside young clerks, ladies in mink coats next to labourers, all lined up together.

Nor do we have a poor man's clothing or accent or vocabulary. There are no American cockneys. On the other hand, people don't show off their education by the use of literary quotations and Latin or French expressions so dear to educated Europeans. In America education is not used to accentuate class distinctions. Believe it or not, the janitress of the public library in a small New England town (and she does the cleaning) is the president of the local women's club. She was selected to this honoured post with the votes of many college graduates simply for her personal qualities.

An old, class-effacing custom in the United States prescribes that even in the richest household or the finest restaurant a glass of water be served at each place at every meal. In most European countries plain water is regarded as the drink of the poor; it would be against all rules of etiquette to serve it to your guests. Also European visitors are baffled by the lack of walls or fences around most suburban homes. This may reflect a desire to avoid unnecessary expense, yet the remarkable thing is that most Americans find such an expense unnecessary. They do not wish to live in "splendid isolation."

The freedom of our children and the independence of our young people also are characteristics

of a classless society. An authoritarian regime, set up to subject a nation to a small ruling class or clique, must start to inculcate strict obedience in children at a tender age, when minds can easily be moulded. That is why Frederick II of Prussia liked to have his superannuated sergeants appointed as teachers, and why the Soviets are educating a large part of their youth in military schools, work brigades and other regimented institutions.

In America, children are educated for freedom and equality. We had hardly settled down in this country when our daughter, who was then eight years old, took to turning somersaults in the living room. When I remonstrated with her she answered: "But Daddy, this is a free country." She was quite right. Of course the cane has vanished, and most teachers have given up their exalted seat on the platform.

What is most important, you do not find, even among the wealthy, any social disapproval of work, including manual or menial labour. No one is ashamed of doing whatever work a situation may call for. For instance, college students, irrespective of their social backgrounds, work as waiters or in factories or as salesmen during their vacations. This has always been so in the United States, while in most European countries, at least before the First World War, a student who worked for money, and especially as a waiter, would have been despised by his fellows.

A well-to-do businessman's wife may take a job as a salesgirl in a big store to earn some extra money. And many a wealthy lady does her own housecleaning, cooking and dishwashing; the husband—who may be a banker or an industrialist—often dons an apron and helps when he is at home. More and more, capitalists and workers alike are shedding their distinctions. The capitalists have taken on certain characteristics of labour, in their thinking and to some extent in their clothing and

manners, much to the distaste of European upper-class visitors. And the workers have, to some extent, become capitalists, not only in their thinking and their habits, but even in their worldly possessions.

This lack of class separation permits a good deal of natural friendliness and helpfulness. People exchange jokes and small talk, and help each other without so much as thinking who the other fellow may be, wondering whether he is of the "upper" or the "lower" classes.

The class-effacing character of American society shows up even in the army. As everywhere, the armed forces, organized as they must be along authoritarian lines, are less democratic and egalitarian than other institutions. But recall the Patton incident which I have already mentioned. This was but one of many evidences of a comparatively classless spirit. There is no rule excluding anyone from competing for an officer's commission and being promoted according to his abilities. One day, for instance, I read in the newspaper about a Major X who had been decorated for his exploits in combat. "Major X," the report closed, "is a letter carrier in Brooklyn." In this case I was struck by two considerations: first, that a man's civilian occupation did not impede his advance in the army, and second, that his occupation was mentioned in the public press. No native-born American would be struck by this at all.

Sixty years ago the great British historian and jurist, James Bryce, pointed out certain sharp differences between British and American life, all indicating the absence of British class distinctions here. Though many old-fashioned habits have disappeared in Europe, strong differences still exist in Britain, and on the continent as well. But most Europeans are unaware of the thousand little symptoms of caste tradition that have survived in the habits of their daily lives. Quite naturally, when

they come to the United States and begin to wonder about American life and habits, they are not inclined to become critical of the customs of their home countries. Instead, they often regard the evidence of American classless conduct as "lack of civilization." They deplore or ridicule occurrences for which they lack a frame of reference: they don't know that basically, and in spite of many appearances of class separation, society in the United States is moving toward the classless ideal.

The classless trend in America goes very deep. Unconcerned about "caste" and "standing," well-to-do parents often let their children fend for themselves at an early age. It is not the custom for them to give their daughters a dowry. And marriages of poor and rich are much more frequent than in Europe. Concern with money, for which Americans are noted abroad, pertains more to making it than to its preservation. The Frenchman's parsimony, the notion that capital must be left intact for future generations, is virtually unknown here, because Americans are not worried about "losing caste." They have no caste to lose; if there is an upper class, it is not of castelike permanence and rigidity, but rather fluid and unstable.

Thus many people are moving down the ladder, but many more are making their way from poverty and obscurity to a comfortable middle-class position, and quite a few rise to real wealth and influence. Some may be lucky speculators, but most gain success through hard work, often creative work and new ideas that give us new, or better, or cheaper products and services. Not only Henry Ford, whose success story is well known abroad, but many leading figures in industry, business and government have risen from "nowhere." For instance John D. Rockefeller, founder of the Standard Oil Company; Andrew Carnegie, founder of the United States Steel Corporation; Charles Schwab of Bethlehem Steel; Julius Rosenwald of Sears Roebuck; Samuel

Zemurray of the United Fruit Company; A. P. Giannini of the Bank of America; William Knudsen, a Danish labourer who became President of General Motors; James Forrestal, who became partner of the great banking firm of Dillon, Reed and later America's first Secretary of Defence; Charles E. Wilson, who became President of General Electric, and later head of the Office of Defence Mobilization. You may also count as typical the career of the late Harry Hopkins, advisor to Franklin D. Roosevelt.

These men, and many others who will be in tomorrow's headlines, made their way by sheer intelligence, ingenuity and tireless diligence. They all are self-made men—a European might call them "upstarts." Many a prominent business executive has started as a newsboy, a fruit peddler, or a common labourer. But in America it is a greater honour to be a self-made man than to be an heir, because we respect a man much more for his own achievements than for those of his ancestors.

THE BIRTH PANGS OF CAPITALISM

Dear Henry :

If you will come along with me today and look back from the U. S. A. of 1950 to the Europe of 1850, I think you will agree that it was impossible for Marx to understand modern industrial capitalism as it has developed in a democracy.

Marx started out quite soberly by defining his capitalist "class" as "the owners of the means of production," a strictly functional group. But then, generalizing from his observations of rigid exclusiveness and callous exploitation on the part of many capitalists, and of biased policies on the part of most governments, he ascribed to the bearers of a necessary economic function the character and methods of a privileged caste. He did not realize that such methods, used by capitalists, either reflected the greed of unscrupulous individuals or represented hold-overs from pre-capitalistic times. In other words, he attributed to capitalistic society many features which have nothing to do with capitalism as such, but stem from entirely different sources.

What Marx witnessed, especially in his youth, was a period of unrest and transition. In every war or revolution, and in every period of difficult social and technological change, unscrupulous profiteers scurry about to fish in troubled waters. Before the government and all the honest, sleepy people can wake up, profiteers have made fortunes, exorting what they can—from the workers of course, but also

from the general public. What could have been more natural for a man like Marx, who strained his sights to identify the basic symptoms of a rising capitalistic era, than to blame all the ugly and cruel abuses upon the "new system" ?

In justice to Marx, we must further remember that in his time European society was still strongly caste-bound. This was true not only in his native Germany, but even in Britain, where he wrote his *Kapital*. England was much more caste-bound than most contemporary observers, captivated as they were by certain democratic innovations, could realize. Yet some of Marx's contemporaries saw events in truer perspective; the French aristocrat Alexis de Tocqueville was one of them. In order to explore the real nature of the wave of democracy and industrial progress that was surging everywhere, he went to the most democratic of all countries, America. After this experience, he ascribed the misery of the poor in Britain not to capitalism, but to the influence of the aristocracy.

The aristocrats were, in fact, the group which in most countries still exercised the preponderant political influence. Many capitalists strove to join them, or sought an alliance with them. Others, though opposing the aristocracy politically, regarded themselves as its successors; they too somehow sought to imitate the famous example. The position of many of these early capitalists is illustrated by the word "snob." It comes from the little remark (s. nob.) that began to appear in the social register of Britain, when, besides all members of the aristocracy, the names of many commoners had to be listed. This (s. nob.) stands for the Latin "*sine nobilitate*" or "without title." Hence, a snob was a man who liked to appear among the nobility without "belonging."

The capitalists had not yet emancipated themselves socially or politically from the powers that had ruled for centuries. Above all, their thinking

about the relations between employer and employee, between rich and poor, and about the role and responsibilities of government, continued long to follow the old pattern.

Hence, what Marx described and attacked was a society that was still shaped in the mold of the caste system, sparsely veneered with a layer of capitalism. In some countries, like Prussia and Austria, this new veneer was thinner; in others, like Britain or the Netherlands, a little thicker—but everywhere the old caste tradition was the base upon which this new veneer was laid. Capitalism had yet to work out its own laws, manners and spirit. Recall, if you will, the kind of life that people led in the nineteenth century: their notions of pleasure, honour and correct conduct, the style of their fashions, furnishings and buildings. These were derived almost exclusively from precapitalistic and predemocratic traditions, and had no organic connection with the new developments in technology and business.

The motive that captivated man's imagination was not the purpose at hand or the real pleasures of life, but the enhancement or prestige. Governments, too, followed this concept of society. Their duty, as they saw it, was to protect the upper classes against pressures from below. Few people perceived that capitalism would require a social order opposite to that of the old caste society.

The failure fully to recognize this momentous shift has long obscured the thinking both of the bourgeoisie and of the socialists. Even in our day a brilliant Austrian economist, the late Joseph Schumpeter, who, from 1932 to 1950, taught at Harvard University, and who in many respects possessed an excellent understanding of American conditions, wondered (in *Capitalism, Socialism and Democracy*) whether capitalism is not "but the last stage of the decomposition of what we have called feudalism." To an American this remark makes

little sense, but it expresses, in a rather cynical manner, what hundreds of millions of Europeans, both capitalists and workers, have been feeling, if not thinking.

It is not surprising, then, that Marx misread the social remnants of the past as symptoms of the future. He could not visualize the capitalists as merely a functional group. To him they were a privileged, or "ruling," class, mere parasites, who always take much more than they give or create, men who enjoy their position not by reason of their usefulness, but by the evil power they exert. Hence he held that they would have to be overthrown by revolutionary force. In fact he took the "state" to be synonymous with caste or class rule, proceeding from that assumption to his famous conclusion that the state would "wither away" as soon as castes and classes ceased to exist.

Marx forgot, as we all are apt to forget, that it takes decades, perhaps centuries, for a nation to develop a new ideology and a new social code. In the haze of the 1850's neither the bourgeoisie nor the workers, steeped as they were in the atmosphere of caste rule, could have envisioned the dynamic forces of a democratic industrial capitalism which was just then beginning to burgeon. The power of the feudalistic tradition over the minds of Marx's generation is symbolized, for instance, by the fate of Ferdinand Lassalle, one of the early protagonists of German socialism. Involved in a love affair with a countess, he lost his life in a duel which he himself provoked, thus choosing one of the most hideous institutions of the old caste society as the means of his own destruction.

Marx himself, married to the daughter of an aristocrat, the Prussian Privy Councillor Ludwig von Westphalen, could not help looking back with nostalgia to the old caste society. In its ethical aspects, at least, he seems to have placed it on a higher level than capitalism: "All fixed, fast frozen

relations, with their train of ancient and venerable prejudices and opinions, are swept away" (by capitalism). "All that is solid melts into air, all that is holy is profaned" (from *The Communist Manifesto*). In order to justify this view, Marx even reversed the historical perspective from time to time. For instance, when in Scotland many lords evicted their tenants to transform their fields into hunting grounds, he represented this cruel and unjust, but typically feudalistic practice as an example of *capitalistic* greed, quoting a British author to the effect that these lords wanted primarily to increase their profits from the sale of game !

In our own century, too, a great many people have made the same error, blaming capitalism for typical manifestations of caste spirit. In this connection I should like to refer you to the confessions of six former Communists (Party members or sympathizers) recently published in *The God That Failed*. Ignazio Silone reports that at the age of five he witnessed "one of the local gentry setting his great dog at a poor woman seamstress, who.....was flung to the ground, badly mauled, and her dress torn to ribbons." This, and similar acts of brutal caste arrogance justly aroused Silone's indignation—but they have nothing to do with capitalism. Andre Gide, after some shocking experiences, especially in the colonies, came to hate his own life, the life of a rich man who, concerned only with luxury and art, had been blind and deaf to the poverty and suffering around him. Actually his resentment was caused by the remnants of class distinctions and class privileges. He embraced communism—only to find the same evils flourishing in the life of the Soviet hierarchy.

Stephen Spender describes his early abhorrence for class privilege, and how shocked he was by the civil war in Spain—a conflict that was brought about not by capitalism, but by absolutistic and

feudalistic forces. And, obviously, Richard Wright was driven into the Communist fold by discrimination against Negroes, which, as I shall try to show you later, has nothing to do with capitalism.

Nor is it by accident that, in our own century, Marx's views have been repeated, and brought into even sharper focus, by Lenin and Stalin. These men grew up in Czarist Russia under conditions similar to those that had prevailed in Western Europe almost a hundred years earlier. The absolutistic regime of the Czars rested on a caste system, with the greatest privileges allocated to the aristocracy, and minor privileges to the "guilds" of merchants, manufacturers and bankers. Hence it was well-nigh impossible for a Russian to think of the owners of business and industry as other than members of a privileged caste or class; and it was equally impossible for him to conceive of a government that was not the tool of the upper classes.

So deeply has this conviction been rooted in Russian minds that quite recently Eugene Varga, an outstanding Soviet economist, was severely reprimanded for writing that in a capitalist country the state could have an independent and decisive influence upon economic life, instead of merely serving the purposes of the upper class.

The same confusion explains the success of Communist propaganda in China. For it must be understood that most Chinese who flocked to the Communist standard wanted merely to escape from the power and corruption of the old castes which, from the Mandarins down, had exploited them. Except in a few industrial and commercial centres, conditions in China during the last twenty years deserved the name "capitalism" even less than those in Russia at the beginning of the century. Yet scores of millions of Chinese are apparently convinced that the old regime, which they hate, was capitalism, and identify it with the capitalism that prevails in the United States.

There is another element that Marx did not see, and in his time could not see. As I have already said, capitalists need not form an exclusive, castelike group and need not live by the take-away methods of a caste society. American institutions prevent them from using such methods. Thus they have had to channel their energies in other directions, and to gain wealth by other means.

What was it then, in the American development, that made the creation of wealth, and even the building of great fortunes, possible without robbing the worker of the fruits of his labour? Well, the most important factor was the technical progress of industry that began with the inventions and discoveries of the nineteenth century. Man does not have to "exploit" his fellow men any longer, because he can exploit nature to an extent never known before.

Two hundred years ago, economic activity had to rely mainly on three resources :

The soil (for farming and mining)

Animals (for food and labour)

Human beings (for labour)

The "mill," driven by wind or water, accounted for probably less than 5 per cent of all work energy.

In primitive countries these conditions still prevail. In India, for instance, it has been estimated that 70 per cent of all productive energy is even today derived from humans and animals. In Western civilization the trend is toward energy from coal, oil and electricity. Human labour, in the form of direct physical exertion, is constantly decreasing in importance. It has been calculated that the consumption of electric and other energy for each person employed in mining and manufacturing in 1937, from all sources (steam, gasoline, water power, etc.) combined, expressed in the equivalent of kilowatt hours, was about 35,000 units in the United States, as compared with 10,000 to 12,000 on the European continent and less than 2,000 in Turkey.

Does not a modern factory with all its automatic machines, now often guided by electronic controls, and with very few people in attendance to read instruments and press buttons, remind you of the words of Aristotle in his *Politics*? "If every instrument could accomplish its own work, obeying or anticipating the will of others . . . if the shuttle would weave and the plectrum touch the lyre without a hand to guide them . . . masters would not want servants or slaves." What to Aristotle was completely visionary has become a reality in our time. And because automatic machinery has been introduced on so much broader a scale here than in Europe, the social consequence of which Aristotle dreamed has become a reality here. American capitalists don't want slavelike workers any more. They don't need them.

Instead, this country has witnessed a fantastic increase in the productivity of human labour through mechanization, and this increase must be credited in large measure to the efforts and the capital of the capitalists. The average investment necessary for the employment of one worker in American manufacturing industries amounts nowadays to from \$6,000 to \$8,000. In some industries it is a much greater sum.

Pre-capitalist society did not use its wealth in this way. Rich people "invested" for the most part in gold and silver coins, real property, and "treasures" of all sorts. Moreover, the upper castes, including the guilds, were bitterly opposed to any but the slowest kind of technical progress. The mercantilistic economy of the absolute monarchies, which tried to regulate every phase of industrial production down to the minutest detail, favoured similar depressing methods.

Now let us compare countries like the United States, with its high rate of capital investment, with countries where the investment rate is low. We see then that the American employer, who in

his factory uses much machinery—alias capital—and not so much labour, finds it much easier to raise wages than does an employer abroad who has few machines but many workers. We can note this distinction too if we compare different industries within one and the same country: the manufacturer whose payroll accounts for only 20 per cent of his total production costs can afford to be much more liberal toward his workmen than another whose cost sheet shows 75 per cent for wages. A wage increase of, say, 10 per cent would add only 2 per cent to the total costs of the former, while the latter would have to add $7\frac{1}{2}$ per cent.

Moreover, the larger the capital investment, the greater is the worker's productivity. Output per man hour in the United States rose about 22 per cent from 1929 to 1939. By 1945 it was 19 per cent above the 1939 level, and in 1950 again 13 per cent above that of 1945.

The trend toward increasing capital investment had already begun one hundred years ago, but it was not then so clearly to be seen as now. Marx, for example, was not yet in a position to interpret it correctly, though he did try to build his theory on it. Observing the horrors of the contemporary economic scene, the widespread use of child labour (a heritage from pre-capitalistic times), starvation wages and mass unemployment, he said in his *Kapital*, "Machinery not only acts as a competitor who gets the better of the workman, and is constantly on the point of making him superfluous. It is also a power inimical to him." He could not see then that, quite to the contrary, *the machine is the best friend of the worker because it enables him to produce more goods with less effort. It also enables the employer to raise wages and reduce prices, so that the worker can earn more money and buy more goods with his money.*

Marx came one hundred years too early. The birth pangs of democratic capitalism appeared to him as its death throes. He could not see that the work

of our scientists, engineers and inventors would enable our industries to turn out most goods in mass production at very low prices, and thus provide the working masses with low-cost articles which in Marx's day were luxuries.

Marx could not predict, furthermore, that these mass-production methods would force manufacturers to expand the domestic markets for their products; and that the need for such markets could be satisfied only by a combination of lower prices and higher wages. Nor was Marx in a position to foresee that modern industries, in order to utilize their complex machinery, would require increasing numbers of people with a higher level of intelligence, with more elaborate skills and more advanced education; and that this demand was bound to raise the material and social standards of labour.

Actually capitalism, which once was thought to add to the worker's burden, has lifted a good part of that weight. Just as the cranes, pulleys and conveyers in American factories are carrying the burden that used to bend the back of the worker, democratic capitalism in the United States has enabled the worker to raise himself from his stooped position—not only physically, but also emotionally and socially. It has ended his economic misery, and has made him the free and happy equal of his fellow citizens. He can look anyone right in the eye, Henry, without fawning subservience or a baleful glance of hatred. I hope some day you will want to come over and shake hands with him.

UNIONS IN A CLASSLESS SYSTEM

Dear Henry :

I have your last letter, and I am sorry you are angry with me. I hope you are not so annoyed that you will refuse to read this one. I really did not mean to imply that American capitalists have been so "magnanimous and wise" as to *give* their workers higher wages. Not at all. With rare exceptions American employers have not been moved by sheer benevolence. And few of them have been far-seeing enough to anticipate the benefits they would reap from the increasing purchasing power of the workers. The lovely dreamers of the last century who based their hopes upon the nobility of the wielders of economic power misjudged human nature. They also were blissfully unaware of the influence of business competition upon prices and wages.

I do not hesitate for a moment to concede that in America too most of the gains in wages and working conditions have been obtained through pressure of labour unions, and sometimes through long and costly strikes. It could not have been otherwise. Normally, an employer cannot raise wages substantially unless his major competitors do the same. This is one reason why many enlightened employers have welcomed the concerted action of a union in its struggle to raise wages for an entire industry; it often has been the only means that would enable them to increase wages for their own workers. But the initiative has generally been

on the part of labour.

And yet the phenomenal improvement in the living conditions of American labour would never have materialized without the transformation of the methods of production that we must credit to the capitalists. Contributing not only their capital, but also their ingenuity and their vision, they shaped the conditions from which they themselves, and labour too, were to derive un hoped-for advantages. Always expanding production and reducing its costs, improving quality and developing new products, constantly contriving new processes and devices, both in technology and in organization, they established in rapid succession higher and ever higher records for the productivity of their enterprises and of the entire economy. From these gains the increasing demands of labour could be satisfied, and the opportunities of labour increased in every respect.

Marx could not have anticipated the peculiar role the unions were to play in an expanding capitalism any more than he could have imagined the technological advances. In fact, no one could have foreseen these developments a hundred years ago. To be sure, Marx called for powerful labour unions, but he was skeptical of their chances, and for a number of reasons. Having himself grown up in a society where political power was caste and class power, and where worker's coalitions and strikes were met by the clubs and guns of the police, he could not anticipate a mature democracy, freed from class domination, in which capitalists would grant concessions as large as they have in fact agreed to in America.

One of the reasons why unions have had more success with their demands in America than in Europe has been the relative scarcity of labour. People from the industrial East kept moving westward. The scarcity has been periodic, of course. At times the influx of immigrant labour, willing to work for much lower wages than workers who were

already settled, has halted the upward trend in labour's earnings. Then the unions had a difficult time till they could again press their demands.

The entire pattern has developed differently from that of Europe. Much of labour's success in this country has been due to the democratic spirit of the people and to the sympathetic attitude of the government. Because the government of the United States is not a class government, the workers have not been impelled to use class-struggle methods. And, conversely, because the workers have not followed Marx's formula of political class struggle, the government has seldom been called upon to safeguard the rest of the nation against the paralysis caused by large-scale strikes.

American workers have clearly understood the logic of this position. You will better appreciate the wisdom of their policy when you consider the American two-party system in politics.

If you were to ask a staunch Republican or an equally faithful Democrat to define the differences in the platforms of these two political parties, both would be baffled. For each of the two parties, Republican and Democratic, *tries to appeal to the whole nation*, and not to one class or group. In order to get into power, or to stay in power, both parties must always vie for the favour of *all* voters. They need the worker's votes—even more than the votes of manufacturers, bankers, merchants, doctors, farmers, etc. For the people, this means that if one party has made serious mistakes, or does not seem to serve them well enough, or has become too cocksure and arrogant, they can throw it out of office at the end of the term and give the opposition party a chance to prove its worth. This is a chance which all groups and classes share.

Thus the American party system belies the Marxist theory as Stalin has formulated it (before the eighth Congress of Soviets, 1936) that "a party is the most advanced part of a class," and that "several

parties...can exist only in a society in which there are antagonistic classes whose interests are...irreconcilable." (Just think how happy the workers of Soviet Russia would be if they had a choice between two parties in sincere competition, even if they both offered similar programmes.)

Neither one of the two parties can dare to spurn the votes or the demands of labour. In 1950, for instance, Governor James H. Duff of Pennsylvania, a possible candidate for the Presidency, led a successful revolt within the Republican Party against what he called a "small group of selfish and self-serving men"—even though he had attained office through many members of the same group. He said that "the Republican Party cannot hope to win, unless it convinces the voters that it represents *all the people*." *Fortune* magazine, an important periodical which addresses itself primarily to capitalists, follows a similar line.

Labour has understood this situation and has profited by it. One of the great labour leaders of the early twentieth century, Samuel Gompers, perceived the tremendous advantage that would accrue to labour if it avoided any firm connection with either one of the major political parties and refrained from setting up a class party of its own. Then President of the American Federation of Labour, Gompers formulated the policy of "rewarding labour's friends and punishing its foes." This policy, by and large, still obtains among organized workers today.

Nor has this attitude been merely a matter of expediency. American labour leaders, unhampered by the sophistries that have tended to immobilize many of their European colleagues, have learned that the fulfillment of labour's needs is closely linked to the rise in labour's productivity, which in turn depends upon the risk-taking and initiative of the capitalists. William Green, now President of the American Federation of Labour, described in

May, 1950, "the willingness of organized labour to co-operate constructively with employers who treat their workers fairly." He urged "teamwork between unions and management. It pays dividends. Class warfare is the Communist way, and it takes a heavy toll of human life and suffering and oppression."

David Dubinsky, President of the International Ladies' Garment Workers Union and one of America's outstanding labour leaders, has made many similar statements. While working toward model labour conditions in this enormous industry—for clothing manufacture has been developed in the United States into a vast mass-production enterprise—he has at the same time sponsored and collaborated in decisive improvements in the productivity and general business conditions of the industry as a whole.

No labour party of any significance has arisen in the United States, and no "labour class" is in sight here—not because labour is too weak, or too soft, but because the workers know that by setting themselves off from the rest of the nation they would hurt their own interests; that mistrust and suspicion would inevitably interfere with their material and social gains. Labour knows that its strength depends upon co-operative partnership with the rest of the nation, in politics and production alike.

American labour has not only refused to pour its strength into a special class party; it has been truly nonpartisan. For instance, John L. Lewis, founder of the C.I.O. and now President of the United Mine Workers Union, has always been a Republican, except for a short period when he supported Franklin D. Roosevelt, while many other labour leaders usually support Democrats. The government, in turn, has also been "nonpartisan" with regard to employers and employees, and has defended the rights of labour with the same firmness as it has the rights of capital—and in the last decade perhaps

even more strongly. This is true of all its branches : executive, legislative and judicial.

The Republican Theodore Roosevelt, as a young assemblyman in the New York State Legislature, worked with Samuel Gompers to obtain the passage of a law that improved the working conditions of the cigarmakers. When he became President of the United States, he always consulted Gompers on matters of consequence for labour.

The Democrat Franklin D. Roosevelt took a profound interest in the cause of the workers. Without his determined support American labour unions would probably not have reached their present strength, or the workers their present wage levels. Both through the legislation which he helped to enact, and through numerous administrative measures, he gave labour a tremendous boost.

And between the two Roosevelts there was Woodrow Wilson, a Democrat who also did much to improve the conditions of the workers. Whether Republican or Democrat, our presidents have rarely forgotten that they serve the whole nation, and every group and part of it. They have seldom permitted themselves to become the tools of a single group or class.

Perhaps the most telling evidence of the independence of our presidents from capitalistic interest is the great volume of criticism, and indeed of abuse, that has been directed against many of them by the wealthy. If you were to listen for half an hour to the invectives heaped upon the memory of Franklin D. Roosevelt or upon the character and behaviour of Harry S. Truman, you would be fully convinced that American capitalists do not look to the government as a ready tool for their special purposes. For a biased government, siding consistently with capital against labour, or with labour against the rest of the nation, would not only violate its obligations and betray the American tradition. It

would cause the majority party, which brought it to power, to lose the next elections. An American government simply *cannot afford* to serve as an instrument of any single class.

PURCHASING POWER

Dear Henry :

I am glad you found a few points that were new to you in my last letter. Frankly, I too never understood the American party system, and labour's place in it, until I came to the United States, and even at that it took me several years to reconcile its apparent contradictions. I can sympathize with you when you ask me—and I can almost hear the tone of irony in your voice—how it happens that American capitalists have become wealthier all the time, if they have had to grant large increases in pay to their workers. You wonder if I am pulling your leg. I assure you solemnly, Henry, that both statements are true. And here is the clue to the riddle : It was just *because* the capitalists raised the income of their workers that they could expand their enterprises and gain in wealth.

The most important single element in the whole complex picture is probably the spread of purchasing power among the millions of workers, farmers and lower-middle-class citizens. Though this process must occur in all capitalistic countries, it has assumed much larger proportions in the United States than elsewhere.

The purchasing power theory which calls for higher wages as the main source of national prosperity has often been attacked as a fallacy. Undoubtedly, it has certain limitations. But basically it is valid.

Clearly it is no help merely to raise the wage level. In addition to many serious economic and social dislocations, such a policy creates inflation, giving the workers, in the end, imaginary rather than real gains. To have its full effect, a rise in the wage level must be closely paralleled by an over-all increase in production. Or, while increasing production, we can also expand purchasing power by lowering prices. Then people can buy more for the same money. On the whole, the increase of American purchasing power of the dollars that create the demand, has been matched by an increase of production—the supply.

In one respect, though, we have had the same trouble which, from time to time, has beset most European nations: we have not always managed to expand our production at the same rate as our purchasing power. Sometimes production has risen more quickly, and we have had a crisis. At other times buying power has run ahead of production, and we have had inflation. When in 1929 our purchasing power was irresponsibly blown up with vast amounts of credit money, it exploded like a balloon and collapsed. Neither increased production nor increased purchasing power, alone and of itself, can help us. *It is the balanced expansion of the two that counts.*

The balance is always upset when one of the parties to the bargain is able to bring overpowering pressure upon the other. When such a disturbance is limited to a comparatively small sector of our economy, it can be overcome by forces residing in other sectors. But often the necessary adjustments are hampered by elements of rigidity, such as large-scale high-interest loans and debentures, long-term non-adjustable wage scales, or bureaucratic delays in the adjustment of railroad tariffs and utility rates. Once such maladjustments assume major proportions, they create dangerous stresses. And the ensuing crisis is usually aggravated by fear or panic.

In the over-all picture, our production of goods

of practically every kind and description, has not only grown at a more rapid rate than our population, but also much more rapidly than the production of any other country. And our purchasing power has expanded even more rapidly.

If we take an average of twenty-five manufacturing industries, we find that an industrial worker earned in 1948 \$58.36 a week, against \$12.72 in 1914. But in 1948 he worked only 39.7 hours a week, compared to 51.5 hours in 1914. Even though the dollar has declined in purchasing power, the worker nowadays can buy for his average earnings of one hour (1948: \$1.47) much more than he could for an hour's work in 1914, and probably more than a worker can buy in any other country in the world.¹

1. It is interesting to observe the rise in the purchasing power in terms of how many work hours were needed to pay for various items in 1948 compared to 1914:

	<i>Hours of Work per Week</i>		
	1914 actual	1948 actual	1914 (1948 standard)
Food	29.4	12.4	28.2
Clothing	9.3	4.7	11.6
House furnishings	1.8	1.6	3.1
Personal care	0.8	0.6	1.8
Medical care and drugs	3.6	1.0	2.4
Transportation	1.6	2.2	8.4
Fuel and light	3.6	1.9	9.7
Amusement	4.5	1.4	3.8
Household operation	1.9	1.1	3.8
Rent	8.2	4.2	19.9
Income tax	—	1.2	—
Miscellaneous	—	1.3	3.7
TOTAL EXPENDITURES	64.7	33.6	96.4
TOTAL EARNINGS	51.5	39.7	51.5

(Derived from *What an Hour's Work Would Buy, 1914-1948*, Studies in Labour Statistics, No. 3, National Industrial Conference Board, Inc., New York, N.Y.)

The first column shows the typical average budget of a factory worker's family in 1914. The second column shows the same for 1948. The figures of the third column are hypothetical. They show what such an average factory worker's family would have had to spend in 1914 had it then wished to live in the style it actually enjoyed in 1948.

In terms of average earnings for an hour's work, most items cost very much more in 1914 than in 1948. In fact, hardly any worker's family in 1914 could have afforded to live according to the standards that were the average in 1948.

The workers now have more and better food, nicer and healthier homes—often a private home with garden—and better home furnishings. Millions of them have electric refrigerators, washing machines, radios, telephones, and many have television now. They have more heat and much more light in their homes, not to mention the services of the beauty parlour for their wives and daughters. Altogether a great many of our workers, probably the majority, live more comfortably than most middle-class families in Europe. And when all is paid for, many can still put some money away; they have substantial savings, either deposited with banks or savings banks, or invested in a home of their own, or in stocks and bonds, real estate, and the like.

The family automobile is the rule, used not only to go to work, but for pleasure trips as well. Carpenter, plumber, painter, delivery or repair man arrives in his own car. Wherever you see men building a house or a road, you find the cars of the workmen; and every factory must have enormous parking grounds, except in big cities where parking facilities are too scarce and automobile traffic is slow.

Now my purpose in telling you all this is not merely to show you how far our workers have progressed materially over the decades. I want you also to see that this progress *has not been achieved at the expense of the capitalists*, and why it did not have to be won that way.

Obviously, not much could have been gained in a one-sided fashion. A factory that attempted to give its workers raise after raise out of its current income without increasing its business or raising its prices would soon incur tremendous losses.

Finally it would ~~have to~~ close down, and then all the advantages the workers had won would go for naught. Actually, many manufacturers feared ruin whenever they granted their workers a substantial pay increase. But normally, and as a group, they found that profits recovered very quickly because sales rose far beyond expectations. And the more workers earned, the more business profits increased.

In a capitalistic society which is fully organized for modern industrial production, there is always a need to widen the markets. But whereas many other nations strove to find their major markets abroad, American capitalists have concentrated upon the domestic market. And now I hope you will follow closely, because I shall explain one of the most fascinating features of American capitalism. *You will now see how, by reason of its internal necessities, our kind of capitalism thrives precisely in the same degree that it approaches the goal of a classless society.*

American capitalism is dominated by two seemingly unconnected movements. One is the shrinking demand for human labour per unit of production—due to the steadily widening role played by machinery, alias capital. The other is the rapid expansion of the market for the products of modern industry. *These two movements must—and in the final outcome do—balance each other.* Suppose the worker now produces in one hour as much as he formerly turned out in five hours. He then *must* consume about five times as much as he used to consume—except of course for that part of his income which now goes into taxes. Capitalism actually forces the worker either to work less time, or to consume more goods. Actually, he does both. *As the role of capital in production increases the role of the worker as consumer increases too.* Marx recognized this basic law. But he refused to believe that the capitalists would permit it to take its course.

American businessmen actually strive to make a mass commodity out of almost everything that used to be, and in most other countries still remains, a class commodity. Even to an industrialist who is as ruthlessly selfish as any Communist pamphlet can picture him, the worker has two faces: the first is the face of the employee who must be paid; the second, and it looms ever larger, is his face as consumer. More and more the worker who, according to Marx, used to be primarily the seller of a commodity called "labour," becomes the buyer of whatever commodity the capitalist may have to sell. He is the customer who is "always right," and the more he buys the more he endears himself to the hearts of the capitalists.

But most capitalists in the flesh do not quite fit the description we find in certain pamphlets. To them it is natural that the good things of life should be spread far and wide. This is not a hypocritical pose on their part. Being Americans, they don't begrudge the workers their rise to comfort and security. They want to live and let live.

As a result of this wholesome trend, some of the greatest fortunes have been made by men who either paid higher wages than anyone else, or helped most to bring prices down, or did both. Henry Ford is the first name that comes to mind in this connection, but there are many others. Yes, it has become a commonplace that "good business" must be profitable for all. This is the feature of the American economy that surprises people accustomed to see only through Marxist spectacles, the fact that *both parties are winners*: capitalists and workers alike. It is not class struggle, but class co-operation—or, better, classless co-operation—that pays, and pays in a big way.

However, this process cannot be brought about by higher wages alone. Unless their ambitions were encouraged, a great many workers would not improve their lot substantially. They might stay

away from their jobs when they thought they had earned enough, or waste a large part of their wages in drink. Hence, American capitalists are glad to further the workers' striving for social equality. Hereby purchasing power is being transformed into actual demand for a vast variety of goods and services. We thus find the American capitalist in full agreement with the social reformer who strives to raise the social level of the workers.

There are many ways to stimulate the wish for material and social betterment. Consider, for instance, the institution of consumer credit, which permits a man to buy clothing, a radio, furniture, and even an automobile and a house, with very modest down payments, paying the rest over a period of months or years. The peculiarly American development of advertising also stimulates the worker's wish for a higher living standard. It makes commodities like furniture, automobiles, radios, cosmetics and the like desirable to all. At the same time it encourages people to save through banks and insurance, to lay away funds for the education of their children. Acquisition of both material goods and college diplomas is glorified as adding to the enjoyment of life, as an enhancement of social status.

Thus strong motives are created not only to earn money, but also to spend it in improving one's social condition. Everyone is encouraged to rise in the social scale, and many have succeeded with an ease that must be amazing to most Europeans. On the new continent—simply because it was new—there were always many people who rose from "nowhere" to wealth, power and honour. And when "New England" became old, the West was developed; there again all men had equal opportunities.

Altogether, our social structure has been much looser than that of European nations. And whenever it seemed to settle down and become rigid, it

was stirred up, either by immigration from abroad, or by internal migration, and sometimes also by the ups and downs of our economic life which could make paupers of millionaires and millionaires of paupers. Thus, at all times, thousands of unknown and unconnected people, appearing in seemingly settled places, have succeeded in gaining for themselves respect and recognition. Again and again, attempts on the part of older residents to form a solid and exclusive society have been thrown out of gear.

And yet, these external conditions might not have worked out the way they did without the great American tradition. I mean the readiness of Americans from all walks of life to recognize their fellow citizens as equals, to do justice to human beings on the basis of their individual talents and achievements, to ask not so much where you come from, but what you yourself are. American biographies, and even the brief biographical notes and obituaries in the press, never make the slightest attempt to hide the fact that a man who came to wealth and power started as a labourer, or as a peddler of fruit or newspapers. On the contrary, these facts are reported with pride, as proof of a man's strength and talent. The outcome of it all is a society that excludes no one merely because he does not come from a wealthy or socially prominent family.

With its broad invitation to everyone to move upward, American society generates boundless optimism. It was this atmosphere of optimism which, beyond my own personal circumstances, convinced me that I should move with my family to the United States. When I visited this country for the first time in 1935, I thought that the hopeful outlook of people here was largely due to the absence of the war scare that was then gripping Europe. In the years that followed, I came to understand that Americans are optimistic because they are not hampered in their life or work by the drab jealousies and unfair privileges of a class society.

Nothing appears impossible here. And what a man cannot expect to attain in his own lifetime, he can envision for his children. I only wish I could give you a taste of that feeling. The very possibility of success and recognition and the helpful attitude of those who have reached their goal toward those who have "*not yet*" succeeded, tend to make people happy—including many of those who will never attain any great personal success. "Pursuit of happiness" means much more than making money and buying gadgets. An American will define it to you as the total of his life, his spiritual life as well as his material existence.

NEW OPPORTUNITIES THROUGH TECHNOLOGY

Dear Henry :

I promised to explain how it has come about that the individual has far greater opportunities in America than in a class-bound society. And again I want to show you that these opportunities, both for success in life and for advances in education, are not to be credited simply to the "benevolence of an upper class." Nor have they been gained by a revolutionary struggle. They have arisen from an inherent necessity of our economic system. They became unavoidable when our capitalists began to introduce labour-saving machinery.

As you know, the consumption of power (electric and otherwise) for every worker in industry and mining in the United States is about three times as large as in European countries. This may indicate to what degree machinery has replaced human labour. Naturally, the consequences of technological progress for labour have been tremendous. But their nature has often been misjudged, because there are two opposite trends that work at cross purposes.

The first and most obvious result of the introduction of labour-saving machinery is clearly unfavourable for the workers: every machine displaces some men who, at least temporarily, become unemployed. In addition, many new machines take the skill out of the job, either by performing some precision work automatically and at great speed, or

by dividing the task of a skilled worker into a series of simple standardized manipulations, as when the work of an old-style shoemaker is performed in dozens of phases with the help of modern shoe machinery.

It was these effects of technological progress that worried Karl Marx. He expected the trend to continue indefinitely, with the skilled workers losing their jobs to the unskilled and these, in turn, yielding their places to women and children. That was the time when the first sewing machines were built. Just think of that most harmless of all inventions, mother's good friend. A French manufacturer of army uniforms put one to work, only to see it smashed by enraged tailors. An American invented another model, but then did not use it, because he did not want to deprive countless women of their jobs as seamstresses.

But, of course, the tide of technological progress was not to be stemmed. The sewing machine and all the other monsters came, and they came to stay. They spread their tentacles into the old "manufactures" (the term originally means production by *hand*), transforming them into machine "industries." It was this period of transition, with its often terrible hardships, that caused Karl Marx to prophecy the rise of a permanent "industrial reserve army." Vast and ever growing, he thought, this army would keep wages under irresistible pressure, causing increasing misery among the workers. There was only one source of new jobs that he could visualize. He expected—surprisingly enough—a steady increase in the number of servants in the homes of the rich. Well, you probably know how thoroughly this prediction has failed wherever modern capitalism has come to flourish. Significantly, the scarcity of household help appeared first, and most severely, in the most capitalistic of all countries, the United States.

In general, events took an altogether different

course from that predicted by Marx. With the enormous increase in labour-saving machinery since Marx's time, we should by now have the majority of our employable population unemployed, and very few working at skilled jobs. However, even at the bottom of the great depression of the 1930's, unemployment in the United States accounted for not more than 25 per cent of the employable population, and in the post-war years it has amounted to only 2 to 5 per cent.

Obviously, there must be a factor that has cancelled out the trend which Marx predicted, but which in the early stages of industrial capitalism he was unable to see. This factor is, of course, the demand for additional labour to produce a vastly increased volume of goods and services, and not only the old-established items, such as clothing, house furnishings, light, heat, etc., but all the new commodities. Each year brings additions to this almost endless list: new drugs and pharmaceuticals, plastics, rayon, nylon, to mention only a few. Further, we must consider all the new machines and other products based upon electricity and gasoline. And much work goes into the design and manufacture of the complex tools needed to make all the new products.

Thus employment has been subject to flux and change, but not to over-all decline. On the contrary, it has kept pace with the rapid growth of the population.

Now I must make another point, one that I think is especially important: Marx's prediction that skilled jobs would decline and be replaced by unskilled has also fallen short of the mark. True, many skilled jobs have been eliminated. But instead of these jobs other jobs have emerged that required equal, or even greater skill, though perhaps of an entirely different nature.

The new jobs were often in different fields, and many of them were not factory, but office and professional work. In addition to the skilled work-

men who are employed in the installation, running, control and repair of much intricate machinery, there are the engineers needed for the construction of new machines, plus those engaged in the planning and organization of production. Many enterprises, as for instance the famous chemical firm of Dupont, employ nowadays in their research and development work alone more engineers, chemists, physicists, and other specialized personnel than the total number of their employees and workmen fifty years ago. Or think of the statisticians, psychologists, public relations men, designers and such—all highly qualified people—whose jobs, back in 1850, could hardly have been imagined. Office work has been vastly increased by the complexity of modern business and technical operations, and also by government requirements in the fields of taxation, labour protection, statistics, etc.

In the long run, the trend is toward an increase of the skilled, white-collar, and professional jobs, and a decrease of unskilled and manual jobs. For instance, a recent survey of all occupational groups, put out by the Wharton School of the University of Pennsylvania, shows a large increase in the percentage of the people in occupations with higher qualifications.² From 1910 to 1948 professional and

	1910	1948
2. TOTAL—All occupations	100.0	100.0
Professional and Semiprofessional Workers	4.5	7.0
Proprietors, Managers, and Officials (24.5)	(19.0)	
Farmers and Farm Managers	17.3	8.0
Proprietors, Mgrs., Offc. exec., Farm	7.2	11.0
Clerical, Sales and Kindred Workers (10.6)	(18.8)	
Clerical and Kindred Workers	5.6	12.6
Salesmen and Saleswomen	5.0	6.2
Craftsmen, Foremen and Kindred Workers	11.4	13.9
Operatives and Kindred Workers	14.4	21.0
Service Workers	9.7	10.3
Labourers (24.9)	(10.0)	
Farm Labourers and Foremen	13.6	4.4
Labourers, except Farm	11.3	5.6

semiprofessional workers rose from 4.5 to 7 per cent of the total and proprietors, managers, and officials (excluding those on farms) from 7.2 to 11 per cent. Clerical and kindred workers rose from 5.6 to 12.6 per cent, and sales personnel from 5.0 to 6.2 per cent.

The group of "unskilled" labourers dropped drastically from 24.9 to 10 per cent, and though the greater part of this reduction occurred in the field of farm labour, the percentage of nonagricultural labour went down from 11.3 to 5.6 per cent. On the other hand, the group of craftsmen, foremen and kindred workers rose from 11.4 to 13.9 per cent and the "operatives"—the people who use or tend machinery—rose from 14.4 to 21 per cent.

Now the picture is perhaps not quite as dramatic as it may seem at first glance, because the "operatives" group contains a considerable percentage of unskilled workers. Yet even if we were to assume that the total increase of this group, which happens to balance almost exactly the drop in non-farm labourers, consisted of unskilled people, we have the great rise in all the other qualified groups. Actually, of course, the work of the additional operatives is in many cases of a higher order than their former manual labour. And, quite generally, it is better paid, less exhausting, and much more appealing.

This trend has been accompanied by an increase in the mental and educational requirements for most jobs. On all levels we are forced to use constantly higher skill and more brainwork; otherwise we could not keep our production increasing at its current rate. This is a trend no American businessman can dare to buck, because nowhere is mental sterility punished by failure more quickly and more severely than in the United States. On the other hand, personal skill, intelligence, initiative, and imagination are often rewarded by prompt and magnificent success. No wonder our businessmen

are always casting about for inventive and creative minds. How do they obtain them? Let us see.

I don't believe that we in the United States have a larger proportion of bright boys than other nations. But one thing is different: we don't prevent them from coming to the fore. We are not accustomed to indulge in the sort of class prejudice that strives to reserve higher positions for the sons of "good families." Nor can we afford to do so; such snobbery would be far too expensive. If the wealthy people of this country had to choose between such a system and, on the other hand, our actual, nearly classless process of selection, they themselves would choose the latter. Our employers are forced to tap all resources of talent, intelligence and skill, wherever they find them, irrespective of class origin.

There is a significant story about J. P. Morgan, Senior, the banker, who asked the president of a famous Eastern college to recommend a promising young man from the graduating class. The president wrote that he had a candidate who was quite intelligent and whose father and mother were descendants of the "first" American families, members of the finest clubs, etc. Whereupon Morgan answered that he was not interested in the pedigree of the candidate, but only in his ability, as he was not looking for a studhorse for his racing stable, but for a future executive.

To appreciate fully what this attitude means, let us recall the "good old times" of kings, courts and noblemen. It is really amusing to read today the disdainful remarks with which even as late as the beginning of the nineteenth century some kings and aristocrats rejected proposals for utilizing the talents that slumber in the masses. The damage that a caste society inflicted upon itself by leaving the nation's gold mines of talent unused is beyond imagination. Every field was doomed to stagnation—government, army, business, the professions; the most responsible tasks were generally left to highborn incompetents,

or blue-blooded morons.

Of course the era of the moron is pretty well finished in Europe too. Yet nowhere have capitalists learned to appreciate the value of human talent as well as in the United States. Nowhere have they lost their respect for the imaginary values of an obsolete caste society so completely as here. That is why Americans scoff at self-styled aristocrats. And that is how this country got the brainpower that produces a hundred times more than could be done by hard labour and "exploitation."

There is still another trend that was not foreseen—and could not have been foreseen—by Marx. As you know, Marx predicted that industries would move toward increasing concentration. To a considerable degree, this expectation has proven correct. Our antitrust laws may prevent one firm from swallowing an entire industry, but they cannot prevent an industry from being dominated by a handful of huge enterprises. However, this concentration has been largely counterbalanced by two processes. In the first place, new products, new industries and new kinds of enterprise are always emerging. From time to time, some theorists have proclaimed that the era of great inventions has come to an end, but they always have been gainsaid by new inventions and demands, such as electric machinery and production of electricity, new chemical products, automobiles, airplanes, radios, television. And with every great invention, and often with smaller, less spectacular ones, a group of small and medium enterprises has sprung up, in which hitherto unknown men have found new opportunities.

In addition, we have considerable compensation for the concentration of industries in the auxiliary services for the sale, repair and upkeep of their products. Such services support innumerable independent craftsmen and small firms, not only

for work on old familiar commodities like watches, shoes, clothing and houses: the new products, because of their highly technical and often delicate nature, require a relatively larger number of auxiliaries. The automobile industry gave life to countless small gas and service stations, and to many firms that combine the repair of cars with the sale and distribution of new and used cars, tires and batteries. These services are indispensable to users of automobiles. Similarly, thousands of firms exist as auxiliaries of the electrical and radio industries. Evidently, these firms require an amount of intelligence and skill equal or superior to that of the old craftsmen and skilled workers.

Education, too, has been greatly stimulated by all these developments. To meet the increasing range of job requirements, every new generation has been in need of larger and broader educational facilities. This is a new and very important subject, on which I will write you next time.

EDUCATION FOR A CLASSLESS SOCIETY

Dear Henry :

Many thanks for your prompt reply and for the interesting comment on Marx's views about education under capitalism. You yourself seem to have some doubts as to whether his theory applies to the United States. So I looked up his remarks in *Kapital* ; as was his habit, Marx tried to strengthen his position by quoting an author whom he regarded as typically capitalistic. Here is his quotation: "Ignorance is the mother of industry ...Manufacturers prosper most where the mind is least consulted and where the workshop may...be considered as an engine the parts of which are men." Imagine my surprise when I looked at Marx's source—Ferguson's *History of Civil Society*, published in Edinburgh in 1776 ! Now Ferguson's concept may perhaps have applied to the earliest childhood of capitalistic enterprise, but it must have been somewhat antiquated even in Marx's own time. At any rate, I don't have to tell you that in modern American industry the "engines" do not consist of men.

The course which the capitalistic United States has taken is precisely the opposite of what Marx expected. The wish to withhold education from the workers in order to keep them in their lowly station and prevent them from revolting against the monotony of manual labour has never entered the minds of American capitalists. Education for all

has always been a prime goal of the entire nation. With the passage of time, this has been interpreted as equal opportunity for all to participate in higher education as well. Except in the South, where the Negroes are only now beginning to enjoy a degree of educational equality—and I shall write about this problem at some length in another letter—I don't know of any significant effort on the part of the wealthier classes of the American people to oppose this trend.

It would indeed have been unnatural for them to do so. Think of the need for educated men that developed with ever greater urgency as industry expanded. There was a constant search not only for talents but for men with knowledge, who could fill the new jobs and could give the nation better services and better products. Even in our own day, with college attendance at an all-time peak, there is a persistent demand for more engineers, chemists, physicists, doctors, etc. and we must steadily enlarge our schools, colleges and universities.

Far from opposing an increase of educational opportunities for all, our capitalists are actually in the forefront of the movement to augment them. And in this respect philanthropy has been enormously helpful. That is quite natural in a country where so many leading men have risen from the bottom of the ladder; for a goodly number of them have felt impelled to help others to advancement. Such men have given rich endowments and numerous scholarships to schools and colleges. But the strongest motive is probably enlightened self-interest—the need for able help. The trend toward a classless educational system, deeply rooted in the American tradition of equality, is at the same time a practical necessity for the American brand of capitalism.

Now let us look at the concrete results. You must know that in the United States education is

left to the management of the states, local communities, and private institutions. Since the states vary in resources and in economic and cultural development, it is not too surprising that in several poor southern states education is still deplorably backward, though considerable aid is given by the Federal government. At any rate, in the entire country 30,171,000 young people between the ages of 5 and 17 attended schools in 1947-1948.

The spread of education for all age groups has been rapid, even during the last decades.³ But school attendance increased most sharply in the age group 14 to 17, indicating a tremendous extension of high school education. Whereas in 1899-1900 only 7 per cent of that group attended school, the percentage rose to 51 in 1929-1930 and to 74 in 1947-1948. In New York state school attendance is now compulsory up to the age of 16.

This increase in high school attendance would not have been possible without a democratic school system. In many European countries, the basic period of education which all children share goes only as far as nine or ten years of age. Hence, youngsters who do not enter high school at that early age find it very hard to do so later on. In the United States, basic education lasts until a child is twelve or thirteen. Thus high school, serving the age groups from twelve or thirteen on, is more easily accessible to all children. Furthermore, the public high schools, which the vast majority of children from all groups attend, are absolutely free. They even provide text books free of charge, and generally offer a good luncheon at an extremely low price. Compare this with Soviet Russia, where the decree

3.	1910	1940	1947
10 years old:	90%	95.7%	10 to 13 years 98.6%
14 „ „	81.2%	92.5%	14 & 15 „ 91.6%
16 „ „	50.6%	76.2%	
17 „ „	35.3%	60.9%	16 & 17 „ 67.6%

of October 3, 1940, introduced substantial tuition fees not only for colleges and universities, but even for the last three years of high school. In that year 600,000 students who were unable to pay the fees within four weeks were expelled from the schools.

When one considers the highest levels of education, the picture becomes even more amazing. In October, 1950, 2,344,509 young Americans were attending colleges, universities and similar institutions. The majority of these students came from middle and lower income groups.

A great many students pay their way through college by obtaining scholarships and by work of all sorts. Some students teach and tutor others; some work as salesmen, taxi drivers, etc. Furthermore, there are many people in all walks of life, from the humblest upward, who study law, or art, or any other subject they choose. Colleges and universities located in big cities generally hold evening classes for these students, and some have more evening classes than day classes. If a person who is employed during the daytime cannot complete his university studies in the normal period of four or six years, he simply takes a few years more and attends evening classes to gain his diploma for a professional career. Significantly, a college graduate who applies for a job is asked not only about his education and the degree he holds, but also, as a matter of course, what kind of position he has already held.

An eminently democratic measure designed to spread higher education was the so-called "G.I. Bill of Rights," which allocated to every veteran of the Second World War funds for study in a university or specialized school of his own choice for an average period of three and a half years. But don't think that the number of students mentioned above is merely the result of that measure. At the end of 1950 most veterans had ended their studies and only 601,753 of them remained at the colleges.

For the future, Dr. James B. Conant, President

of Harvard University, has urged further thorough democratization of our entire school system in an article entitled "Education for a Classless Society" (1940). And in a book published in 1948 he demanded again that every talented child, even from the poorest family and from the most backward area, be given a chance to acquire a higher education. President Truman has proposed a vast programme for similar purposes.

Though not all of these demands will be realized at once, the trend is unmistakable. The important consideration is that the requirements of a progressive and expanding economy cause large numbers of workers and workers' children to continue their education. And with rising educational standards they develop new ambitions, both economic and social. Here you have a truly beneficial circle.

But I had almost forgotten our public libraries. They are another classless feature of American life. Before I came to the United States, I never understood why the people here were so interested in developing their public libraries, and why Carnegie and other wealthy men gave such enormous amounts for this purpose. Since then I have come to understand that the libraries are an important link in the adult education of this nation. You find them in every city or town, and in large cities they have local branches. Often they are open in the evening and organize exhibitions, study groups, lectures, seminars. Anyone can enter a public library and use the books in the reading room without formality, often without giving his name. If you want to take books home, you have to be a resident of the town or city, but you may obtain a library card without any guarantee or deposit. Thus everyone can read and study in the libraries, which are amazingly well equipped and comfortable, and staffed by helpful men and women who are specially trained for their jobs.

American education has done much for the

"masses," both in improving their working and earning abilities, and in helping them rise socially. As far back as the 1880's James Bryce found that in the United States "the average knowledge is higher, the habit of reading and thinking more generally diffused, than in any other country." On the other hand, it may be true that the level of education among the wealthy is on the average lower than in some European countries. The over-all result clearly points in the direction of a classless society. The gulf of distrust which used to separate uneducated workers or farmers from learned men and capitalists has been narrowing steadily. People understand each other better. They gain in mutual confidence. Thus education has done much to replace class separation by co-operation--in human relations, in production, in politics and in government.

DEPRESSIONS AND SECURITY

Dear Henry :

Thank you for your last letter. You and I are not so far apart after all, because we have the same ultimate aim in mind.

You state that the advantages a worker enjoys are not worth much if he has no security. And you are correct in insisting that as long as he has to face the possibility of long periods of unemployment, without resources adequate to meet this risk, or the threat of illness or accident and the inevitable incapacities of old age, he will always have to live in fear of the future. This, you say, is the great barrier that separates him from the upper classes.

Now your statements may have been true in respect to the American worker of, say, a generation ago. But they do not apply in our time. The worker's situation is not as easily described as you think; nor, indeed, is that of the employer.

In the first place, the economic insecurity, which has often beclouded our otherwise bright picture, is another classless aspect of life in this country. Insecurity and depression do not affect the working class alone. The middle class and the farming community have suffered just as severely from these misfortunes. Nor have the capitalists been spared; I believe that in the great depression, which began in 1929 and continued for several years, the proportion of ruined lives and suicides among the capitalists was larger than among the workers. That is to

say, a larger percentage of our wealthy people felt crushed economically, unable to continue in their accustomed way of life, than you would have found among simple wage-earners. You will say that of course the capitalists had more to lose. Perhaps so. At any rate, no one can develop a more rapid case of jitters than a capitalist who has lived through the slump of 1929.

I will concede that, to some extent, depressions are unavoidable under democratic capitalism. But I do not agree that depressions as terrible as the catastrophe of 1929-1933 are inevitable. Nor is it an inescapable aspect of our economic system that the workers must be left to face unaided the risks of unemployment, illness and other adversities. On the contrary, the enormous productivity of our economy permits us to pile up ample reserves for their protection, and to give them a reasonable degree of personal security. This we have learned only recently, to be sure. Since the war, at any rate, we have provided better than ever for those in want at home, while at the same time saving millions of people abroad from starvation.

You may perhaps resist this assertion. It does not jibe with the picture that has been presented to you by other sources. You have been told that a capitalistic "ruling class" will let millions starve rather than agree to sacrifices on its own part—no matter how rich the country may be. It is tragic that many of the people who tell you these things are themselves ignorant of the truth. For they believe with a kind of religious conviction that capitalists constitute a "ruling class" which lays down the law, and that every advantage to the worker must mean a loss to the capitalists. Such assumptions simply do not apply to the United States.

Even in Europe the actual reality does not accord with the Marxist picture. Let me remind you that long ago some countries introduced laws to provide protection for workers against unemployment,

accident, illness and old age. Imperial Germany, where capitalism was overshadowed by vigorous remnants of caste society, was one of the very first countries to inaugurate such measures. Why then should such protection run counter to the nature of American capitalism?

It is true that for many years the United States lagged behind most of Europe in the field of social security. The reasons for this lag must be sought primarily in the psychological climate in which the American nation developed. In former times, when a crisis struck, there were always vast unopened regions that invited people to build life anew elsewhere. The unlimited opportunities of this continent produced a happy-go-lucky mentality. Precautions seemed weak and unnecessary. Hence the nation neglected its economic security, just as it neglected its military preparedness.

The great depression made everyone take stock of both our assets and our liabilities. And starting with Franklin D. Roosevelt's administration in 1933, the United States has been building up a vast array of governmental and private measures for the protection of the worker against unemployment, accident, illness and old age: the federal Social Security Act, increased workmen's compensation (occupational accident) insurance in all the states, and large schemes of employment insurance. Moreover private pension funds for employees have by now been set up by most large corporations. And vast numbers of workers have now, in addition to life insurance policies, also health and hospitalization insurance—often paid for in part or in toto by the employer.

Furthermore, the government has set up for all banks and savings banks compulsory insurance covering all savings and deposits up to \$10,000 for each account, so that the losses of savings that occurred in the great depression cannot occur again. Hence, savings have been greatly encouraged, with

the result that they rose from 41 billion dollars in 1933 to 175 billion dollars in 1950. (These figures include life insurances with 14.6 billion dollars in 1933 and 54 billion dollars in 1950, and U.S. savings bonds, nonexistent in 1933, with 49 billion in 1950.) Thus, in the past seventeen years, the worker's security outlook has changed completely. No longer must he fear that he will be brought to the verge of starvation by unemployment, accident or illness. And with an old age pension of \$100 or more a month, which has become the accepted goal, he will be able to look forward to the years when, supplementing his pension with some savings and a little light work or a subsidy from his children, he may enjoy his well-deserved rest.

Insecurity, the worker's last remaining and very serious grievance, is disappearing fast in the United States. With it, the last important source of conflict among classes is vanishing as well. Nor has this progress been achieved by an embittered "class struggle." The strikes that have occurred over pension and security demands have been no more severe than those in former times when unions fought only for higher wages. For here again the worker's advantage does not mean a loss to the employer.

I will not deny that many of our industrialists are fearful of the heavy load they must bear as their contribution to social security and pension funds, just as in the past they expected to be ruined by wage increases. They were not ruined, as we have seen; instead they enjoyed a great expansion of business. This time their advantage will consist in greater security for their enterprises and for themselves.

This brings me to another remark in your last letter. You refer to marx's famous prediction that ultimately one huge crisis will wipe out the capitalistic system itself. Many Marxists saw in our great depression a confirmation of this prediction,

and they expect it to repeat itself soon on an even larger scale. The Soviet rulers, to be doubly sure, try to precipitate it by threats to our external and internal security.

But I am convinced that this expectation is unsound.

For one thing, the crisis of 1929 developed out of peculiar circumstances. It was the result of an irresponsible credit expansion which had gripped the whole nation in a fever of crazy speculation. This disaster will not repeat itself, because its causes will not be permitted to develop again.

It is the very marks of fear which the great depression has seared into the minds of the American people that function as an element of protection. Twenty years ago almost every family, every corporation, and even many communities and states, were either bankrupt or close to bankruptcy—if only through the insolvency of other people, firms, or banks. Thus every American, no matter what his job or position, became painfully aware of the need for security. The awakening was truly classless. It made possible a good many developments which, though long recommended, by far-seeing economists, might otherwise never have materialized.

American financial institutions, and the habits of spending, borrowing and saving underwent profound changes. To be sure, most Americans still scorn the frugal habits of Europe. They like to spend money, buy new clothes and furniture, and get a new car even if the old one will still run. This keeps business and employment expanding. Yet, they have tempered their reckless spending with sober thinking. Here are some of the results:

During 1929, with a national income of \$85,100,000,000, outstanding consumer credits were \$7,628,000,000. The increase in savings, on the other hand, was only \$1,345,000,000. In 1948, with a national income of \$213,600,000,000, two and a half times that of 1929, the outstanding consumer credits

(\$15,893,000,000) were only about twice the amount of 1929, but the increase in savings for the year was \$7,886,000,000, almost six times as great as in 1929.

Our large corporations, too, have become much more cautious. The net liquid reserves of our nonfinancial corporations are now about four times what they were in the late 1920's.

These changes are partly the result of voluntary prudence. But the government has done much to encourage them. During the war the workers, who were earning more than ever before, were induced to invest part of their wages in U. S. Government Savings Bonds. They continued this wholesome habit after the war, with the result that private ownership of such Savings Bonds rose from 43½ billion dollars on February 28, 1946, to 49 billion dollars in 1950. Furthermore, the terms for installment credit have been brought under government control to prevent excessive borrowing. Finally, a buyer of securities must pay at least 75 per cent of the total price, whereas only 20 to 25 per cent was the customary margin in 1929.

These developments reflect the profound changes that followed in the wake of the great depression. The traditional "hands-off" attitude, whereby it was considered absurd for the government to take an active part in the nation's economic life, was largely abandoned. Into office, instead, came men who, far from being socialists, nevertheless accepted the responsibility of protecting the nation against a repetition of economic catastrophe, and of providing for increased security in all segments of the economy. The thinking of the whole nation has changed, and even the most conservative capitalists would not wish to return to the extreme economic liberty (many call it chaos) of former times.

Our economists, within the government and outside, have been assiduously studying depressions and have sought means to prevent them. And it is precise-

ly because we live in a democracy that we have a good chance of discovering new techniques of social engineering. Whereas a totalitarian regime, following a prescribed dogma, must pretend to be infallible, America feels free to keep trying and learning.

Projects are now pending for all kinds of public works; one field that has proved most successful has been the regulation of river systems, with dams and power plants. Plans of this sort can be set in motion whenever the economy is unable to provide sufficient employment. Above all, the measures that improve the security of the individual have enhanced the security of the national economy as well. The postponed purchasing power that is being accumulated in our various insurance funds, pension funds, social security funds, and savings accounts, helps to equalize the tides. It drains away part of the income which in good times might otherwise inflate our credit and price structure, reserving it for use in times of personal and national need. These reserves will certainly contribute toward pulling our economy through any future depression.

We have already gained some practical experience in this struggle. After the war, when the boom threatened to get out of hand, we applied the brakes by curbing credits both for business expansions and for personal purchases. Later, when the economy seemed to spiral downward, we loosened the brakes and stimulated the economy. This was done during the recession of 1949, when many people grew fearful. Besides relaxing credit restrictions, the government concentrated orders for public works toward the regions with the greatest unemployment. Thereby local conditions were quickly alleviated, and by the fall of 1949 the recession had faded into oblivion.

Not that we expect to eliminate the economic ups and downs completely. Fluctuations will always occur, just as there will always be seasons of the year. But we are learning to flatten the curves of economic temperature that used to undergo such

violent swings. And we are determined to protect our people against the rough climate of economic winter.

You see now how much we have done to counteract future depressions, and why the great depression that began in 1929 cannot be used to prove Marx's theory. But it is my view that his assumption about the steady and inescapable increase in economic fluctuations is unsound also on theoretical grounds.

Marx was led by his conviction that capitalists, greedy and short-sighted men that they must be, would always try to deny the worker a fair share in the fruits of his labour, and furthermore, that they would always be powerful enough to achieve this aim. Hence the workers would never be able to develop sufficient buying power to absorb the constant increase in production. From time to time, he concluded, oversaturation of the market was bound to lead to severe depressions and to great misery for the workers. Marx was convinced that these cruel ups and downs could be avoided only by centralized governmental planning.

Well, I have shown you that American capitalists do not today command a preponderance in political and economic bargaining power—although it is possible that they once possessed it—and that the workers in the United States have been able to absorb a fair, very large share of the great output of American industry. If, despite this large purchasing power of the workers, we have sometimes suffered depression, it is surely not because an economic downturn has suited the interest of the capitalists. On the contrary, employers fear depressions just as much as workers do. Let us not forget that in a single year, during the great depression, 30,000 firms went bankrupt, while 75 per cent of all American corporations showed losses totaling 6 billion dollars. Therefore, if our capitalists could foresee the future, they would leave no stone un-

turned to prevent a recurrence of depression. Unfortunately, however, such foresight is the thing which human beings cannot achieve, no matter what their economic system. As long as our capitalists—or your planning boards—cannot determine the weather, cannot keep the world at peace everywhere, and cannot even prevent new inventions and discoveries, their plans and predictions must often fail.

In this connection we face a paradox which Marx did not suspect. For we find that the higher living standards of workers, together with their increased bargaining power in industry and politics, make it more difficult to avoid economic fluctuations. And the reasons are not far to seek. Whereas demand for the bare necessities of life can be predicted within very narrow limits, demand for all that goes beyond the subsistence minimum, and especially for luxuries and semiluxuries, is very hard to foretell. It fluctuates widely under the impact of economic and psychological influences of all kinds. For instance the expectation, or even the rumour, that prices will fall can cause a sharp drop in sales, just as fear of scarcity can start a sharp rise. Hence, the further the workers ascend past the subsistence level, the more difficult it becomes to predict demand and to avoid overproduction.

Furthermore, a depression can be intensified by the rigid longterm wage contracts which our labour unions have been able to negotiate on an increasing scale. Where wages, and thereby prices, cannot be adjusted before large numbers of workers are laid off, a mild recession is bound to develop into a full-scale depression.

It thus would seem that the best way to make a nation's economy both predictable and adjustable would be to deny the workers all that they have won in America, by reducing them to a bare subsistence minimum and by forcing them to accept, at a moment's notice, any change in wages and hours that might seem advisable in order to mitigate a

recession. Of course, no American would ever propose such a solution. But if you demand security at any price, and nothing but security, I believe this might be an excellent way to attain it. At any rate—it is the Soviet way. Here you have the explanation of the much publicized fact—if it is a fact—that “the Soviets don’t have unemployment.” What is behind that “happy” mystery?

Instead of *occasional overproduction*—that heinous “crime” of capitalism—the Soviet economy has developed something infinitely worse, to wit, *permanent underproduction*. Not once in all the years since 1917 has the Soviet government succeeded in satisfying even the elementary needs of the vast majority of its workers and peasants. These poor people have not had enough food or clothing, and certainly not enough housing to compete with Americans even in times of depression. Further, according to the Soviet press, quantity has often been boosted at the expense of quality. Commodities like electric light, radios, watches, and ample warm shelter, which for workers in countries suffering from “capitalistic exploitations” have become “necessities,” are much admired luxuries to Russian workers. Clearly, such underproduction makes the demand highly stable and predictable. Anything produced is avidly consumed, almost irrespective of price and quality.

The second reason for economic stability in Russia is one equally unpalatable to free people. For the Soviet leaders it is no problem at all to adjust their economy to changing conditions. Soviet workers, with the greatest alacrity, adapt their wages, hours, and working conditions, as well as their living conditions and even their domicile, to any suggestion or demand from above. A government spokesman has only to mention that a certain norm of pay or output might “please Comrade Stalin,” and everyone forthwith “volunteers” to put in extra hours, even without pay, or to reduce his hours or

wages or meat rations. Who would not volunteer—where the alternative is the slave labour camp? Yes, everyone works all the time—but only because no one is free, and because there is never enough for man's basic needs—unless he is established, however precariously, in the upper bureaucracy.

But isn't such "security" bought at too high a price? I believe it is much better to produce at full speed and to risk occasional overproduction. Otherwise you will never obtain the "gigantic production" which Marx and Lenin have rightly called the foundation of social progress. American workers share this view. They want to go on expanding production, so that they may improve their standards of living, even though they may have to pay for their progress with some uncertainties.

Our workers know that they cannot count on a high income and enjoy full security at the same time. But they want to have a good life, even at the price of economic fluctuations. What security they demand is protection against the worst calamities, and this they have pretty well achieved by now. They would never accept "full security" at the price the Russian worker pays. And no one will argue with them—if he knows the facts of American life and Soviet life.

PRODUCTIVITY UNSHACKLED

Dear Henry :

You are just as staunch an adversary as you used to be in those grandiose debates of ours in former times, and I confess that you have scored an important point.

You say you hesitate to admit any general conclusions based upon American experience because, in your opinion, the wealth of the United States is due primarily to its natural resources. We have fertile soil in abundance; high-grade minerals of all kinds; oil and natural gas galore; and all this in a country with a bearable climate, with big rivers and an extensive shore line. These resources, you say, have automatically generated so much wealth that part of it was bound to spill over from the pockets of the wealthy into those of the working population. You doubt whether this development could be duplicated elsewhere, and expect the "spilling over" to end when our resources become scarcer.

Well, Henry, your argument is a powerful one. I cannot deny that our natural resources are more abundant than those of most European countries. And yet, after due consideration, I must return to the conclusion that the ultimate explanation of America's wealth and of the rapidly spreading prosperity of the entire population is to be found primarily in what I call our "classless capitalism."

Let us first compare America with other countries.

Russia, for instance, also has enormous natural wealth. According to Communist doctrine, czarist Russia was a capitalistic country—though in my personal opinion its system was 90 per cent absolutism and feudalism. But at any rate, there were certainly capitalists in Russia. Why then did they not develop their natural resources as the Americans did, and why was the wealth confined to a very few families? Quantities of grain, wood, furs and oil were sent abroad, but they enriched only a small upper caste. Nothing “spilled over.”

Spain is another example of what our Marxist friends like to call a capitalistic country, though again I differ. I think Spain too is largely a feudal country. Potentially it has great agricultural and mineral wealth, with a fine climate and a long coast line. What, in my opinion, has prevented Spain from developing that potential into actual wealth, and into wealth for all, is too little capitalism, and too much caste and class.

I grant you that if we had none of our natural resources, if, say, our country were as barren as Iceland or northern Scandinavia, we should have made much slower progress. But I have not the slightest doubt that many of our actual resources would still be undeveloped, and perhaps even unknown, were it not for our peculiar social setup.

We can understand this better if we compare American society at its democratic best with a semifeudalistic caste and class society at its worst. In this comparison I shall purposely exaggerate in order to make the issue quite clear. Of course, the realities are never white and black; it is a lighter gray here, and a darker gray there—yet the two shades are very different.

A caste society, or a society of castelike classes, puts a damper on all strivings of the lower classes. I don't have to describe to you the resentment that is generated by an upper crust indulging in ostentatious leisure, and in luxuries amounting to

sheer waste. Remember the Russian and German aristocrats who liked to throw the precious glasses from which they drank their champagne into costly mirrors? Or those ladies, both in Europe and in China, who by tight corsets and shoes used to make themselves physically incapable of work?

Members of a privileged class who, confident of their support by police and army, arrogantly flaunt their luxuries, not only create dangerous feelings of envy, contempt and vengeful hatred among the workers; they also stifle their natural instincts toward productivity. "Why should we work *for them*?" is the simple reaction. The worker's capacity for spontaneous co-operation is brought down to almost zero. Indeed many of the most valuable and talented individuals must be deeply reluctant to give their best under an iniquitous system that reserves the laurels and profits to members of the ruling class.

But the caste system generates still other reactions that tend to repress the productive genius of a nation. Under such a system a member of the upper classes feels impelled by his own conscience to justify his privileged position. Where none but the well-born is admitted to higher positions in government and business, reasons must be invented for disqualifying the lower classes. Thus, generalizing from a few experiences, the defenders of privilege disparage the human qualities of the "common man." They cast doubt upon his intelligence, his honesty, his self-discipline, his courage. And he, quite naturally, responds with bitterness and with indifference toward his job.

Caste and class distinctions, accepted as a foreordained, divine law, are used to rationalize a kind of envy that comes from above. I mean the notion that it is not "proper" for ordinary people to possess luxuries. Up to the seventeenth century, many countries, and even the American colonies, had "sumptuary" laws which restricted the use of gold,

silver and fine fabrics, or decreed the kind of clothing and food permitted to persons of varying rank. For instance, in 1433, an act of Parliament for Scotland regulated the manner of living, forbidding among other things the consumption of pies and baked meats by all people under the rank of baron. As late as 1752, Thomas Alcock, "shocked at the workman's taste for snuff, tea and ribbons," proposed the revival of sumptuary legislation. (R.H. Tawney *Religion and the Rise of Capitalism*.)

Even in our time one can hear similar sentiments from among the upper classes in Europe; they feel that "there must be a limit" to the material and social ascendancy of the "masses." "Automobiles for workers?—absurd!" For those who live by pride and privilege, life itself seems to depend on the tangible differences between the classes.

All these impressions stick long after their cause has been removed. Even in present-day Europe many workers are holding back on production and are stubbornly opposed to labour-saving methods, mainly because they still persist in their distrustful attitude.

Yet, what you see here at its destructive work is not capitalism, but a residue of feudalistic caste spirit. Essentially it is a kind of class struggle, though when it comes from above it is usually not so called.

The proletarian class struggle which Marx preached produces similar results. It too arouses mistrust, envy and hatred where the need is for peace, understanding and wholehearted co-operation. It too creates a feeling of frustration and fatalism that paralyzes the creative powers of all groups. It diverts the thoughts and efforts both of the capitalists and of the workers toward the defence of their group interests and the distribution rather than the creation of wealth. Sometimes it dislocates the economy of a whole nation. Class struggle always impairs the wealth and welfare of all groups,

no matter whether it originates from above or from below.

The trend toward classless capitalism in America gives the worker a much more positive attitude toward the enterprise in which he is employed than is generally to be found in Europe. The more the worker comes to regard himself as the equal of his employer, the more fervently he will put his heart and mind into his job. This attitude has caused the American worker to assume his share of responsibility for production.

One of the most serious psychological errors of the Marxists has been their assumption that workers could take no interest in their jobs under private ownership. In actual fact, it has been undeniably true in the United States that private ownership is a stimulus, whereas ownership on a communal or national scale easily becomes a phantom that hardly moves anyone.

In modern capitalism, the men who actually discharge the greatest responsibilities and who exercise spontaneous initiative, often have no ownership interest whatsoever. It is the "*managerial*" attitude, rather than the *owner* attitude, that counts. This attitude is by no means restricted to managers: our economic system tends to replace the unthinking tool-like employee with the co-operative assistant.

On the necessity of awakening the worker's interest and responsibility in the enterprise for which he works our "capitalists" and our workers are in full agreement. The American Federation of Labour, for instance, once stated in its publication *The Federationist* (August 1924): "Each worker . . . may be working automatically and unthinkingly, or each may alertly use tools, machinery and materials, vigilantly watching each development with that creative attitude of mind that assures progress. The union is essential to maintaining this quality of workmanship."

Many of our great corporations foster this attitude by the premiums they pay for useful suggestions made by employees and workers, and by the profit-sharing system which they began to introduce years ago. Most important, however, is the esteem in which a man is held, the recognition of a man's freedom and independence, of his inherent value and dignity. Caste and class spirit, on the other hand, must curb the managerial attitude of all employees. A manager who regards himself as a superior kind of being because he is a member of a "good family," is all too easily inclined to spurn the criticism or advice of lower-class people, including even his personal assistants. In many European firms an employee, or even a junior executive, does not dare to speak frankly to the man at the top. He seldom will argue for his own ideas. This attitude sometimes amazes American businessmen when they travel abroad. They know that their success is best furthered by the frank exchange of opinions that is natural in an atmosphere of equality.

On all levels, we see the "managerial" virtues thriving, not through public ownership, but through the removal of caste and class spirit.

THE DYNAMIC SPIRIT

Dear Henry :

To continue our discussion of the creative energies unleashed by a truly free and democratic society, let us look now at the positive aspects. For it is not enough to merely dispel ill-will, hatred, envy and arrogance. That would be like releasing the brakes of a car without stepping on the accelerator. But how do you get the engine of our economy to run really fast? How does American industry manage to chalk up its remarkable achievements?

Well, for one thing, by brainwork. I don't think I have to go into deep philosophical explanations to show why brainwork is infinitely more productive than muscle work. Marx has convincingly stated that "with the all-around development of the individual, the productive forces, too, will have grown to maturity, and all the forces of social wealth will be pouring an uninterrupted torrent." At that stage "the opposition between brain and manual work will have disappeared." Now this happens to be a fine description of what has been going on in the U.S.A. Lenin followed a line similar to Marx's except that his idea of brainwork in production is rather inadequate. He regarded "bookkeeping and control" as "the chief things necessary for smooth and correct functioning of communist society," and commended capitalism for having "simplified" them "till they have become the extraordinarily simple operations of watching, recording, and issuing re-

ceipts, within the reach of anybody who can read and write and knows the first four arithmetical rules."

It is amazing that a man as perceptive as Lenin could have mistaken bookkeeping and control for the principal elements of business management, that he could have failed to recognize the importance on all levels of initiative, ingenuity, inventiveness.

The millions of ideas and inventions by which a modern industrial society thrives have rendered obsolete an enormous amount of physical exertion. Much labour has been cut out altogether by arrangements that permit the worker to sit comfortably, his work within easy reach and the needed materials coming to him; whereas formerly he had to stand, stoop and walk around. And there are all the new methods, such as spraying instead of painting, stamping instead of cutting, casting instead of forging, welding instead of riveting. Every day, new devices and processes are introduced to replace physical labour by power from steam, electricity, and oil, and to make human work—not only physical work—easier.

If you wish to observe a striking example of this kind of development, you should watch road building in America. In Europe, road construction is still done for the most part by hundreds of sweating and toiling labourers. Here, you see a collection of mighty machines with very few people. The same man who handles and services such a machine would probably still be working with pick and shovel in Europe. Now, thanks to the tools human ingenuity has created, and to education or special training, a man accomplishes in a day what otherwise might take ten men a week to do. He does a better, more gratifying kind of job and makes several times as much money. And behind him, of course, is a whole array of "higher labour": the engineers who planned his work, other engineers who designed his machine, and still other engineers and specialized

workers who built it. They did not exist in former times, and in many countries they do not yet exist.

Obviously, then, the first task is to get the right man into the right job. I have mentioned already how a society that reserves the choice jobs to the "higher classes" leaves its human treasures unused; how it must fill many of its most important positions with sheer deadwood. The removal of class barriers is a great step forward in securing the best talent for a particular task.

Yet, the utilization of every talent and every skill is not enough. A new spirit is also needed: an unceasing interest in experimentation, a daring, unconventional approach. It is needed by our engineers, but also by our managers and administrators, our educators and professional men. In fact, it is needed by our employees and workmen too. This spirit is a natural product of a society that has cast off the shackles of the class system and permits people to believe in themselves.

De Tocqueville was fascinated by it. He wrote: "Aristocratic people assign to mankind beforehand certain impassable limits.....They cherish a persuasion that they have pretty nearly reached that degree of greatness and knowledge, which our imperfect nature admits of; and as nothing moves about them, they are willing to fancy that everything is in its place.

"In proportion as castes disappear...the image of an ideal perfection, forever on the wing, presents itself to the human mind. Continual changes are then every instant occurring under the observation of every man...He infers that man is endowed with an indefinite faculty of improvement." To illustrate this point, de Tocqueville tells how a simple American sailor, asked why American ships are "built so as to last but for a short time," answers without hesitation that "the art of navigation is every day making such rapid progress that the finest vessel would become almost useless if it lasted

beyond a certain number of years."

"Aristocratic nations," de Tocqueville concludes, "are naturally too apt to narrow the scope of human perfectibility; democratic nations to extend it beyond compass."

This belief that the future must always bring greater achievements in every field, moral and ideological no less than material, is one of the secrets of technological and social progress in the United States. It is one of the clues to that boundless optimism which I have already discussed.

The people are constantly bent on new ideas. The country abounds in successful amateurs; not uncommonly a man succeeds in a field where he is an absolute newcomer. This means, of course, that we see many failures too. But if a man fails in his job, or even goes bankrupt, that does not mean that he has reached the end of his rope. He stumbled. Very well, let him get up and try again. Next time perhaps he will succeed.

One must live in America for some time to appreciate the power of this spirit. Of course it exists among Europeans too; but in Europe it is still too often obscured by the shadows of authority and tradition. A caste that owes its privileged position to the past always discourages experimentation and progress—not only in education and political institutions, but also in technology. And with good reason. New inventions often have wrought great damage to entrenched wealth; for instance railroads, steamships and new agricultural implements have made many large estates almost valueless. Privilege, by its very nature, invokes the protection of authority to limit one's actions, and even constricts one's mental horizon. It fosters rigidity in thinking, in planning, in engineering, in every field of human endeavour. It acts as a brake on the human faculties that create wealth.

And what is the modern equivalent of privilege? Its grandchild; so to speak? Monopoly, of course.

It too tends to exclude "undesirables," it restricts production, retards progress. It keeps obsolete factories running and pigeonholes new inventions. But monopoly-capitalism, that much-loved term of the Soviets, is a contradiction in itself. It denotes a "capitalism" that borrows its methods and spirit from the medieval guilds and castes. It is no accident, then, that America, the most "capitalistic" country, has taken the longest strides in preventing monopolies. Here the huge trusts were broken up, or placed under close public control. And when you think you have discovered a monopoly you find stiff competition between various different products and services: as between aluminium and stainless steel; between coal, oil and natural gas; between a large variety of materials and plastics; between railways, automobiles and airplanes.

Americans are keenly aware of the danger that lurks in monopolies. They know it as a danger not only to their democratic freedom, but to their economy—yes, to capitalism itself. This thought has taken root in their minds. Americans regard a monopoly or cartel not only as illegal, but as *morally objectionable*. This is another fact which I, like many Europeans, did not realize before I came here.

Caste, privilege and monopoly are not confined to Western Europe. You can feel the stifling atmosphere of the caste society also in its new, inverted form in the Soviet Union, where it crowns the greatest combine of monopolies in the world. This is how Ignazio Silone reports, in *The God That Failed*, a conversation he once had in Moscow, when he was still a Communist in good standing:

"I spent hours one day trying to explain to one of the directors of the state publishing house why she ought at least to be ashamed of the atmosphere of discouragement and intimidation in which Soviet writers lived. She could not understand what I

was trying to tell her.

"'Liberty'—I had to give examples—'is the possibility of doubting, the possibility of making a mistake, the possibility of searching and experimenting, the possibility of saying 'no' to any authority.'.....'But that,' murmured this eminent functionary of Soviet culture in horror, 'that is counter-revolution.....We are glad we haven't got your liberty.'"

You see, wherever freedom is stifled, the spirit of progress and productivity must wither. That is why de Tocqueville criticized European thinkers for "proclaiming the 'doctrine of necessity'.....which will soon paralyze the activity of modern society... The great object in our time," he said, "is to raise the faculties of men, not to complete their prostration."

Finally, let us consider the element of incentive. Even the Soviets have acknowledged the necessity of material incentives. They pay money awards for extraordinary accomplishments. Yet, it seems, these incentives are not sufficient. Otherwise we would not read so frequently of punishment of "saboteurs" who fail to fill their production quotas. Nor would the Soviet government have to frighten its people into greater and greater efforts by constantly dangling before their eyes the imaginary danger of "capitalist aggression." It seems that rewards which come down to you from an almighty government, and are tied in with political good behaviour, are less effective than those that come to you in a free competitive society.

In fact, it is not only the hope for rewards, premiums and higher salaries that causes men to do their very best. It is also a man's pride in achievement *by his own, independent effort*. Many Americans change their jobs suddenly because their initiative finds more recognition with another firm. Many suddenly "get an idea" and start to do something entirely different, perhaps by borrowing funds and setting up a business of their own.

The jump from employee to independent "self-employed" craftsman or businessman, or vice versa, is taken every day—on all levels, and by no means only by wealthy men. A worker may, for instance, open up a gas station or a shop, or begin to tinker with a gadget which he hopes to develop into a useful invention. This free and easy shifting keeps our economy bubbling with change and progress. I cannot see how similar conditions could be achieved with the bulky, creaking machinery of a system where no one can change a job, or set up a shop of his own, or even buy materials for his experiments, without permission from a high authority.

To a European worker this story may sound unpleasantly "capitalistic"—but not to an American worker. Nor do business profits appear odious to him. No American labour union has ever thought of begrudging the large corporations a fair return on their capital. Significantly, Americans, workers and employers alike, use the term "capitalist" in an entirely different sense than Europeans do. In Europe it denotes practically all private enterprise, no matter how modest in size, but here it is applied to financiers and millionaires only. That is because Americans are normally unable to conceive of economic activity except as private enterprise; they feel instinctively that otherwise the driving power behind our economy would dry up. What you call "capitalism" has thus become a classless concept in America, a programme to which all subscribe.

PROBLEMS OF DISTRIBUTION

Dear Henry :

You ask whether we are not overemphasizing problems of production, and neglecting the problems of distribution. Here you have touched upon a cardinal issue, and I am grateful to you for bringing it up. Which is most important to the worker's interests, the *production* of wealth, or its *distribution*?

I grant you that *as long as production is very low*, distribution is of paramount importance, otherwise the wealthy will feast while millions starve. That is why during the war, with production for civilian needs restricted by government order so that the bulk of our productive resources could go into the war needs of our army and of our allies, we too submitted to rationing and price control. But such methods can only prevent extreme want—they cannot create an improvement in the welfare of the whole community. Only a sizeable increase in production can do that.

I know full well that in theory Marxists have always emphasized the importance of production. But in practice they have been much more preoccupied with distribution. Both Marx and Lenin, though professing that high production was their ultimate aim, never did specify how they would achieve this goal—except that they would expropriate the capitalists, which obviously is a measure of distribution.

Americans have placed primary emphasis upon expansion of production. As a result, a proportionately smaller slice from the huge cake which democratic capitalism produces provides much more substance than a uniform slice from the much smaller cake which we might produce under a straight-jacket economy.

To understand this fully, you must compare the value of the yearly output of a nation with the value of its accumulated wealth (omitting everything that is not a product of man, such as land, minerals in the earth, etc.). Many people seem to expect the average yearly production volume to be something like one twentieth of the national wealth. Actually, however, in a thriving economy, it has been estimated to be as high as one quarter.

This relationship becomes understandable if you consider that a large part of our production disappears in our current consumption, and that the products of former years, which represent the nation's wealth, are constantly being reduced in value by deterioration and obsolescence. The rapid reconstruction of war-ravaged areas shows us what current production means as compared to accumulated (or destroyed) assets. Thus, if we raise a nation's production by a sizeable percentage, and spread the additional production more evenly than the existing wealth is distributed, we enrich the lower income groups much more than we could do by redistributing the existing wealth.

By the same token a very low productivity is at once reflected in general poverty. You find this situation in many Latin American countries. There the people like to take it easy, and you can see on a workday morning scores of healthy men sitting around playing dominoes. No wonder you find in such countries a dearth of almost every kind of commodity. Such poverty on a national scale has often provided a fertile ground for Communist propaganda—against almost nonexistent capitalism!

Obviously, the cure cannot be found in distribution ; it will have to come from greatly increased production.

Furthermore, don't forget that in a modern industrial nation, like the U.S.A., the wealth of the capitalists consists for the most part of facilities for production, transportation and administration, of raw materials, and of goods in the pipelines between producer and consumer. This wealth can be "distributed" in name only ; it is of no immediate use to the consumers. Nor would equal distribution of cash on hand provide a sizeable increase in the personal wealth of all the people. Enlightening in this connection is a story told about the Frankfurt millionaire Rothschild. When a man burst into his home in 1848, shouting: "Herr Rothschild, it's revolution ! All the wealth must be divided," the banker answered, "My friend, I have forty million Thaler. There are forty million Germans. Here is your Thaler." This actually was an exaggeration, because most of Rothschild's forty million Thaler were probably invested in loans and securities, used for the building of factories or homes, or for the purchase of commodities. Only a minor part would have been available for distribution on short notice.

American workers and unions have long been aware that the advantages they could reap from redistribution mean little compared to the gains they secure from increased production. They have clearly understood the necessity of producing a big, big cake for them to share in, and have consistently opposed class struggle *because it hampers production*. That is why, even when fighting his hardest for the rights and welfare of the workers, Samuel Gompers rejected Marxist theories as "*economically unsound; socially wrong; industrially an impossibility*." He knew that we must first produce before we can distribute. And John Mitchell, then President of the United Mine Workers, wrote at the

beginning of the century: "Trade unionists recognize that machinery has enormously multiplied the productive power of the community.....The result has been an elevation of the standard of living of the men who work upon the new machines as well as of the men who work by the old process."

All this does not mean that we can simply neglect the social problems of distribution. I have already told you how successful our labour unions have been in providing a fair share for our workers. Consequently, during the last twenty years the increase in income has been much more rapid for people in the low income groups than for people in the higher ones. Also, the large fortunes have been cut down tremendously by the increased rates of the inheritance tax, as were the higher incomes by the increased income taxes. As a result, the share of the national income that goes to the wealthy people has shrunk considerably. Consider the 5 per cent of the population with the highest income: In 1946 these people received 18 per cent of the national income against 34 per cent in 1929. As for the 1 per cent in the very highest income group, their share dropped in the same period even more drastically, from 19.1 to 7.7 per cent. (Figures from the National Bureau of Economic Research.)

You further asked whether we have not merely created a new privileged class, elevating the skilled, unionized workers at the expense of the poorly paid unskilled labourers. This would amount to inserting in our class structure a kind of mezzanine floor. You write about the "real proletarians," who are "forgotten" by our union leaders. How, you ask, can they obtain their fair share of our wealth, except by political class struggle?

Let me tell you that our "proletarians" are by no means "forgotten." It is true that Gompers and his A.F. of L. originally concentrated their efforts on the organization of skilled workers. However,

as time went on, the A.F. of L. also has organized workmen, including the unskilled, not according to crafts, but vertically, according to industries; and in 1936 the Congress of Industrial Organization (C.I.O.) was founded mainly for the purpose of "vertical" organization. All types of workers in the automobile industry, for instance, are members of the "United Automobile Workers," no matter what the job, and no matter whether the workers be skilled, unskilled, or semiskilled.

As a result, total membership in American labour unions has risen from only 4 per cent of all workers and employees in 1900 to 20 per cent in 1940, and 33 per cent in 1945.

Furthermore, beginning with 1938, the unions have succeeded in obtaining federal legislation that has fixed a minimum wage for everybody, whether organized in a union or not. Originally, this was 25 cents an hour, then it was raised to 40 cents, and now it is illegal for an employer to pay less than 75 cents an hour for almost any job. Thus the government protects those whom the unions don't reach.

Finally, some large-scale measures for the economic improvement of backward areas have been carried out by the government. Perhaps the best-known of these is the Tennessee Valley Authority (TVA). In the Tennessee mountains, people were very poor. Through dams and electricity the whole region has been given a new face and, with improved productivity, the inhabitants have made great and lasting progress. But innumerable projects of a similar nature have been carried out by private enterprise as well. Rail-roads brought life and prosperity to whole sections of the country; industries created cities like Detroit in former wilderness. We are constantly improving the welfare of the nation as a whole, and are striving to clean up the areas where poverty still prevails.

To give you an idea of what poverty in the

United States means, let me tell you that in 1948, 50 per cent of our nonfarm families (or single persons) with less than \$1000 income owned their homes, mostly free from mortgage; 25 per cent owned an automobile; 25 per cent possessed savings and 25 per cent bought in that year goods like radios, refrigerators, washing machines and even television sets. These are official figures—contested, investigated and confirmed.⁴

Yes, you can believe me, in our land of “plenty” the distribution of wealth is no longer the main issue. Our capitalists don’t have to starve their workers in order to make profits; nor do the workers have to dispossess the capitalists in order to provide a decent livelihood for themselves and their families. As far back as 1849, long before American workers had automobiles and radios, Alexander Mackay, a British journalist, wrote in his *Western World*: “Where all classes have a competency, no class demurs to luxuries enjoyed by another. There is but little jealousy of wealth in America.”

Here then, in this fantastic race of all groups to increase productivity, lies much of the social significance of classless capitalism. It is a system which—though often unfair and capricious—has yet to find its equal in providing liberally for the masses.

⁴ *Low-Income Families and Economic Stability*, published by the Joint Committee on The Economic Report (Congress of the United States).

HUMAN DIGNITY

Dear Henry :

After I sent off my last letter to you, I sat down and reread some of the Marxist literature I have among my old books. And I observed again what has always struck me most forcefully, that behind all the striving for material improvement there burns in the hearts of the workers and their leaders a much deeper desire—the desire for human dignity. It is the natural need of every human being to be valued as an individual, according to his character, his intelligence, his talents. The worker does not want to be looked down upon as an inferior being merely because he enters through the factory door, works in grimy overalls and gets his hands dirty.

I am convinced that what appears as mere craving for money on the part of many workers is motivated to a considerable extent by this desire; that the money a workingman demands in excess of the necessities of life is partly meant to buy what I would like to call “attributes of equality.” Yet, money alone cannot satisfy this ambition. I think the British economist R. H. Tawney is correct when he comments in the concluding pages of his *Religion and the Rise of Capitalism* on “the truism that, since even quite common men have souls, no increase in material wealth will compensate them for arrangements which will insult their self-respect and impair their freedom.....Unless industry is to be paralyzed by recurrent revolts on the part of outraged human

nature, it must satisfy criteria which are not purely economic."

Obviously, from a certain minimum level on a, man wants more than just to make money. He wants an opportunity to show his competence. He has a deep desire for self-realization—though this desire may be unknown to his friends, and sometimes even to himself.

The worker who wishes to rise to a better and more responsible job meets very little class prejudice here. Every normal American, including those who are capitalists, feels that the worker has a right to full recognition of his individual qualities. Witness the great number of workers and office employees who rise to responsible and well-paid positions, and sometimes to great influence and wealth; but above all the millions of boys and girls from workers' families who have gone to college and are competing with others from all walks of life on a level of absolute equality. They are judged by their personalities and their capabilities, and by nothing else.

In America there is no doubt on anyone's part that the desire for self-realization is one of the strongest and healthiest instincts of the human race, and one of the deepest sources of human happiness. It is, in our society, a tremendous asset. The frustration of this instinct is much more common in countries where traditions of caste-like stratification and privilege are still potent, and where workers are regarded as a lower form of humanity.

I am sure that the class struggle idea owes its popularity in Europe largely to such feelings of frustration. Its elevation to a supreme political dogma has perhaps its ultimate origin in the wish to "get even"—literally *even*—with those who place obstacles in the workers' path. Here you have a vicious circle: class segregation from above provokes class-consciousness from below, and the resulting antagonisms widen the gulf between the classes.

Though, in such circumstances, political class struggle is very understandable, I believe its propagandists have done a great dis-service to European workers. By minimizing all the accomplishments of the "capitalists"—the risks they have taken, their creative efforts, their ingenuity; by picturing them as unalterably hostile to their workers, really as thieves who steal much of their time and productive energies ("surplus value"); and by painting an exaggerated picture of the social pretensions and political power of the capitalists, they have imbued the worker with a sense of futility. They have given him an "inferiority complex" and aggravated his suspicion and hostility toward his employer. A man who has been exposed to Marxist preachings will distrust the sincerest expressions of fairness and friendliness on the part of members of the "upper class." Even when offered substantial advantages, he will fear some hidden design.

American workers have generally rejected this kind of propaganda. At times, of course, there has been much tension here too, for instance in the last decades of the nineteenth century. Yet such conflicts never had the bitter political character of those we have seen in Europe. On the whole, there is less arrogance and exclusion on the one side, and less mistrust and resentment on the other.

I believe the first cause of the more harmonious atmosphere that prevails here is the different scale of values which American society applies to work and leisure, compared to the semifeudal attitudes which until recently have been current in many European countries. An American "capitalist" who indulges in a life of leisure is regarded as a "loafer," even by his own friends and relatives.

Nor are there "honourable" versus "lowly" lines of work. Every kind of honest work is acceptable. I know, for instance, a young and attractive couple, highly intelligent college graduates. The husband, after several years in the brokerage business, went

into the army during the war. Upon his discharge with the rank of major, he bought an old farmhouse in New England and converted it into a little inn. There he and his wife do a good deal of the work themselves; he looks after the guests and serves the drinks, and she does the marketing and cooking. No one finds that this couple has slumped in the social scale—on the contrary, everyone admires them for their industry and their enterprise.

Another case that comes to my mind is that of a partner in the firm that installed the oil heating system in our present home. This man often arrived in overalls, carrying a big wrench to work on the installation. When I asked him whether he had always been in that business, I was amazed to hear that he had studied for the ministry, and then had spent several years as a stock broker. Or there is the plumber who takes care of our repairs. He now does this work all by himself, but in former years he was the boss of a big plumbing firm with many employees. This man also plays the guitar brilliantly, and sometimes gives a concert in our town.

Hard work is a universally accepted pattern of life. That is one reason why American workers do not feel unfairly burdened. And, on the other hand, they too have their full share of leisure—formerly the privilege of the well-to-do and a mark of social superiority. Said Marx in his *Kapital*: "In capitalist society spare time is acquired for one class by converting the whole life-time of the masses into labour-time." Well, Marx may have pictured correctly European conditions of his own period. But I can assure you that in America, with an established work week of forty hours, and an even shorter week in many industries, leisure is now to be enjoyed by all. With ample time to refresh both mind and body, the worker has gained much in self-respect and dignity.

Our workers, moreover, now enjoy their leisure more fully with the help of a great many facilities

which formerly did not exist or were reserved to people of wealth. Radios, cheaper, here than in any other country and installed by the millions, provide entertainment, information, some food for thought and even good music. Close by our cities, vast beaches and public parks have been developed. Dotted throughout the countryside, picnic grounds equipped with tables and benches, often with well-built fireplaces, invite families to drive out with friends on weekends and prepare their meals in the open. Here the worker can enjoy himself without the expenses and temptations of the tavern. Even golf, in continental Europe an exclusive pastime of the upper class, is here within most people's reach on community courses. Considerable public funds have been spent for all these purposes.

The workman's increased leisure has not been wrenched from the "predatory grip" of the American capitalist. For more than fifty years it has been known to progressive engineers and employers that shorter working hours do not impair, but actually improve, the productivity of an enterprise. In a shorter workday men can work with much greater speed and precision. This enables the manufacturer to use better and faster machinery and to increase his output. At the same time, waste and rejections decline, and the product gains in quality.

Nor are the automobiles, radios, television sets and sporting goods, the roads, beaches, golf courses and picnic facilities won at the expense of the capitalists. Just think of the profits which our industries derive from the mass sale of these and other "luxury" goods, and I am sure you will agree that the road to human dignity does not have to be built upon the dead bodies of the capitalists.

As to the personal relations between rich and poor, employer and worker, I have already made the point, I hope effectively, that the worker's dignity is much less of a problem here. But you may be interested in the findings of two Soviet writers.

In their *Little Golden America* (1936)—a book that was widely read in Russia and, of course, had to be sharply critical of American capitalism—Ilya Ilf and Eugene Petrov emphasized the “interesting phenomenon” of “democracy in intercourse between people.” Though calling it a “purely outward form” (Ilf and Petrov must always bear the N. K. V. D. in mind), they admitted that “it enhances human dignity.”

In this respect, what the capitalists have had to relinquish is only the castelike trappings that once clung to the body of the newborn capitalism like an eggshell to the body of a new chick.

The American development has thus brought about a constant lessening of class differences on the one hand, and on the other a widespread gain in wealth, health and economic security, in freedom and dignity, in education and opportunity. And all this is to be attributed not to wise planning on the part of a “leader,” a dictator, or an “elite” caste, but to the interacting forces of our society. Nor has it been achieved *at the expense* of the capitalists, or at anyone’s expense at all.

Thus, America has proven that mature capitalism, in its respect for the worth and dignity of the individual, moves in harmony with democracy and can never break faith with it.

THE ROAD TO SLAVERY

Dear Henry :

I hope you won't mind a few more thoughts that have come to my mind on the subject of human dignity. For my last letter did not tell the whole story. If you compare the worker in America with his brother in Soviet Russia—in terms of human dignity—you come to realize that one cannot have dignity without freedom. What must become of a man if, in order to earn his daily bread, he must be ready at all times to follow the slightest hint of his masters, must acclaim the liar who brazenly praises an obvious crime or condemns as a criminal a man who follows his own conscience? To what end shall we abolish the class system if, instead of gaining in freedom, we must all become slaves, free merely to drag our chains?

Ironically, this servitude has been brought about through the very method whereby Marx meant to restore the worker's dignity. I am referring to the expropriation of the means of production—in short "socialization." As you know, Marx formulated this demand because he could not see any economic justification for the existence of the capitalists and thought that they derived their profits entirely from their command of both economic and political power.

Now on this score too, I, and probably most Americans, can agree with Marx to a considerable extent: we too regard concentration of political

and economic power in the hands of one and the same group as dangerous. But we have drawn a different conclusion—and I think, a perfectly simple and logical one. We have decided to separate these two spheres of power and, from time to time making that separation ever more watertight, have succeeded in this endeavour to a very high degree. Our constitution, our traditions, our party system, our government—they all are in fact classless, and nowadays, at least, the influence of the capitalists is fully balanced by that of the workers and other groups. Thus we in America need worry no longer about this problem; by separation of the two spheres of power we are approaching the classless society on the level of liberty.

Marx himself came close to grasping the proper solution when he—implicitly—pronounced that capitalism cannot forever exist alongside a system of class privilege. This was a brilliant bit of insight. The pity is only that he did not carry on with it to reach another conclusion. Unable to conceive of a society or state that was not dominated by the upper classes, he became convinced that the class system must destroy capitalism. He never considered *the other alternative: that capitalism might abolish the class system*. We have seen that capitalism cannot breathe or grow to maturity in the narrow confines which privilege imposes upon human energy, initiative and ingenuity; that capitalists cannot thrive where people are poor and cannot buy the increasing production; that plants and machines (the real capital) cannot be put to proper use without an ever growing body of intelligent and educated assistants and operatives. How then can the capitalists remain the allies of the old vested interests? It surely is not by accident that capitalism has achieved its greatest triumph in the country where the barriers of privilege and caste have been removed.

Let us consider then what the Soviets have done.

Instead of separating political from economic power, they have united the two in the hands of a single group of people more firmly than they had ever been united before. They have merely reversed the order: whereas formerly political power was largely wielded by the wealthy, in Russia economic power is now wielded by the political masters. Thereby human equality, or what the Soviets like to call equality, is now achieved on the level of utter servitude.

Now don't be outraged because I dare to compare the combination of economic and political power in the hands of the Soviet government with conditions prevailing under feudalism and early European capitalism. I know that the Soviet system is supposedly quite different because all power, political and economic alike, is vested in "the whole nation." This is the claim. But what are the facts?

In this respect, fortunately, we don't have to rely on secondhand reports or guesswork. Instead we can simply go to our libraries and read the official pronouncements of Lenin and Stalin. And there we find the statement, expressed with truly cynical frankness, that under the Soviet system political power is concentrated in the Communist Party. This party consists of no more than a small minority; in Russia it comprised, in 1947, only 6,300,000 people out of 194,000,000. And the intention to keep that party a small minority is obvious; whenever it seems to grow too fast it is cut down by mass expulsions and purges. It must be kept small to remain pliable in the hands of the few people who really possess the power. Yet, even party members have very little, if anything, to say. Discussion and voting within the party are, in all matters of importance, merely acclamations and confirmations of the proposals of the leaders. A very small oligarchy, headed by a dictator, commands all power, political as well as economic. And the merger of these two power spheres has brought

about a slavery more complete than the world has ever known.

When aristocrats and men of wealth ruled the nations, there were nevertheless always large areas in the private economy where their opponents could find refuge. Furthermore, the worker could always appeal to some authority against an injustice inflicted upon him by his employer. He could turn to the police, to the mayor, to the courts, and in later years also to special authorities set up to protect him against accidents or hazards to his health. I do not deny that many officials owed their posts to the influence of capitalists and often connived with them. However, even in a pre-democratic society there did exist a rule of law, with a machinery for enforcement that was in theory, and very often in fact, independent of private economic interests. Nowadays, of course, we in America have public authorities that strive for true impartiality and enforce the law without any upper-class bias.

But where the power over the economic life of the nation is vested entirely in the hands of a party bureaucracy, of a group selected for its utter subservience to a ruling clique, the workers have lost their freedom completely. In Soviet Russia, according to the decree of June 26, 1940, a worker cannot leave his job except by special permission of his manager—and the manager himself is not free to give this permission except upon a medical certificate attesting to the worker's inability to carry on. Nor is this personal enslavement alleviated by the labour unions; on the contrary, the unions have been perverted into tools for the enforcement of the wishes of the state and party bureaucracy. Their foremost task is to speed up the work (the infamous "Stachanovism"). Strikes come under the laws against treason and sabotage and are threatened with capital punishment. Thus, when Harry Hopkins, as an emissary of President Roosevelt, visited Moscow during the war and remarked that the delivery of

certain lend-lease materials had been held up by strikes in the United States, Stalin asked: "Strikes? Don't you have police?"

The leaders of the Soviet trade unions make no attempt to conceal this state of affairs. At a meeting of the Central Council of the unions one of them stated: "The idea...that the trade union has equal say with the economic agency in fixing wages is a leftist and opportunistic deviation, an attempt to destroy the one-man leadership, and an interference with the management." (*Trud*, July 8, 1933).

With the state in full control of the economy and of production, a breach of labour discipline—which in a capitalistic society might involve simply a loss of wages, a small money fine or, in an extreme case, dismissal—is punished in a drastic manner. According to the same decree of June 26, 1940, temporary absence, and even lateness of as little as twenty minutes, is punished with up to six months forced labour. This penalty can generally be served in the same establishment—but working under guard and at a wage reduction of 25 per cent. A man who leaves his job without permission goes to jail for two months.

Now if the factories were private property, or even public property under truly independent administration, a sensible manager would have the discretion to use punishment only as a last resort. But that is not the Soviet idea. Lest there be any doubt about the identity of state and management, the punishments are meted out by a judge—without a jury, of course—and a manager who does not bring offenders to court is threatened, by the same decree, with heavy penalties. But that is not all. Another decree was promulgated on July 24, 1940, which threatens the judges themselves with severe penalties if they should permit themselves to be moved by human feelings. The machinery of justice, which in America is a proud and independent branch of the government, has been debased in Russia into a mere

agency of the police and the party.

In the Soviet system, economic and political authorities are not only in collusion, as at times they may be in a capitalistic society, but they are one and the same. There exists no independent agency to which a worker can appeal, or to which a person who has fallen into disgrace can turn. The government administration, the courts, the unions and even the church—all represent the same monolithic party. Wherever a man may search, he finds only a subdivision of the same grim apparatus, with the same omnipresent picture of Stalin. Under the all-pervading, uniform pressure of the police state even a man's closest relatives dare not try to help him if he is accused of a "crime" against the state, even if they are convinced of his innocence. Denunciation of your closest relatives is required and rewarded. But if a man of military age (up to fifty) should attempt to flee the "workers' paradise" and go abroad, the adult relatives come under the penalties of the decree of June 6, 1936: if they knew of the trip, they go to jail for five to ten years—and if they did not know of it, they go to Siberia for 5 years. Thus Soviet communism has blotted out the last vestiges of freedom, and human dignity has been replaced by hopeless enslavement.

In the capitalistic United States, the freedom and personal dignity of every individual are protected by the guarantees of the Constitution, and especially of the Bill of Rights. These guarantees are carefully guarded. No house can be searched and no one can be arrested without proper warrant, issued by an independent court. And while in Russia a person can be imprisoned indefinitely or sent to slave labour by the police, no one in the United States can be kept in jail without due court procedure, or convicted without valid proof. The courts can rule out any action of the administration which they find arbitrary or not authorized by law. They can even invalidate a law they find unconstitu-

tional. And against any injustice of employers the people are protected by the separation of the economic sphere, of the "means of production," from the sphere of the government. Thus government, not being involved in production, retains its role as supreme and impartial arbiter between the various groups, and as protector of the common interests.

THE NEGRO AND CAPITALISM

Dear Henry :

Your question about the lot of the Negroes in America comes as a logical riposte to my discussion of the worker's dignity as a human being. Let me begin by stating that I fully agree with you: the situation of the bulk of the Negroes in this country is deplorable. A great many Americans—the majority, I am sure—are unhappy about it.

But don't think that we are satisfied merely to regret. Quite the contrary, we do what we can to change matters. But first let me correct the picture that may have been given you.

For one thing, strict segregation of Negroes and extreme poverty among them exists only in the Southern states. In 1950, out of total Negro population of about fifteen million, nearly five million were living in the Northern and Western states, where conditions are considerably better. Furthermore, lynchings and other incidents of violence against Negroes, about which you have heard so much are not nearly as widespread as you may think. In the five years from 1945 to 1949, thirteen Negroes were killed by mob violence. And nothing would be more erroneous than to think that our press preaches race hatred and prejudice. In fact, even in the South you find very little of this sort of thing, a few obscure publications to the contrary notwithstanding. More and more, what you read in the United States shows an ever growing understanding

of the Negro question and increasing support for racial equality. As you know, we have always had champions of the Negroes, from Harriet Becher Stowe, who wrote *Uncle Tom's Cabin*, to the Nobel-prize winner, William Faulkner. Their books have made a deep impression upon the nation.

Nor can the people as a whole be accused of anti-Negro policy. Don't forget that the Northern states, representing the majority of the white population, fought slavery in the bloody Civil War, from 1861 to 1865. Then as now, the vast majority of the people in the Northern and Western states and an increasing number of people in the South, co-operated with the Negroes in their struggle for equality and social improvement.

It is a long, slow process, and it has had its ups and downs. The last decade of the nineteenth century, which brought serious setbacks in labour relations, was retrograde in this respect too. But during the twentieth century the trend has been clearly in the direction of progress. This struggle reached a new climax when President Truman made it one of the main objectives in his election campaign of 1948. You probably don't realize the risk Truman took. At first it seemed that all the Southern states, which traditionally vote the Democratic ticket, would forsake him, and actually several of them did vote for a Southern candidate of their own. Truman's victory, won in the face of this opposition, was clear evidence of the strength of the movement against discrimination.

But old traditions and prejudices cannot be uprooted from one day to the next, as you must often have observed on your side of the ocean. With whom you will make friends, whom you will marry, with whom you will dwell in one house—these are highly personal decisions. And because we are a democracy, public opinion is of decisive importance. Thus we must open the door for better understanding and social advancement, and we do it through legislation

and education. If you look at the actual changes in the Negroes' living conditions, educational opportunities and economic advancement, you will find them astounding.

By 1950, the poll tax, a means of excluding Negroes and poor whites from voting, existed in only six out of seventeen Southern states. Thus, in the 1948 elections, 700,000 Negroes cast their votes as against 250,000 in 1940. And Negroes are seated as representatives in Congress as well as in sixteen state legislatures. In the field of employment, President Roosevelt introduced the Fair Employment Practices Committees. They are attaining their aims generally without resorting to legal enforcement orders, thus avoiding the resentment and social tension which might result from public hearings. In almost every case the moral pressure that is exercised by the investigation of a complaint is sufficient to bring redress. Furthermore, since the war ten important states, and especially the state of New York with the greatest population of all, have enacted Fair Employment Practices Acts, and many others are about to follow. Most of these laws make it a criminal offense for an employer to discriminate between applicants for a position because of their race or religion; he is not even entitled to ask any questions about these matters. It is a pity that these discreet methods leave people abroad unaware of the successful work that is being done.

But these laws would not be of much value if the Negroes were not gifted with qualities of intelligence and character equal to those of the other races, and if they could not meet the educational requirements of the jobs for which they apply. It is in the field of education then, that they have made a tremendous effort, helped by a great many white people.

In 1900 one third of our Negro population were illiterates, in 1940 only 10 per cent. Almost 130,000

Negroes are attending college now—about the same number as the total of college students in the whole U.S.A. sixty years ago. In the South, the restrictions banning the admission of Negroes to state-owned universities at the graduate school level have been nullified through decisions of the federal courts, and Negroes are now studying there together with the whites. In a great many Northern colleges and universities a Negro is not only admitted, but enjoys all honours to which his personality and qualifications entitle him. For instance, for the year 1951, a Negro girl was elected president of the student council of Smith College, one of the outstanding girls' colleges. Negroes were the marshal of the graduating class of 1949 of Harvard University, the president of the class of 1950 of Rutgers University, and the football captain of Yale for 1949. And a student's fraternity at Amherst College not only admitted a Negro to membership in 1949, but upheld his admission over the protest of other associated fraternities.

With all this, the employment situation is changing rapidly. Many branches of the federal government and many states and cities are leading the way. You find Negroes in every conceivable kind of public job—as policemen, as clerks, as judges and high administrative functionaries. The State Department has offered Dr. Ralph Bunche, an American career diplomat and now the head of the Trusteeship Division of the United Nations, a position of international prominence.

During the last decade, a number of Negroes have been graduated from the U.S. Military Academy at West Point and from the U.S. Naval Academy at Annapolis. In January, 1950, our armed forces began to place Negroes into units which used to consist entirely of whites. Nor are they restricted to the lower ranks; Negro officers now command white troops too, sometimes they also command white officers; and our army has a Negro general.

In the economic sphere, the Negroes are no longer all sharecroppers or unskilled labourers. In 1900 there were less than 100,000 Negro workers in industry, but by 1950 this number had increased to 1,500,000, the majority of whom were skilled workers. The number of Negro farm workers has decreased accordingly. In many metropolitan areas white-collar positions are no longer closed to Negroes. If you enter a store, and a very elegant one at that, you may be helped by a charming and competent coloured salesman or salesgirl, and the same is true in many offices. Some of our greatest corporations, like General Electric, Du Pont, Macy, are hiring Negroes now for office work, as engineers and for other highly qualified positions. Some Negroes are wealthy businessmen or large land owners—real capitalists. You may be surprised by this, but there are actually almost 200,000 farms averaging seventy-eight acres in size that belong to Negroes.

We have a long list of Negro artists, writers and sportsmen in the country, like the great singer Marian Anderson and the baseball player Jackie Robinson. There is also a steady rise in the number of Negro doctors, lawyers, engineers, chemists, psychologists, etc. Seventy colleges in Northern states employ Negroes among their professors, not to mention of course the teachers at the sixty-eight Negro colleges and universities of the South.

Another very recent development concerns housing. By denying federal support to low-cost housing projects that insist on segregation, large numbers of new apartment blocks in New York and other cities have become accessible to Negroes; they are now living there harmoniously with white people. Thus legislation for Negro equality is constantly being improved, and both political parties, the labour unions and most civic groups are united on this aim. Much, indeed, very much remains to be done, but you see progress every year. In

this, as in every other respect, in judging this or any nation, you must not ask whether everything is good, but whether conditions are improving or deteriorating; you must look at the trend—and that is, in this field too, unmistakably upward.

But while fighting for racial equality, we cannot persuade ourselves that the plight of the Negro is to be blamed upon capitalism. It is interesting to me that European leftists tend always to pounce upon the American Negro problem. "Hah!" they cry, "what about your Negroes? What about race prejudice?" And they think they have scored a point against American capitalism.

Whatever one may think of the Negro problem, one thing is sure: it has nothing to do with American capitalism. If it were otherwise, we should find our economy based upon the exploitation of Negro labour. But how could that be true? Negroes constitute about 10 per cent of the total U.S. population, and in the more heavily industrialized Northern states less than 5 per cent. If American prosperity were attributable to exploitation of the Negro, the white people of the Southern states, where Negroes account for about 23 per cent of the population, should have prospered far more than the rest of the nation. And the state of Mississippi, with Negroes making up a little more than half of its population, ought to be the most prosperous state of all. Actually, the Northern and Western states, with comparatively few Negroes, have fared much better. Indeed, in parts of the South a large proportion of the white population too is very poor, and especially so in Mississippi. Segregation and poverty of the Negroes have in fact retarded the economic development of the South.

In my opinion—which may anger many a white Southerner—nothing could relieve the poverty of the majority of white Southerners faster than the economic and social betterment of the coloured people. Suppose that the Negroes could command

the same purchasing power as the whites! And think of the productivity that could be attained if Southern Negroes were permitted to participate fully in the opportunities for education and jobs. Dr. Ralph Bunche has justly deplored the "squandering of our human resources...in interracial conflict." I believe the white Southerners who are keeping the Negroes down don't see where their own advantage lies; their thinking is, in this respect, not yet capitalistic.

I have excellent testimony for my statement that the root of the Negro problem does not lie in capitalism. My witness is Lenin himself. In his *Capitalism and Agriculture in the United States* he showed that American farming is organized to a very large extent on a capitalistic basis. But then, discussing the deplorable conditions of the sharecroppers on Southern farms, most of whom are Negroes, he said: "We are dealing here with semifeudalistic relationships"—thus refuting the common propaganda line that blames the plight of the Negroes, like all other evils, upon capitalism.

I do not mean to disparage the worth of the Negroes in saying that this country would probably have developed just as successfully if not a single Negro had been brought here as a slave. Consider Canada, Australia and New Zealand. These countries have a social setup somewhat similar to the American, though they have scarcely any Negro population. And when one day all American Negroes come at last to enjoy full equality and prosperity, this will not alter our economic system, except in the South. It certainly will not involve a shift from capitalism towards socialism or communism. The whole nation, in all its parts, will gain, and no one will lose anything—except some of our critics; they will sadly miss one of their favourite slogans in their attack upon "American capitalism."

The real facts of the Negro situation can help us

to gain a deeper insight into the essence of mature, democratic capitalism. Discrimination of any kind, on whatever basis—class, race or religion—though often found in an otherwise capitalistic society, is against its innermost nature. They can serve only to retard our economic progress, to the disadvantage of capitalists and workers alike. Like old barren rocks that protrude from a fertile plain to obstruct the farmer's plowing, such vestiges of pre-capitalistic tradition hamper the proper functioning of a fertile industrial society, perpetuating areas of human want and waste.

MORAL ISSUES

Dear Henry :

Many thanks for reminding me of my promise to deal with what you and many of your friends call the "all-pervading materialism that depraves our cultural and ethical standards."

I understand, of course, that people who like to make money and to acquire worldly goods, people who plunge with enthusiasm into our free-for-all of production and competition and invention, must appear to outsiders as crudely materialistic. But I have not yet forgotten that money and all the good things of this world are dearly loved in Europe too. Perhaps many Europeans are less frank in confessing this passion, or less successful in satisfying it. But I doubt whether this difference is caused by higher ethical and cultural standard on their part.

I do not wish to be facetious. You will have perceived by now that a great many of the "short-comings" for which Americans are blamed abroad are in my eyes definite assets. They merely show that we have dropped the overemphasis on many formalities and amenities fostered by a one-sided caste tradition.

I am thinking of the arbitrary value placed upon certain secondary aspects of good manners ; and of the self-conscious, pretentious interest in art one encounters among many of the European "elite." These tendencies have been carried to horrible extremes; recall the record library—stocked with the best

music of Mozart and Beethoven—found in the home of one of Hitler's most notorious concentration camp chieftains ; or Hitler's enthusiasm for art in general, and especially for Wagner's music.

There is very little of such amoral and often hypocritical "culture" in America; instead one finds a kind of earnestness, a sense of moral responsibility, if you will, which has its roots in a very positive religious and ethical attitude. Max Weber once analyzed the influence of religious movements, especially those of the Puritans and the Quakers, upon the roots of American capitalism. He found that American success in business and production had been stimulated to a very large extent by people who, far from turning their back on religion and ethics, sustained deep convictions as to their social obligations and responsibilities.

You often find a profound humility among American businessmen. Many of them, whether or not they regularly attend church are religious people in the best sense of the word. Confident and at the same time modest, they represent what I like to call *responsible wealth*.

Now this may sound like big talk to you. Let me therefore repeat that I don't claim moral superiority for the American businessmen and industrialists. They are as mixed a lot in the United States as anywhere else. What I say is merely that, no matter what their individual moral qualities, Americans *behave* differently from most Europeans.

Let me illustrate what I mean.

Look, for instance, at the great American social institutions—the hospitals, the colleges and the libraries. While in Europe almost every undertaking in these fields is the work of the state or of a community, most such institutions in the United States are built and sustained by private funds and bequests. I don't think there is any other country in the world where voluntary contributions of all kinds are made on as large a scale as in the United States.

Whenever you open a newspaper and read about the donations and testamentary bequests that have been made, or when you look into the private report of an institution and note the aggregate of anonymous contributions, you are impressed by the evidence of social responsibility among well-to-do and middle-class citizens. As James Bryce wrote in *The American Commonwealth*, in the United States "wealth is generally felt to be a trust." And the personal interest of the giver reveals itself not only in the size of the gift. Along with their money, people often devote much time and personal attention to a cause. They help in the planning, fund raising and administration of hospitals, colleges, libraries, foundations, and of countless campaigns against social evils.

But social responsibility appears also in a different, entirely unsentimental field: in the way people invest their money. I have already mentioned that in the caste society of bygone centuries a man who gained wealth strove to *withdraw most of his property from circulation in the national economy*, setting it aside for his own and his family's exclusive use and enjoyment. His "treasures" were entirely unproductive. So was his mansion or castle. Most typical of such "irresponsible," unproductive, use of wealth were the large hunting grounds of noblemen. In our day you can see this concept of wealth in the world of the Indian princes or Arab kings and sheiks, who still glory in their Oriental splendour, while all around them people live in squalor and disease.

By contrast, an American capitalist, no matter whether he is a civic-minded philanthropist or a hardboiled egoist, puts his wealth and most of his profits to work in the national economy. The nation works and grows with his funds. This habit of our capitalists did not come about by chance. It stems from a tenet of Puritanism: one should save and *invest* part of his income instead of using it up for his personal enjoyment. There as an element of

self-denial in the making of a real capitalist who, putting most of his earnings back into his business, forgoes many immediate personal pleasures so that his enterprise may grow.

Perhaps you don't see any merit in this attitude. After all, the capitalist is eager to make profits, isn't he? True. But he also takes great risks, and is a good loser, though no one has yet told the story of the losses which capitalists have taken and continue to take. At any rate, investing and reinvesting, instead of pulling out with the loot, is another remarkable aspects of "responsible wealth."

The responsibility of the capitalist includes also his sense of obligation to work steadily for the improvement of his product and for the reduction of prices. This sort of responsibility is a very serious matter for the whole nation, including the workers. A firm that does not do its utmost to satisfy its customers is soon wiped out. Competition keeps the capitalist on his toes, and in America much more effectively than in Europe. Not only are our businessmen and engineers less tradition-bound and more inventive. Our consumers are less sentimental, bent on obtaining the best at the cheapest price; and our workers are more co-operative in increasing production and bringing prices down through labour-saving machinery.

But there is still another, and much more basic point. It is the very purpose of a caste society to treat different groups of human beings differently. For a member of the upper class such artificial inequality means that he must stifle his conscience; he must be callous in the face of great suffering. Such a society finds it quite natural that many of the poor are beggars. Its wealthy people think they are fulfilling their social responsibilities by distributing alms; but such gestures deal merely with the symptoms of distress, not with its cause—the caste system itself, its irrational and immoral disrespect for the "masses" and its inherently low productivity.

A feudal lord did not feel that anything was wrong when he observed that his tenants were starving and in rags, though it would have broken his heart to see a man of his own caste in such a condition. Human society, as he saw it, was arranged in such a way that the lower classes *must* live in misery. There *must* be drudges and masters. Often enough, the attempt was made to sanction these differences not only by human, but by divine law.

This double standard went even further. The members of the upper caste deemed themselves entitled to commit acts which for a member of the lower class were crimes. A common man who killed another in a brawl was hanged, but a nobleman, by observing some slight formalities, could kill a man he hated in a duel—and would thereby gain in social esteem. Take adultery: it wasn't called that when a nobleman raped the bride of one of his tenants, but woe to the tenant who seduced the countess! Take common highway robbery: for the German robber barons it was a jolly sport to waylay the burghers of neighbouring towns. Of course, it was the same with slavery, when men and women, sold and purchased as merchandise, were delivered to the absolute discretion of their owners. The upper classes had what you might call a moral loophole: "Thou shalt not kill, or steal"—but with exceptions.

Quite naturally, the old lie of the natural, inborn superiority of the upper classes and of the inferiority of the lower has bred other lies, immoral attitudes and crimes. Most large-scale social outrages, such as persecution of races and religions, and many wars of aggression, have sprung from the assumption of innate group superiority. Where this dangerous principle prevails, anything may happen. Our own century has seen discrimination pushed to the extreme, with millions starved, crushed, burned or frozen in slave-labour and concentration camps—all justified by the idea that human beings are not always human, and that the moral law does not

always apply.

We in America also have quite a few savages in our midst. But because we are opposed to caste ideas, we have as a nation, foresworn the idea of permitting a loophole in our legal or ethical code ; that is why we cannot rest before the Negro problem is solved. It was Abraham Lincoln who described the immorality of a class society in these words: "As I would not be a slave, so I would not be a master."

So intimately are all aspects of human life connected that, by striking at the moral evil, we have at once opened the way not only, quite logically, for rapid social progress, but also for our great economic development. As David E. Lilienthal, who acquired international fame as head of the Tennessee Valley Authority and later of the Atomic Energy Commission, has said (in *This I Do Believe*): "Our economic success . . . is the consequence of our ethical and moral standards and precepts and of our democratic faith in man." We have proven the over-all *priority of the moral over the strictly economic approach* by our economic and social success. Here we have differed from the old laissez-faire liberals, who thought that if they could make the economic machinery run smoothly, the ethical problems would take care of themselves—miraculously and automatically. Americans did the opposite: they tackled the moral problem of class inequality head-on, and thereby set in motion the unheard-of productivity which has brought increasing prosperity to the nation as a whole.

In continuing the fight against the old caste and class concepts, Americans have refused to be swayed from their course even by the newest "scientific" schemes, no matter what their name, including the tenets of Marx and Lenin. They see that the class struggle formula bears within itself the seeds of the same immorality for which you and I reject the caste system and slavery. It too

limits the validity of the ethical laws by setting up a sort of double standard. Anyone who dissents from the latest version of the party line is beyond the pale of the law, without right and defence. Indeed, as the differences and conflicts widen, as hatred and contempt increase, the warriors of the class struggle come to claim the moral exemptions that are common in warfare. In this respect, then, it makes no difference that now it is the lower class that fights the upper. The sharper the conflict, the greater the moral chaos.

A system that works to diminish the validity of ethics and religion also dispenses with humility. The man on the pedestal thinks himself far sighted—no matter how narrow his view. All-powerful, and thereby supposedly all-wise, he dictates what is right—not only in politics, but in religion, in economics, and even in biology, astronomy and art. Naively the superman goes about planning the life and the economy of a great country—production, consumption, distribution, administration, work and recreation—as in a game of chess. When the human pawns prove fallible and weak, as invariably they must, they are pushed around or crushed. Human beings may perish, but the ruler goes on unperturbed; he can never be wrong.

In the United States the ultimate aim of the classless society, its religious and ethical significance, is set down in the Declaration of Independence: "That all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness. Materialism and immorality—are these the proper charges to level against a nation which strives to keep those words alive as earnestly as do the citizens of the United States?"

"IMPERIALIST WAR-MONGERING"

Dear Henry :

I am glad you agreed to postpone the question of "American imperialism and war-mongering" until now. I could not have answered it before I had tried to describe the nature and development of the American social and economic system.

All right. Let us now examine that very busy accusation : "war-mongering." I would like to say at the outset that it is a silly expression. No one—not even Stalin—"war-mongers" today. The outcome is too risky. There are charges and countercharges, of course ; yet no responsible politician, in any part of the globe, tries today to goad his people into war. Even Russia, anxious as she may be for a "final conflict" while the world still licks its wounds from the last major battle, prefers peace—meanwhile sending her satellites into the fighting.

But let us assume that America is on the defensive in this debate. Now if you want to appraise the intentions of a foreign nation or of its leaders, you will use the same approach that you would if you sought to determine the intentions of a man. You will inquire into his character, his circumstances, and his past record. When the United States is viewed in this way, it becomes abundantly clear that this country cannot entertain aggressive intentions.

A democracy freed from class rule, and especially

a thriving one like that of the United States, is of itself a strong guarantee of peace. By education and occupation its citizens are completely unwarlike. In the last war United States soldiers were known as "the most homesick army in the world." Americans have too much to lose by war. And they know it, too; no demagogue can persuade them to the contrary.

Now if anyone should tell you that the American people have nothing to say about foreign policy, about whether the country shall go to war, he simply does not know the facts. Every congressman and senator, and of course the President as well, keeps his ear to the ground, not only at election time, but constantly; and he becomes extremely wary if he observes that the majority of the electorate seems opposed to an issue. Americans yearn for peace; that is why the United States will never be an aggressor. (But they always shoot back when they are shot at—rapidly and vigorously. On that you can rely in the future too.)

Consider a dictatorship, on the other hand. An absolute ruler, supported by a privileged group, bases his rule on force. John Locke, the philosopher of England's Glorious Revolution and one of the spiritual fathers of the American Revolution, has called absolutist tyranny itself a "State of War." Such a regime is always tempted to try abroad the strong-arm methods that served it so well at home. If it does not make war for loot, it makes war for power. Or it may wish to direct the wrath of its discontented masses towards other nations.

Even if such a regime should not plan aggression from the outset, it carries within itself the germs of war. Oppression and persecution from the top, with the resulting reactions from below, lead sooner or later to domestic conflagrations. These conflagrations can spread beyond a country's frontiers, just as a burning house endangers the entire neighbourhood. Too often internal strife has led to

a "holy" war, for or against a religion, a race or a system. By abolishing the sources of violence and extremism at home, a stable and vigorous democracy makes a definite contribution toward world peace.

But there are other, more specifically American features that make the charges of "imperialist war-mongering" utterly absurd. You cannot dismiss lightly the vast exploitation of the forces of nature which has replaced the exploitation of human beings in the United States, and the different social attitudes among both capitalists and workers that result from this change. It is not natural, then, that the urge to "exploit" human beings should have greatly diminished in our dealings with other countries too? That this nation should have no appetite for the looting of other countries?

I have found that even to quite unscrupulous Americans war no longer makes sense. Why, and for what, should they risk their lives, their homes, their possessions? From what perverse motives would the richest country in the world set out to rob and despoil the poorer ones?

It is natural for Americans to despise war, and this includes, most emphatically, the capitalists, large and small. But let us assume, for argument's sake, that some American capitalists might be able to trick and inveigle our people into military adventures. You will grant me that if they did so, these capitalists themselves must have a reason for playing such a dangerous game. And if they are capitalists at all, and not just murderers for murder's sake, their motives must be of an economic nature. The question then is: Does the American brand of capitalism produce such motives? Or hasn't it rather reduced them to a minimum, practically wiped them out?

Let us briefly review the possible economic motives our capitalists might entertain in starting a war. There are, in the first place, the much-touted "fantastic profits from war production." Well—such

profits may have been "fantastic" in another age ; if they were, they are now a matter of the past. In the last war the United States introduced, for the first time, a system of "renegotiation" of war contracts. Prices on government orders of all and any kind were made subject to revision until long after delivery, and only normal profits were left. This was necessary because many articles were made in mass production for the first time, or in a new way, and offers had to be based on quick guesswork. By renegotiation, \$10,431,637,000, much of it already credited or paid to manufacturers and contractors, was recovered by the government. For the current large-scale rearmament—and for this, by the way, you can thank the foreign policy of the Soviet Union—renegotiation has been reintroduced, as a matter of course, without any discussion.

After these reductions, the remaining profits were subject to very high taxes. Wartime profits of a corporation in excess of the peacetime average were, with unimportant limitations, subject to a tax of 95 per cent. In addition, the capitalists as individuals had to pay enormous personal income taxes. But not only did they retain very little of their profits. What hit them much harder was the very large and lasting increase in the tax burden that they had to sustain after the war. Thus in 1939, the federal income tax for a married man with two children was \$1,469 on a net income of \$20,000. Toward the end of the war, in 1944 and 1945, the tax on the same income went up to \$6,200. In the post-war years 1946 and 1947 it was somewhat reduced to \$5,890 and it declined in 1948 and 1949 to \$3,888, but only to rise in 1951 to \$4,464 (and probably more).

For a man with a wife and two children who had an income of \$100,000, the corresponding figures were \$31,997, 65,580, 62,301, 45,642 and for 1951 \$51,912 (or more).

As you see, even the lowest postwar rates have been much higher than before the war, and there is

no reduction in sight. And besides all this a man pays also state and local taxes. If the Second World War has so sharply raised our peacetime tax level, what must our capitalists expect if we are involved in another great war? Not fantastic profits, surely, but undreamt of sacrifices. All they can hope for, in their own selfish interests, is peace.

You may ask, what of the search, for raw materials and cheap labour? Well, you must know that the United States produces enough, or more than enough, of almost every conceivable raw material. I know of just two items which were really scarce during the war, namely tin and rubber. We got some tin from South America, and replaced much of it by other materials. With rubber we had a difficult time, but we succeeded with amazing speed in producing synthetic rubber in such quantities and at so low a cost that we will never again have a serious rubber problem.

As to cheap labour, the reactionary elements among our capitalists have long been opposed to large-scale immigration. In fact it was they who badly crippled our laws concerning the admission of displaced persons—at the very time when Russia was contracting for Chinese coolies to work in Siberia and ruthlessly shipping thousands of German technicians and skilled workers to the Soviet territory. Ironically enough, where Americans have been employing foreign workers abroad, they have been criticized more often for upsetting the local wage level by paying too much, than for paying too little.

Another motive for aggression frequently ascribed to American capitalists is the urge to secure export markets for our "overproduction." As American capitalists "don't want to give" their workers enough food, clothing, housing etc., they must be engaged in a frantic search for new markets. Even many non-Marxist Europeans hold this belief; the scramble for foreign markets is what they are accustomed to in their own countries. "Export or

die"—this European slogan is supposed to apply to the United States too. But it does not apply, because our manufacturers are not compelled to provide foreign exchange, nor do they have to find foreign markets to supplement the domestic market.

It is an acknowledged fact that in comparison to European manufacturers, and especially to the British and Germans, American manufacturers tend to be relatively uninterested in export. They have often been criticized for their unwillingness to meet foreign specifications and conditions. Yet the very same manufacturers anticipate the needs and desires of their domestic customers with the keenest understanding; their lack of interest in the export business does not come from ineptitude. It simply reflects the fact that most American manufacturers sell so much at home that their export business can never amount to more than a small addition. And their organization, both technical and commercial, is geared to such large quantities that ever so slight an alteration from their standard specifications, to fill comparatively small export orders, creates costly disturbances. In this postwar world, with mountains of government restrictions everywhere and severe currency restrictions abroad, export has become even less attractive to Americans than before.

I know that to Europeans our exports must seem large—but you will agree, I am sure, that their sum must be appraised in the light of the total national output. Now the fact is that as a percentage of total manufactures, our exports have steadily declined. In 1914 the value of our exports amounted to about 10 per cent of the total value of our production. By 1948 it had dropped to 8.6 per cent, with agricultural products always forming almost one quarter of the value both of our exports and of our total production. Clearly, the vast bulk of our customers are located right here in the United States.

Look at the automobile industry, the largest

American industry both in value of products and of exports. In 1949, we had in use, for a population of 148,000,000 people, a total of 36,000,000 private cars and 8,400,000 buses and trucks. In the year 1948, our automobile industry sold 5,285,000 cars, including trucks and buses. Out of this total, exports amounted to only 425,000 cars and trucks, or 8 per cent. In 1949 the total production of automobiles rose to 6,253,600 and in 1950 to 8,016,000, but exports shrank in those years to 274,000 and 280,000 respectively—equal to 4.4 and 3.5 per cent. Compared with the British production of automobiles which, for 1949, was 630,000, or the French, of 285,000, our automobile exports appeared very high—but you will agree that the American automobile business would have been doing exceedingly well without any export at all.

Then there are the steel manufacturers who, in the opinion of many Europeans, are the worst “war-mongers.” In spite of a consistent increase in our steel production from 45,500,000 tons in 1930 and 67,000,000 tons in 1940 to 100,000,000 tons in 1950, steel was so scarce in the postwar years that we had a black market in it. In 1950 we even imported steel from Holland and other countries. Had it not been for the truly desperate needs of war-ravaged Europe, we would not have exported any steel at all. Is it necessary to argue further that our capitalists prefer, now more than ever, the secure domestic market built upon the tremendous purchasing power of American workers to insecure foreign markets that can be cut off by a war or strangled by currency regulations?

Perhaps you think that the foreign investments of companies like International Harvester, General Motors, or Singer Sewing Machines could drag us into a war. Their factories, scattered all over the world, must seem very important to people abroad. Yet it is true that during the war these companies were able to write off their factories in

Germany and German-dominated countries without being brought close to ruin. At the beginning of 1950, the total value of American private investment abroad, including oil, was fifteen billion dollars—even less in comparison to our domestic assets than our exports are in comparison to domestic sales. Clearly, to an industrialist who thinks of the grueling “war of the future,” the risks to his domestic assets must appear infinitely larger than any possible gains or losses abroad.

And now let us consider those “dangerous men,” our great financiers, the Morgans, etc. These men, said James Bryce, “are for the most part a steadying influence in politics, being opposed to sudden changes which might disturb the money market or depress trade, and especially opposed to complications with foreign states. They are therefore par excellence the peace party in America, for though some might like to fish in troubled waters, the majority would have far more to lose than to gain.”

I concede that these observations were recorded in the last years of the nineteenth century, and you may think that since then conditions have changed completely. This indeed is the theory put forward by Lenin in his brilliant study, *Imperialism, the Highest Stage of Capitalism*.

Lenin traces the rise of modern imperialism as follows: Finance capital, concentrated in a handful of gigantic banks, takes control of domestic industry, already merged in a few vast monopolies. Then the financial giants (of Britain, France, Germany and the U.S.A.) turn to capital export which is, according to Lenin, by far the most profitable business.

Since, in his view, the foreign offices of the great powers are mere tools of the big banks, they must naturally cast about for new colonies or spheres of influence as outlets for their all-important capital exports. By 1900 the whole world was divided

up among the great capitalist powers, and as the younger ones among them, especially Germany, demanded a redistribution of the globe. the First World War—during which Lenin wrote this study—became inevitable.

Let us look at Europe first; there many of the facts which Lenin marshalled in support of his thesis may apply. Their relative importance is, however, grossly exaggerated: the export of capital was not nearly as large or as profitable as Lenin assumed. And its real purpose was in almost every case either the creation of export markets, or an extension of political influence, or preparation for military conquest. Above all, I want to insist upon this: wherever one of Europe's "capitalistic" countries was guilty of imperialist aggression, the real culprit was not the spirit of modern capitalism; rather it was the same old caste spirit, the same old *belief in human inequality* and in the use of force that overshadowed the social and economic thinking as well as the political structure of most nations. This influence was quite patent in the cases of Imperial Germany,⁵ Russia and Japan, Britain was, in my opinion, a borderline case, for much of her expansion was purely economic in nature and did not lead to militaristic aggression.

But if we look at the United States, the reality bears not the faintest resemblance to Lenin's description. "Surplus capital," he writes, "will never be utilized for the purpose of raising the standard of living for the masses..... for this would mean a decline in profits for the capitalists; it will be used for the purpose of increasing profits by exporting capital abroad." But in precisely the period to which Lenin referred, the greatest profits were made by American capitalists in their own domestic markets and in lines of business that relied upon rising living standards among the masses. Some capital was

5. See Frederick Martin (Stern), *The Junker Menace*, Richard R. Smith, New York, 1945.

exported; too, but the profits from these transactions were insignificant compared to those American business in general.

Moreover, the position of the banks in the United States has never been the same as on the European continent, and during the last twenty years their influence upon American industries has declined further. Due to the enterprising and speculative character of our people, industrial enterprises have generally managed to finance their business by issuing shares and by putting part of their earnings into expansion. The average American gladly invests the greater part of his money in speculative shares or in a new business venture, rather than in bonds - especially foreign bonds. It is ridiculous to think of Americans as "coupon-clipping parasites." (Lenin's term), and not only the word, but the very idea of "*rentier*" is unfamiliar to them.

Thus, as soon as one tries to apply Lenin's theory of imperialism to America, it loses its last shadow of validity. To an American, conquest or financial domination of foreign, unwilling peoples is as uninviting as a wild bucking horse is to the owner of a modern automobile. In fact, the reactionaries among our capitalists, those who are least interested in social progress and in the levelling of class differences—we have them, too, of course—are the ones who are most outspoken in this respect. Rather than go to war, or even prepare for war, they would have us retire into our shell like a snail and let the rest of the world "stew in its own juice." They are the most ardent "isolationists." Thus, mature capitalism, and especially American capitalism, with its fantastic perspectives of prosperity and social betterment for all, spells the end of imperialism.

Our history bears out this contention. Having broken the Spanish rule in Cuba, we made no attempt to keep that island, but made it independent. And in 1934, long before any other nation thought of releasing its colonies, we took definite steps toward

giving the Philippines full independence, which became an accomplished fact in 1946. Nor did we attempt to conquer or coerce Mexico with its fantastic wealth of minerals and oil, when that country, under radical leadership, confiscated oil industries built by American capital. In this case, military conquest just across the border would have been comparatively easy, and for a nation in quest of raw materials and cheap labour extremely tempting. It did not tempt us, however.

Alas, even with all these facts, I fear I shall never convince the orthodox Soviet-style Marxist. He clings to a certain concept of capitalism, and his views of our foreign policies are just as distorted as his views of our domestic conditions. He expects aggression from our side simply because of his conviction that in a capitalistic society one man's—or one nation's—advantage must always be won at the expense of others. This is the line Communists are supposed to take.

But if you would like to know my personal impression, I am not sure that the Soviet leaders themselves believe what they are telling their nations. The accusations they are hurling against us leave me with an ugly suspicion. When have I heard similar charges before? Wasn't it when Hitler prepared to attack Czechoslovakia, Poland, Russia and other countries? All those who then said that free peoples must gird themselves to resist Nazi aggression were labeled "war-mongers." And whenever the Nazis invaded a country they denounced it as "aggressor." This pattern is today being repeated to the letter.

Obviously, the motives which keep America from seeking war do not prevail among the Soviets. Their leaders won't see their incomes dwindle through taxes. To the people, loot from foreign countries, even from modest workers' homes in Western Europe, is still a real attraction. In the last war Russian soldiers indulged in pillaging with marked

enthusiasm, and the government dismantled many factories, carrying away almost everything movable, not only from enemy countries, but also from "allied" territories like Manchuria.

Moreover, in the last few years, this policy has been extended and worked up into an elaborate system. For instance, it seems that in Czechoslovakia, which has probably the largest shoe factories of Europe, the people are having trouble in replacing their worn-out shoes because most of the shoe production goes to Russia. Here, in fact, you see peacetime, not wartime, looting practiced. It is the easiest way out for a government whose economic system fails to produce the basic necessities of life in sufficient quantities for its own people.

Thus, while we are able to improve living standards abroad through our Marshall Plan aid without seriously reducing our own living standards, Russia must depress the living standards of the nations she dominates in order to improve her domestic conditions.

We in the United States have reason to suspect the Soviet leaders of planning aggression. Not only do they keep land and air forces much larger than our own. They harp on the class struggle idea because it implements their own aggressive schemes.

According to Lenin and Stalin, the class struggle must go on until the last capitalist on earth has been liquidated. And as all "people's democracies" have to take their orders from Moscow, "liberation" by Russia amounts to conquest. If this aim can be reached without a shooting war, so much the better. But the motive for war exists. Malenkov, a prominent member of the Politburo, said at the meeting which set up the Cominform in September, 1947: "The centre of class struggle has shifted to the international arena." To the Soviet leaders foreign wars are but an extension of the class war. Thus, if war between the classes were really, as they claim, inevitable, it would be inevitable also between the

two groups of countries whose governments—supposedly—represent those classes: the upper class here, the lower class there.

Fortunately, all this exists only in Moscow's textbooks. We, at least, don't have a class government. We have proven that class war is not inevitable. In fact, we have shown by our own example that both capital and labour gain most by co-operation. Neither the capitalists nor the American nation as a whole need take anything away from other people. On the contrary, we are applying the principle of fruitful co-operation on a world-wide scale; we even invited Russia and her satellites to participate in the Marshall Plan.

I hope you see now why I am so profoundly perturbed about the myth of the "inevitable class struggle." Not only does it poison social relations within a country and hamper economic progress. It is a source of boundless suspicion and dangerous tensions between nations.

THE ULTIMATE GOAL

Dear Henry :

I am glad you are going to take a few weeks off and go to the seashore with your family. This will be my last political letter for some time. And I for one will welcome a relapse into personal notes and comment, won't you ?

You know that I am very much in earnest about our friendship. I feared losing you ; in fact, I feared the whole free world would lose you. I am deeply moved, dear friend, by your promise that you will think matters over seriously before plunging into what I call a living death.

Of course there are many aspects of American society that I have not touched upon, and many others which I have dismissed too lightly. But I hope that I have given you a fair picture of what this nation has in mind, and what keeps it going at such a breath-taking pace. Or rather, I should say at a pace that seems breath-taking to people abroad, but is not so to us, because everyone here keeps working hard, moving fast, planning, changing. And with all that we still have enough leisure to respond to the beauties of nature and to enjoy music, literature and all the good things. Compared to the "masses" of Europe there are only relatively few here who are not able to share in the full enjoyment of life.

You say that you will credit my observations of American life as findings to be taken into serious

consideration. But why, you ask me, should there be only one royal road to well-being and happiness for all? Cannot the inequities of the class system be overcome in several different ways, and especially also in the way Marx and Lenin have prescribed?

Well, you have a good question there. And I will confess at once that I am not so preoccupied with the American system as to think that nothing better could ever be conceived. Other countries, for instance Sweden, may match or surpass the American record, both in production and in social progress. I am not trying to "sell" a particular "system" to other nations. I know that every country has its own conditions and problems, now aggravated by the ravages of the last war or by the danger of a new conflict.

I even go one step further. I don't intend to "sell" capitalism at all. After all, the term is but a label tacked onto our labels by Marx. It is just a term, a slogan if you will, and in my opinion not even a good one. Though I respect Marx for some of his ideas, the words "capitalism" and "capitalists" are nothing the world ought to be grateful for. Like "socialism," they have stirred up some good thinking, but they have caused even more confusion, and certainly much wasteful strife. They have diverted man's attention from the most essential issue—the fight against privilege, for equality and freedom. Alas, today there are millions of people who are enchanted with notions that promise a solution of all social and economic problems as if by a conjurer's trick, cheaply and suddenly. Worst of all, the emphasis has been shifted from mutual trust, help and neighbourliness to mutual suspicion and hatred, from constructive co-operation to destructive antagonism.

Though I have in fact employed the term "capitalism," I admit that I was tempted to avoid it in these letters. It trails too many meanings, and some of these meanings are not mine at all. Nor

should I be surprised to learn that my use of the word has given you the impression that what I really mean is "socialism." But that is not true either. Both these terms are overburdened, since capitalism and socialism have constantly been represented as irreconcilable. Even in the most strongly capitalistic countries, governments have initiated many measures that have been attacked as socialistic. On the other hand, the manager of a factory in Soviet Russia or Labour Britain, servant of the state though he must be, nevertheless has to think and act as a capitalist. Everywhere the material interests of employers and workers are indissolubly intertwined. A truly healthy economy cannot be built by capitalists alone or by labour alone, and cannot serve the interests of the capitalists to the exclusion of the workers, or vice versa. Nor could it be developed without the active participation of the government and of private capital. And in a system of classless capitalism, like that of the United States, the gap between the different groups in living standards and mental outlook is constantly diminishing.

Yet, year after year, decade after decade, we have been witnessing the sterile discussions between the defenders of "capitalism" on the one hand, and those of Marxist "socialism" on the other, until now it seems as if the followers of Marx and Lenin, like the early followers of Mohammed, have made up their minds to accomplish by the sword what they could not achieve by the word.

Let us, then, drop this fruitless discussion. I would like instead to review the aims you and I still have in common, you the reformer with a tendency toward Moscow and I with what I like to think is a practical, American outlook. I feel that the aims we share are more important than the theorems that threaten to divide us.

What you and I really want, what we are both willing to fight for, and what we ultimately are ready to die for, is not money or privilege. We are

not so passionately concerned with purely economic questions—how high wages or taxes should be, or whether railways, power plants, or some other enterprises should be public or private property. What we look toward is a state where man, *every man*, shall enjoy full freedom and dignity; be permitted to think, speak, write and argue his own thoughts, proposals, ideals, against other people's thoughts. Yes, we want him to be free to harbour and express even irreverent or revolutionary thoughts, and to do a great many other things, without a shadow of fear that the police or the Almighty party may seize him, drag him away, shoot him or work him to death.

No. You and I are not really divided on what we must fight against: the notion that there are different levels of human existence, so that if you belong on one level you can never do wrong, while people on a lower level are somehow wrong all the time.

As long as we can shake hands on these points, we both agree on the essentials. Nor is there any significant disagreement between you and the American people. As I have tried to show you, the people of the United States have long been engaged in the same good fight to which all truly democratic socialists have given themselves, the struggle for the classless society. This should be heartening to you, just as it is for us in the United States to realize that men like you, and indeed many peoples and movements abroad, have been working toward the same ends that we have: the Scandinavians who, always democrats at heart, have achieved a classless society very similar to our own, and the British, the Swiss, the Dutch, the French, the Belgians and several other European nations. Also the Australians, the New Zealanders, and last, but not least, our Canadian neighbours. The British with their Labour Government? Of course I include them. I believe that one of the principal

reasons why a great many nonsocialist Britons voted for Labour in 1945 was their desire to tear down the old class barriers.

Wherever people fought against tyranny and caste and class privilege abroad, Americans have sympathized with them and confirmed their comradeship. They have never tried to prescribe a special system or technique. They gave help and encouragement to the men who made the French Revolution; then, in the nineteenth century, to the Poles, Hungarians, Greeks. They helped and received exiles from all countries who fled oppression. Wherever people have fought for freedom, they have looked to Washington, Jefferson and Lincoln as their heroes.

Finally, the United States helped to decide the two World Wars. Without this help the world, including Russia, might now be divided into two huge autocratic empires.

But as you ask me now whether this nation cannot be "just a little more broadminded" and agree that the inequities of the class system can be overcome also according to the precepts of Marx and Lenin, I must answer "no." I say "no" with my whole heart and soul, because the system which the Soviets call "communism" is the crudest revival of tyranny and class rule the world has seen in centuries, except perhaps for the rule of Hitler. Now if you were as sure as I am of this statement, we should have no disagreement at all. So let us assume, for the moment, that I am wrong, that the Soviets are on the way to a classless society.

We must then ask ourselves: do both the Soviet way and the American, lead to the *same kind* of classless society? For we must remember that the classless idea was conceived not as an end in itself, but as a means of creating well-being, freedom and human dignity for all men. Do both systems promise to fulfill this supreme purpose? I think not.

• An upper and a lower class can be equalized or

merged in two ways: either you raise up the lower class and abolish poverty, servitude and humiliation for all; or you use the steamroller method, depress and degrade the upper class, and abolish well-being, freedom and dignity for all. You can try to make all the people free and happy, or you can make them all equally miserable.

The United States is proceeding to follow the first course, while the Soviets seem to have chosen the second.

Looking at the material side, we know that many millions of Russian people are kept in labour camps under conditions of semi-starvation, servitude and misery. To these have now been added countless people from the satellite countries. And even if, for argument's sake, we were to regard the fate of these millions as exceptional, and look at the Russian people in general, and especially at the Russian workers, we should find that the living standards Russians consider *normal* are far below those of a worker in the United States. After thirty-three years of Soviet economy, which according to Lenin was to bring about the acme of productivity, living conditions are still so desperately bad that the Soviet authorities do not permit any but the most reliable party members to travel abroad, or any but the most highly recommended foreign Communists to see their "paradise." If there is any equality in material conditions, it exists on a very low level indeed.

Nor is this surprising. While we are trying to stimulate initiative and fresh thought, while we welcome foreign talent and invite foreign thinkers, the Soviets strive for a drab uniformity. In thought and in all aspects of culture they insist upon a classless equality, and to this end they promptly cut down any idea or innovation that might grow in new directions.

Consider also the relations between human beings. Whereas the American atmosphere is one

of brotherliness and confidence, the Soviets foster hate and suspicion. If you seek a job here, all anyone wants to know is whether you are capable of performing the task. Indeed, until recently, people were accepted even for highly important and confidential government services without any questions as to their political affiliations. In Russia, on the other hand, all this is quite different. Everywhere an atmosphere of hatred and suspicion prevails. A man who has committed the crime of expressing a doubt as to the wisdom of Marx, Lenin or Stalin, or concerning the policies of the present government, is an outlaw. To show compassion for him is to become his accomplice. Even children are indoctrinated with this spirit. And whereas in the United States people treat each other with respect, regardless of their positions, in Russia "superiors" address "inferiors," especially servants, unskilled workers, etc., with arrogance and contempt.

The revolutionary spirit of freedom, which has been constantly nourished in the United States, has been suppressed completely in Russia. There the people are so thoroughly cowed that nobody dares even to ask a question if, for instance, men who have once been praised as heroes and infallible authorities, like Trotski or Bucharin, are suddenly denounced as traitors, or if the Nazis, who have always been branded as enemies, are suddenly proclaimed to be allies who must be helped. Truth and freedom have become a sham.

It is the same with morality. You may remember my writing you about the loopholes in the moral code of a caste system: my main point was that a classless society can recognize but one law for all. But while we, and all people who strive for a better world, believe that we must close the loopholes, the Soviets widen them until only *one big loophole* remains. They have decided to regard religion and morality as mere arbitrary rules, invented by the bourgeoisie to depress and exploit the proleta-

riat. In the strictly private sphere, they may recognize normal moral concepts, but as soon as there is the remotest reference to politics—and almost everything in Soviet Russia is tied in with politics—morality is but a “capitalistic pretense. Thus, in the moral field too, the Soviets have established equality on the lowest level.

Finally, let us consider the complete blotting out of human dignity. Everyone, not excluding high officials, engineers, scientists, is enveloped in a fog of fear and insecurity, a fog that never lifts. No one dares to protest against the brutalities of the secret police. And everyone must live in fear that he may be taken from his home that very night and subjected to intimidation or torture, perhaps because he has protested privately against some official lie or outrage; or because someone else seeks revenge; or because he is wanted as witness against a third person. Everyone must fear that his wife, child, brother, father, mother or friends may be carried away to be imprisoned, tortured, or killed. No one knows what will happen to him—in that respect all are equal.

Thus has come to pass the prophecy of de Tocqueville: “I know only two methods of establishing equality in the political world; rights must be given to every citizen, or none at all to anyone. For nations which are arrived at the same stage of social existence as the Anglo Americans, it is, therefore, very difficult to discover a medium between the sovereignty of all and the absolute power of one man.

“There is in fact a manly and lawful passion for equality that incites men to wish all to be powerful and honoured. This passion tends to elevate the humble to the rank of the great; but there exists also in the human heart a depraved taste for equality, which impels the weak to attempt to lower the powerful to their own level and reduces man to *prefer equality in slavery to inequality with free*

dom." (*Italics mine.*)

Yes, the longing for equality, for a classless society, has become the greatest moving force in the history of our time. America is about to achieve it with freedom, Russia with servitude.

It could not be otherwise. A nation that strives to raise everyone to a higher level appeals to man's free thought and initiative. But where the principal aim is to prevent men from rising too high and gaining too much, the methods must be restrictive and coercive. These are the two "classless" systems. Which one is your choice, Henry?

But actually, how classless is the society of the Soviets, even on the level of universal humiliation? They have liquidated the former upper class, to be sure; but are they not setting up a new one? At the beginning there was a decade or so of extreme egalitarianism. But all the more recent reports attest to a sharp social differentiation between top, middle, and low officials, between white collar workers and manual workers.

The observable living standard of the Soviet leaders indicates that they continue to think of themselves as a class apart. More and more, the sons of bureaucrats, engineers and army officers receive preferential treatment in admission to institutions of higher education. More and more, they occupy the most desirable positions in government, industry and army. The bureaucrats, managers, engineers and army officers have emerged as a new, hereditary castelike class. Just like the castes of former times, they are busily erecting walls to protect their privileges. And if I read that Stalin's son at a youthful age has become a high general, I am painfully reminded of the Romanovs or the Hapsburgs.

All this seems to me to reflect class rule. Certainly you must concede that it is tyranny. And mind you, every tyrant has been a leveller in a way. Dicyrsios made Plato a slave; Louis XIV, Napo-

leon, Hitler, and many other dictators have gloried in humiliating aristocrats and wealthy men to gain more power for themselves and for their henchmen. Yet they did not create a classless society.

Call it what you will—a caste society, or a tyranny, or a “proletarian paradise”—the Soviet system remains the ultimate negation of what you and I have wanted and worked for, of all that is good and noble in man. Perhaps you are not yet fully convinced of the value of American democracy. You may not respond altogether to the unique appeal which the United States has had for me and for so many others like me—and how could I expect to have given you the full rich taste of it in a series of letters? Yet I hope I have managed to persuade you to take the road that free men still can travel. Don't choose the way of servitude and death. Join us in the last and ultimate issue that now divides the world, the issue of freedom versus slavery. Stand up and be counted in protest against the fraud that has threatened to blind you.

Henry, my dear friend, you and I have a job to do. It is the same job really. Let us do it together.

