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**SOME RELATIONS
BETWEEN POLITICAL
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**SOME RELATIONS
BETWEEN POLITICAL
AND ECONOMIC THEORY**

**BY
G. D. H. COLE**

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P R E F A C E

THE following essay is based on a course of lectures which I delivered in Oxford in 1933. I am very conscious of its shortcomings; for I know that it stops short at many points on the threshold of problems that call for much fuller discussion. Some of these problems I have discussed more fully elsewhere—in the more theoretical essays in my *Economic Tracts for the Times* and *Studies in World Economics*, and in my book *What Marx Really Meant*. But these too are rather suggestions of a new approach to the formulation of political and economic theories in twentieth-century terms than solutions of the difficulties which such restatement must involve. Both the political and the economic theories which are most widely accepted in academic circles to-day got their general 'shape' at a time when political and economic practices were very unlike the practices which these theories are now called upon to interpret. But when once a theory has become 'set', and acquired an academic tradition, it is exceedingly difficult to alter its 'shape'; and no writer who tries to do this can hope for more than a very incomplete success. Still, theories have to be made to fit facts; and this requires from time to time changes in their general shaping as well as in particular doctrines. This essay is meant to provide some small contribution towards this reshaping, and, above all,

towards the bringing together again of two branches of social theory which, at any rate in England, the conditions of the nineteenth century caused to drift far apart.

G. D. H. COLE

OXFORD, *March* 1934

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I

INTRODUCTION

ECONOMIC and political theory are two closely related subjects which are still for the most part studied quite separately and almost as if they had nothing to do with each other. Even at Oxford, where the School of Philosophy, Politics and Economics, popularly known as 'Modern Greats', was instituted after the War with the definite idea of bringing the studies of politics and economics into connection with each other and with their common philosophical background, the three parts of the School, as they are actually taught, seldom fall into any clear relationship. They are taught as separate subjects by different teachers who consult very little one with another and make singularly little attempt to introduce any unity into their teaching. This is not, perhaps, very surprising; for the traditional teaching of both subjects has tended, in Great Britain at any rate, to create a divorce between them rather than to emphasise their interconnection. This teaching tradition has arisen out of the actual conditions of both political and economic life; but more especially out of the economic and political conditions existing at the time when the theories of both politics and economics which still form the basis of academic teaching took their general shape and acquired their present boundaries. For in the nineteenth century, above all in Great Britain, the predominant academic theories in both fields of study were conceived in terms of a situa-

tion in which the State was being constantly warned to keep out of the economic sphere, and politics was regarded as a matter which ought to have as little concern as possible with the economic system. To this phase of historical evolution, which we call *laissez-faire*, corresponded a body of economic theories or theories of business enterprise in which the independence of the economic life from the political world was strongly emphasised; and there corresponded to it also a body of political theory in which it was assumed that the main relations with which the State would have to deal would lie outside the field of business activity. Politics and economics were regarded as having each its own separate laws, appropriate to its broadly different sphere of action. Interconnection between them could never be excluded altogether; but it was regarded as something exceptional, to be kept down to the minimum, and it was seldom emphasised in the presentation of the fundamentals of either subject.

Of course this view never went unchallenged. It was combated throughout the nineteenth century by all schools of Socialists, from Saint-Simon in France and Owen in Great Britain, through Marx and Engels up to Lenin and Sidney Webb. At the other extreme it was challenged by the theorists of Nationalism and Imperialism, from Hegel in the field of politics and Friedrich List in that of economics, to the modern exponents of Fascism and Economic Nationalism. It was questioned in far more hesitant terms by John Stuart Mill, especially in his later years, and by Marshall among economists, and in the political sphere by those who developed the doctrines of T. H. Green, by Graham Wallas, and by a host of others. But when all allowance has been made for the exceptions, the view that politics

and economics stood broadly apart did dominate the main development of 'orthodox' thought and academic teaching in both fields during the greater part of the nineteenth century. It still largely dominates the academic treatment of both these subjects to-day, though it is no longer even superficially compatible with their evolution in the sphere of practice.

Thanks to the growth of sociological doctrines on the continent of Europe, the divorce between politics and economics as theories has not been anything like so complete abroad as in Great Britain. Especially in Germany, many economists and political writers have adopted a sociological approach and have tried to bring both branches of social study under the discipline of a common theory. To a less extent this has been true in France, thanks largely to the still powerful influence of Auguste Comte, and later of Tarde, Durckheim and other sociological writers. Moreover, in almost all Continental countries the influence of Marx has been far stronger than in Great Britain, and Marxism and its many variants have been at one in emphasising the fundamental unity of economic and political problems.

Even in Great Britain the distinction that still survives in the academic treatment of the two subjects is clearly inconsistent with the development of the practical problems arising out of them. For in practice the lines of demarcation between economics and politics, even to the extent to which they really existed in the nineteenth century, have in these days been completely broken down. The problems of to-day have still their economic and political *aspects*, which can be distinguished and sometimes, with an effort, kept apart for theoretical study; but there is hardly at all in any vital sense one group of *things*, or even of problems, which

we can call political and another which can be called economic. Political activity is, in fact, largely a *means* of handling economic issues; and while not all issues are economic, it is almost impossible to find an issue of any magnitude that has not important economic aspects.

To a great extent this was always the case. For political activities have at all stages of society been necessarily bound up with the public expenditure of money, and this has necessarily given them an economic aspect. Everyone knows that 'political economy' began largely—indeed, that was how it got its name—as a study of economic affairs in relation to the public revenue and expenditure. Many of the earlier economists set out to study not so much the wealth of nations as their taxes and the conditions which influenced their taxable capacity. Adam Smith's predecessor, Sir James Steuart, is a notable example; and Adam Smith is paradoxically acclaimed as the 'founder of political economy' despite the fact that his chief contribution was to make it far less *political*, and to prepare the way by his direct study of the 'wealth of nations' as a whole for the transition from 'political economy' to 'economics' without the adjective. This change of name was, indeed, deeply significant, not only of the intention of the economists to take all 'wealth' for their province instead of restricting themselves to that part of it which accrued to the State, but also of a change of attitude which caused them to regard economics as a science lying well outside the political sphere. Taxation, which had been the central theme of 'political economy', became but an outlying subject of the new 'economics'; and economics based itself on the assumption of a process of wealth creation which went on mainly apart from the political

order and obeyed a system of 'natural' laws of its own differing from and far more objective than the 'laws' of political activity.

Orthodox economic theory is thus essentially based on *laissez-faire*, in the sense that, whatever concessions it may make in its treatment to the presence and necessity of State intervention in the economic field, it assumes the existence of an economic order independent of the political order and treats political intervention as merely an interruption or twisting of the working of this independent economic order. You can go quite a long way in orthodox economic theory—all the way in some forms of 'pure' theory—without even hearing that such a body as the State exists, though its existence as the upholder of an economic order based on property has in fact been assumed throughout in silence. Orthodox economics has professed to lay down laws which prevail in the absence of State intervention, and are turned aside and caused to act differently, but not abrogated, when the State does intervene; but in fact orthodox economics can only lay down laws which prevail when the State does intervene to the extent of sustaining an economic order based on private property, or, in other words, when its intervention takes certain forms and does not take certain other forms.

Thus the underlying assumption of orthodox economic theory is the existence of private property and of private incomes, which are indispensable to the very being of the exchange economy which it sets out to analyse. But while private property and private incomes are not created by the State, and came into being before the State existed in anything like its present form, States are in the modern world indispensable

guardians of the existence of private property and private incomes in the actual forms which they have assumed in the societies of to-day; and the exchange economy which orthodox economics analyses could not exist unless States did act as the guardians of the property forms upon which it depends.

Turn now to the development of political theory in the course of the nineteenth century. Political theory has pursued far less than economic theory a single clear line of evolution. For in the case of politics the connection between theory and practice is far less close than in the economic field. There is from the opening of the modern era a fundamental controversy in political theory between three broadly contrasted schools of thought—first, those which have taken their stand in one way or another on the ‘rights of man’; secondly, the Utilitarians; and thirdly, the Idealists. The ‘rights of man’ school, which on the whole dominated the revolutionary thought of the eighteenth century, seeks to derive from the fundamental nature of man certain rights which belong to all men absolutely, by virtue of their manhood. On the other hand, the Utilitarian school, from Jeremy Bentham onwards, dismisses the notion of absolute rights as nonsense, and that of prescriptive rights, in Bentham’s phrase, as ‘nonsense upon stilts’. This school of thought sets out to judge all political institutions by the test of expediency alone. But expediency means nothing unless one has some notion of what is expedient. It demands a principle which is to serve as the criterion of political conduct; and this is found in Bentham’s adherence to the criterion of ‘the greatest happiness of the greatest number’. In practice the adherents of natural rights

and the Utilitarians are often found in the same camp, despite their theoretical differences; for they commonly unite against the upholders of vested interests and traditions. These last find their philosophical backing among the Idealists from Burke to Hegel, and those latter-day Hegelians, the Fascists. The Idealists are all at one in stressing in their doctrines the solidarity of society and the reality of the State as a corporate entity against the individualism of the two rival schools; and their doctrine of social solidarity often gives them a marked superficial resemblance to the Socialists. Thus the Tories often seem on the surface more Socialist than the Radicals because they are stressing the claims of the State as a 'real being' against those of the separate individuals who are its subjects or citizens. But this Idealist doctrine of solidarity is in fact at the opposite pole from Socialism; for, whereas Socialism is essentially a doctrine of human equality, the Idealist view of solidarity rests on a conception of social inequality in the light of differing social functions of individuals and classes. The Idealists want each man to lose himself in the State: the Socialists want the State to be so reorganised that it will find and safeguard every one of its citizens.

Across this controversy cuts another; for all the doctrines that I have been discussing are two-edged weapons. The doctrine of the rights of man can be, and often is, so formulated as to serve as the foundation for an individualist doctrine of property rights almost as easily as it can be so interpreted as to stress the fundamental human right of every individual against the claims of property. Utilitarianism can issue in a defence of economic individualism and *laissez-faire* or in the formulation of a Socialist doctrine of

State intervention for the promotion of the greatest happiness of the greatest number. Hegelianism, which makes the history of mankind a means to the self-realisation of the Idea, can be inverted, as in Marx, to serve as the basis of a doctrine of class struggles and 'scientific Socialism'. Political doctrines are not, and cannot be, like the basic economic doctrines, simply expressions of belief in or antagonism to existing objective situations.

For political theory is as a whole far more philosophical and far less a plain analysis of existing situations than economic theory. It dwells, despite the attempted simplifications of Bentham and his followers, far more in the realm of rights and claims and far less in that of the interpretation of facts and tendencies and the formulation of objective laws. As compared with economics it is inevitably far more about what ought to be and far less about what is. For whereas the economists have for the most part assumed, or at any rate concluded, that what is must be because there is an objective law which determines the working of things in the economic sphere, the political theorists have never been able to reach any measure of agreement on the basis of a similar assumption. The political order appears to depend far more than the economic upon the wills of men, and to be an outcome of definite choices between opposite principles of political conduct.

This is less true of the Idealists than of their rivals; for the Idealists have throughout claimed that there is an order of nature and rational reality in political affairs. But they are far less able than the economists to claim that it is beyond men's power to abrogate this natural order, even if men desire to do so. For politics

could be largely a matter of actual structure and organisation, turning to a great extent upon the form given to one particular institution, the State, whereas there is no corresponding single objective institution in the economic sphere. It is impossible to deny that men can, by revolutionary or evolutionary action, change the character of the State, and therewith readjust or modify the entire system of political relationships. It can be, and often is, denied that it is within their power similarly to change the nature of economic 'laws'. For political laws are on the face of the matter enactments made by men and alterable by men; but economic 'laws' are often thought of as derived by theory from the very nature of man as a producer and consumer and exchanger of economic goods. Economic laws are regarded not as laws which men make for themselves, but rather as laws which men recognise as existing in the very nature of their activities apart from what they will.

This view is, of course, far from being correct. For what are called economic 'laws' operate as they do only within a given economic system, and this system is alterable and is itself sustained, wherever it exists, by laws in the political sense of the term. It remains, none the less, true that, whereas the constitution of the State is embodied in a formal instrument of government evidently amenable to change, the economic order has the appearance of existing not as the result of deliberate establishment and modification by men's wills, but of itself. For political laws sanction rather than establish economic relationships, or at all events have appeared to do so in history.

Politics, therefore, comes to be a matter chiefly of rival theories about 'oughts', and to be studied rather

as a special branch of ethics than as an independent subject. It is actually taught in many places mainly as a derivative and subordinate branch of ethical philosophy.

In these circumstances political theories depend upon the ethical theories from which they are derived. If ethics follows an 'absolutist' line of theory, so as to attempt to arrive at a system of universal values holding good for all times and places, political theory is impelled to follow suit, and to lay down in universal terms what the 'principle of political obligation' is, and what the political relations between men ought to be. We then get a political theory which has no special connection with the objective situation of our own time and place—though, of course, it can be subsequently applied and adapted to any particular set of conditions—but is derived directly from general judgments about the fundamental nature of man.

Such judgments can no doubt be so made as to be either more or less appropriate to current needs and desires ; and in any particular place and time the process of selecting theories for endorsement among the many rival doctrines which are available consists largely of picking out those which possess some degree of appropriateness to current conditions. But the theories which are selected in this way are then put forward by the political philosophers as universally valid, irrespective of considerations of time and place. This is as true of Bentham's principle of the greatest happiness of the greatest number as it is of the political ideas of Immanuel Kant; but Benthamism set its mark upon the nineteenth century just because it was peculiarly appropriate to contemporary needs and desires. Moreover, Benthamism, while it proclaimed,

like other doctrines, a universal principle, refrained from attempting to express this universal principle in a series of equally universal precepts. It thus avoided the absurdities into which the Idealists frequently fell, as when Kant attempted to erect his objection to lying into a principle of absolutely universal application. Benthamism remained a critical doctrine and, within its principle of the greatest happiness, accepted the test of practical expediency, which clearly involved a constant reference to changing facts as well as to principles deemed to be absolute and eternal. Benthamism thus came near in practice to adopting a doctrine of relativity in political truth.

It was necessary, however, to go further even than the Benthamites went, and to recognise that political principles themselves as well as their applications are essentially relative and changing: so that the 'right' in politics must be something appropriate to a particular situation and cannot be proclaimed, even as a principle embodying any particular content, in universally applicable terms. The recognition of this essential relativity is a summons constantly to study the facts, and to study history in the light which it throws upon contemporary problems.

In one sense the greatest stimulus to the study of history as a basis for political theory was given by the Hegelian Idealists. For the Hegelians differed from earlier Idealists in conceiving the universal not in static but in dynamic terms. They were pioneers as against the Kantians in making a political theory based on the idea of appropriateness to a particular time and place, regarded as standing for a particular stage of the evolutionary process. But this Hegelian notion of appropriateness was relative not directly to the facts of the

world of space and time, but to the evolution of the Idea, which was conceived as working itself out in the world of space and time. Hegelianism therefore led to the study of history from a very special angle, that of the evolutionary development or self-realisation of the Idea itself. Everyone knows how Hegel tripped up over his own Idea when he sought to reconcile it with the contemporary requirements of the absolutist State.

Meanwhile, the Benthamites, who had set out from a critical study of local and political systems in the forms in which they actually existed, applying to each institution their principle of maximising pleasure and minimising pain, were led on to a similar factual study of objective social and economic conditions. These second fruits of Benthamism are embodied above all in the great Government Reports of the decades following the Reform Act of 1832. Edwin Chadwick is the arch-priest of the Benthamite second blooming. The Benthamites did study facts objectively, though they had unfortunately little interest in history, which they were disposed to regard merely as a narrative of the irrational errors of the benighted past. They were thoroughgoing rationalists in their study of contemporary facts; but they were blinded to the constructive possibilities of the 'greatest happiness' principle which they proclaimed by their hostility to the forms of political organisation which they had begun by fighting on the ground that they were destructive of happiness. Thinking of the State and of State activity in the terms appropriate to the type of State intervention which they had set out to destroy, they were led to accept, almost though not quite without qualification, the doctrine of *laissez-faire* in the economic field. This rendered sterile much of their objective study of social facts,

since it blinded them to the conclusions concerning State action which the facts plainly suggested. But their service to the cause of political and economic realism was enormous; and Utilitarianism itself turned later, with their unconscious aid, into an instrument of social construction, when the principle of the greatest happiness of the greatest number was made use of not to attack State intervention, but to justify an increasing amount of State intervention in the economic field. This later Utilitarianism had John Stuart Mill for its pioneer, and was developed further by Stanley Jevons and much further by the Fabians, who were the true inheritors of the Benthamite doctrine in a form appropriate to the conditions of the later nineteenth century.

It was left for Marx and Engels to attempt a synthesis of the Hegelian and Benthamite contributions to political thought, or rather of what was consistent in them, in their so-called 'Materialist Conception of History'. This was a synthesis of earlier doctrines in both the economic and the political field; for it attempted to draw both studies together within the scope of a single comprehensive theory. Hegel, as we shall see, had treated the economic order as subordinate to the unifying conception of the State, while the Utilitarians had formulated an economic theory which had the effect of reducing the State to an almost purely negative rôle, though in fact they departed from their theory in their advocacy of certain types of social reform. Marx and Engels attempted to show the predominance of economic forces in both the political and the economic field, and to make plain that there could be no real divorce between economic and political forces because they were at bottom the same.

The question that has chiefly to be examined in this

essay is the issue raised in all these different theories concerning the right and true relationship between economic and political activities. I shall begin by trying to set out the chief opposing views, and then proceed to an attempt at some sort of synthesis.

II

ABSOLUTIST DOCTRINES

LET us begin with a group of political doctrines which can be broadly classified together as 'absolutist', not in the sense that they advocate autocracy as against constitutionalism or democracy, but in the sense that they attempt to found political theory upon absolute notions about political right and wrong, and to derive from these absolute notions positive precepts of political conduct which are regarded as possessing universal validity. This group of political theories thus takes its stand upon a set of fundamental concepts conceived in static terms, and derived *a priori* from doctrines concerning the invariable content of man's nature. '*Écartons tous les faits*', said Rousseau in a moment of self-revelation, when he was contrasting his method with that of Montesquieu; for Montesquieu, as he tells us, set out from the comparative study of the actual relations and institutions existing in various types of society, whereas Rousseau was setting out to discover *principes du droit politique* of universal applicability.

This method of study does not, of course, lead of necessity to any particular practical conclusion. It is quite as consistent with an autocratic as with a democratic or aristocratic theory of social organisation. But, to whatever conclusion it leads, that conclusion is regarded by it as universally right, and is derived directly from views about the nature of man and not

consciously from a study of the needs of the contemporary situation—though of course, every actual thinker is bound to be influenced by the needs of the situation in which he finds himself and to be seeking answers to contemporary problems, even if he attempts to cast these answers into a universal form. There will, however, be as many answers as there are different reactions to political problems. One thinker who takes up the Absolutist attitude will stress the fundamental equality of all men's rights, or perhaps the natural 'sociality' of all men as the fundamental basis of the State. Another will emphasise the natural inequality between man and man and make his view of the folly and ignorance of the many a justification for aristocratic or autocratic government. One thinker will stress the naturalness of social organisation to men and the deep-seated strength of men's social impulses, while another will find in men's natural egoism and self-seeking a valid reason for government by the strong hand. Yet another will seek to derive his prescribed form of social organisation from man's relation to God or from the authority of Scripture. But the common characteristic of all the doctrines I have called Absolutist is that they are based upon principles which their exponents regard as universally valid, not merely in a conditional way, as *claims* of which account has to be taken in deciding how to act, but as absolute and ineluctable *rights*.

The question at once arises how much, if anything, can be laid down in these universally valid terms. In post-Kantian ethics the universal character of the Categorical Imperative is seen to be inconsistent with the derivation from it alone of any valid rule of conduct applicable to a particular situation. You cannot

pass directly from the formal content of the universal principle to the particular content of a positive judgment in an individual situation, or to the laying down of a general rule that will apply to all cases. All that can be got on Kantian lines is an Absolutist principle that falls short of possessing any particular content. The question is whether the same limitation holds good in politics as in ethics. Rousseau's political theory is in fact very close to Kant's ethical theory; and Kant in formulating his ethical doctrine was certainly very much influenced by Rousseau. The connection between the two doctrines appears plainly as soon as we look at the distinction which Rousseau draws between sovereignty and government. This distinction is not always very clearly made, and it is not easy to say at many points in the *Social Contract* exactly what acts are regarded as belonging to the sphere of sovereignty and what to the sphere of government. But Rousseau's fundamental idea seems to be that all acts are governmental if they affect different persons in different ways, and that acts of sovereignty include only those acts which affect all members of Society in the same way. If this is so—and I think it is—it seems to follow logically that in Rousseau's view acts of sovereignty are those only which relate to the constitution and maintenance of the State as a social institution and not to the particular form which the instruments of authority are to take within the State when once it has been set up. It seems as if the only acts of sovereignty for which Rousseau's doctrine will in the last resort allow are those acts which directly constitute the social compact, or perhaps the mere preamble to certain laws, laying down that it is desirable to achieve such and such an object, but not how

it is to be done. The setting up of the State, Rousseau seems to argue, is an act of sovereignty because everyone realises that the establishment of a State is in the general interest; and accordingly this constitutive act is capable of being embodied in a decision of the General Will.

This cannot, however, on Rousseau's own principle, apply to the equipping of the State with a Government possessing any particular form or structure. For in any historical situation the form and structure of the Government will necessarily affect different people in different ways. The fixing of the actual forms of government accordingly cannot be an act of sovereignty, or come under the determination of the General Will. I think it is consciousness of this difficulty that causes Rousseau to invoke for the equipping of his State with a form of government the mediation of a 'legislator', who somehow comes between the sovereign act of setting up the State and the acts of government which are performed within the constitution given by the 'legislator'. If this view is correct, all that is left of Rousseau's sovereignty is a sovereignty without content, in the same sense as that in which Kant's Categorical Imperative is without content—a sovereignty that cannot by itself serve as a precept in dealing with any particular situation.

Observe that, on Rousseau's own showing, when the form of government has once been determined and the Government actually installed, all acts of the ruling power are thereafter acts of government and not of sovereignty. Rousseau nowhere lays down that his doctrine of the sovereignty of the people carries with it any necessity for a democratic form of government. The form which the government ought to assume is a

matter for particular judgment in the light of the actual situation in which any particular State is placed: there is no absolute rightness about it in any universal sense. Only the authority to set up a Government at all, or to remove it if it offends—that is, the authority to make the particular judgments required in any actual situation—is absolutely vested in the people. This, and no more than this, seems to be involved in the last analysis in Rousseau's conception of popular sovereignty.

But can this conception survive further analysis? If, indeed, we begin by imagining, as Rousseau does, a situation in which no organised society exists, we can logically arrive at a situation in which men by an act of sovereignty come to a decision to create one. But when once Society is actually in being, any proposal to bring about a change in its institutions or form of government is bound to affect different citizens in different ways, and therefore to fall outside the scope of acts of sovereignty. It is a question on which different persons will form different judgments because they are differently related to the objective situation with which they have to deal. Rousseau appears at times to evade this difficulty by conceiving of Society itself as undergoing dissolution whenever the form of government is changed, so that men are able to resume their sovereignty and to constitute a new State which they can thereafter endow with a new form of government by again invoking the convenient 'legislator'. But clearly any such view depends on an identification of Society with the State as a form of government, or at the least on the assertion that no Society can exist unless it is embodied in a State. This view is entirely unacceptable; for the State, however important it may be as an

institution for the co-ordination and organisation of social relationships, is not identical with Society, nor is it the foundation on which Society rests. Society consists at bottom of a set of relations between men and men and between men and things that goes far deeper than the particular constitution of the State or than the institution of the State itself. There are Societies among many groups of men who cannot be held to possess a 'State'.

In other words, Society is 'natural', in the sense that it exists among men apart from its embodiment in whole or in part in a fully developed body politic. Accordingly any view which depends on regarding men apart from the State as an instrument of government as purely separate and isolated individuals is necessarily invalid. It follows that Rousseau's notion of popular sovereignty is invalid in the form in which he puts it forward. For on the lines which he attempts to draw, no valid distinction can possibly be made between acts of sovereignty and acts of government.

The real value of Rousseau's doctrine, as of Locke's, from which he in part derived it, was that it served for his day and generation as a philosophical justification of revolution in circumstances which did in fact require revolutionary methods. For it pointed, however indirectly, to the existence beyond the institution of the State and beyond the Government of an underlying authority competent and entitled to destroy and to replace the State.

In effect, if we take away the State, we are left not with a number of isolated individuals, but with a highly complex Society of persons occupying definite and different positions in relation one to another and interconnected in a host of different ways. It is to this

social complex and not to Rousseau's assembly of isolated individuals that the power of decision reverts if the State as an institution is broken up; and this underlying Society always exists to influence the structure and working of any actual State. It is, however, important to realise that this complex of social relationships is not static, but constantly in process of change, so that it cannot be realistically conceived, or philosophically accredited with rights, in terms of any popular sovereignty which involves the parliamentary conception of 'one man one vote'. The social complex consists not of individual voters but of powers, and its requisitions if the State is dissolved—and equally as an influence upon the State when it is in being—have to be measured in terms of the actual forces and human claims which exist in it and not of abstract rights attributed to it in an absolute way. The sovereignty of Society in this sense is a question not of absolute and unchanging human rights, but of changing, developing and decaying actual claims and forces. Absolutism recedes from this realm just as much as from that of particular acts of government as soon as we knock away the unreal assumption of a 'social contract' as the basis on which Society rests. These claims do of course rest on ultimate ethical ideas; but they have no positive content except in relation to a particular social context.

This falsity and incoherence in Rousseau's doctrine did not prevent his notion of popular sovereignty from being in fact a very great political power. For the notion, despite its false historical basis and the incoherence of his conception of the General Will, fitted the needs of the time and provided a philosophical case for revolution and a satisfactory rallying-cry against

the old order. It was the more influential in practice because of its faults. For if it had been differently conceived it would have lost the traditional appeal which it gained by linking itself to the familiar and accepted idea of the social contract. Although it provided no philosophical demonstration of the rightness of popular government, men actually fought under its banner for popular government—and not merely popular *sovereignty*—and for a new constitution embodying the notion of the rights of man.

Nevertheless Rousseau, though he was in fact friendly to popular government, never professed to lay down that it was universally right. Indeed, he appears to have regarded democratic institutions as necessarily inapplicable to the government of large States and Societies. Rousseau's theory left his sovereign people free to set up whatever form of government it might choose, from absolute autocracy to democracy, and treated the choice of government as a matter of expediency rather than of right. He half saw, though his theory never allowed him to say, that this question of expediency depended on the condition of the objective forces existing in Society as distinct from the State, and was therefore to be settled not by popular sovereignty in the 'one man one vote' sense, but by the disposition of these objective forces in a particular Society at a particular time. Men fought under the ambiguous banner of popular sovereignty for their conceptions of natural rights. But Rousseau had explicitly denied the existence of such rights in any absolute form. For he held that sovereignty was of its very nature unlimited, and that no natural right belonging to the individual could be held to restrict its exercise. The sovereign was indeed free to limit the

Government's powers; but nothing at all could legitimately limit the authority of the sovereign itself. If, however, we regard the sovereign not as an assembly of unsocial voters but as consisting of the objective forces which exist in Society as distinct from the State, it becomes plain that the 'rights' of men, which they will seek to embody in any instrument of government, are not natural rights in any absolute sense, but 'rights', or rather claims, which arise out of the actual disposition of the objective forces and are therefore subject to change as these forces change and develop. The doctrine of 'rights' finds its legitimate place within this reconstituted theory, and the contradiction between the advocacy of the sovereignty of Society and that of the particular rights of men is successfully removed when these rights are regarded not as absolute but as proceeding from the contemporary condition of social forces.

It may indeed be argued that in this restatement of the doctrine of rights we have moved out of the realm of rights altogether, and into that of facts and claims. So, in effect, we have. We have moved out of the realm of absolute rights, supposed to exist apart from all considerations of time and place; but we have come instead into the realm of relative rights which exist by virtue of the development of social relationships at a particular time and place. For what I am contending is that the 'rights of man' mean nothing except in relation to objective situations and are fundamentally neither more nor less than claims logically arising out of such situations.

I am aware that many people will find this view unpalatable and even shocking because they are in search of an absolute moral code applicable to both

ethical and political situations. To discuss the basis of ethics falls outside the scope of this essay; but in politics what is the consequence of Absolutist theory? The doctrine of absolute political rights is completely barren, for it issues either in the concession of rights so general and nebulous that they neither have nor can have any valuable positive content, or else in saying that men possess, irrespective of considerations of time and place and solely by virtue of their nature as men, rights which they are in many actual situations obviously quite incapable of exercising, and with which it would even be obviously disastrous to invest them. The right of popular *government* cannot, as Rousseau saw, be a universal right. But the supposedly universal right of popular sovereignty as distinct from popular government is a barren right devoid of all positive content.

Rights in a positive sense exist not absolutely but as claims appropriate to a changing and developing social situation. This does not mean that they can have no teleological character, in the sense that they cannot be directed to the attainment of more satisfactory and valuable forms of social and political organisation. That is a question to which I shall come back later on. My present point is that a claim cannot become a right existing in valid potentiality—that is to say, involving a duty to attempt to make it actual—except in an objective situation which is consistent with its effective exercise. Political rights are thus not absolute but relative to social situations. They rest on ethical ideas; but they can be stated as positive rights only by relating these ideas to the contemporary facts. They are always *conditional* rights.

The conception of absolute rights which has made

its appearance so often in political theory does not need to appear directly in economic theory because economic theories are based on taking for granted an objective situation and then trying to work out what must happen or tend to happen, in an economic sense, within this given situation. That is what economists mean when they say that economics has no ethical content, and claim that it is concerned with what is and must be in an economic sense and not with what ought to be in an ethical sense. Economic theory, however, does not escape the danger of Absolutism, into which it falls whenever it attempts to derive universally valid laws or tendencies from premises which depend upon a particular and not unchangeable set of economic relationships. Economic theory falls into this error whenever it assumes the universal validity of laws and tendencies which in fact depend on the existence of an economy based on private exchange; and it does this most dangerously of all when it goes still further in its assumptions and takes for granted not only private exchange but also free competition, complete mobility of all the factors of production, and the rest of the concepts associated with 'equilibrium analysis' and the 'free market', and then attempts to make these assumptions the basis of universal laws, or treats fundamental changes in the objective economic situation as mere deviations from the norm constituted by its initial assumptions. For this assumed norm is in fact nothing more than an abstraction based on the analysis of an objective situation that has already ceased to exist. This way of procedure is most dangerous of all because, while it may be claimed that economic laws may be universally valid and still remain wholly unethical, what is

universally valid must evidently prescribe the limits within which alone any ethical values can be realised.

In effect there can no more be universally valid economic laws or tendencies than universally valid political rights; for what law or tendency is in the economic field depends on the character of the constantly changing objective economic situation. Moreover, what is 'right' economically is not the same thing as what tends to happen, any more than what is 'right' politically is simply what tends to happen. Political 'rights', as we have seen, are limited by objective possibilities, and are therefore not absolute; but political practice does not always or necessarily find expression for political 'rights' so defined. For all established political systems are resistant to change, and do not readily admit new claims as they arise out of developments in the objective situation. Those who control political systems do not meet such claims at all unless the wills of other men not in control compel them to do so. But the economic order, which has also its own resistances to the forces making for change, is not independent of the political order. For the political order has as one of its chief functions the sustaining of an established set of relations in the economic field in face of valid new economic claims which arise out of the development of the objective situation. Consequently the economic laws or tendencies in operation at a particular time do not correspond to the objective economic situation, as distinct from the existing economic institutions and the political system which sustains them, but express the interconnection between established economic institutions buttressed up by the State and rising economic forces making for change. What is 'right', or becoming 'right', economic-

ally is that which is coming out of the impact of these developing forces on that which already exists. Economic 'right' is thus commonly ahead of operative economic tendency.

But in what sense is the word 'right' here being used? For to say that a thing is right must mean that it ought to happen and not merely that it will happen. We do not, by discarding the notion of absolute rightness and substituting that of relative rightness dependent on the objective situation, discard the notion of right itself. There is no getting away from the distinction between what ought to be and what is or shall be. There is in our minds a notion of right and of rights as of what ought to happen and what ought to be recognised. In orthodox economics this is now commonly assumed to coincide with that which will be likely to result in the largest total production of wealth. But there is certainly nothing final or self-evident about such a notion. There may be perfectly valid reasons for preferring to the largest possible sum-total of wealth a smaller total differently distributed or achieved with less human sacrifice; and both these alternatives certainly fall just as much within the realm of economic action as the preference which orthodox economists are accustomed to assume as *the* economic end. Economics cannot in the last resort establish a conception of economic 'right' which excludes considerations of welfare, or one which is universally valid irrespective of changing social situations and changing objective forces, including the force of human desire. There is no such thing as 'economic right'; for all 'rights' are at bottom ethical.

'Ought' remains, then, for both economics and politics an indispensable consideration. But I have

tried to argue that it is itself not an absolute but a relative consideration. Our idea of what ought to happen is not independent of our studying what has happened and trying to discover what *can* happen within the limits set by the situation with which we have to deal. It is a judgment of value that is constantly changing its content as the objective possibilities change. It can take positive shape in our minds only as a result of our apprehension of real facts and possibilities, and it does take shape so as to become for us a critique of the actual and the possible. It acts as a help to us in selecting out of the possibilities that which we propose to make the aim of our social action, and in stirring our minds and wills to the task of helping to turn the possible into the actual. It is teleological without being absolute. We can therefore study it best in relation to those teleological conceptions of social action which are based in one way or another on the acceptance of political relativity.

III

HEGELIANISM

LET us now turn from Absolutist conceptions of political and economic theory to the first form of political and economic relativism. This was first clearly expressed by Hegel, who is at once the spiritual stepfather of Marxism and the spiritual father of modern Fascism and of the Corporative State. But Marx and the Fascists seized on quite different elements in the Hegelian doctrine. Marxism seizes on the notion of historical evolution, and Fascism on the static and idealist elements. Fascism is Hegel without the dialectic: Marxism is the dialectic without Hegel.

Let us begin by trying to set out very briefly the essential elements of Hegel's own doctrine. It is based throughout on the conception of an evolutionary process which is nothing else than the self-realisation of the Absolute Idea. Historically Societies have grown by a gradual process of differentiation, which is also leading them towards a higher unity. The completed State, in which everything is universalised, is the final end of this historical process; but the State, as the Idea of universality among men, is from the first implicit in the entire process of development. It exists from the very outset because the 'Idea of the State' is the rationale of the entire process; and the State is therefore prior in logic to the actual historical movement which brings it into being. But the State at this stage is not actual in the complete movement of historical

evolution. It becomes actual in proportion as the process of differentiation which is characteristic of the historical movement brings with it the counter-process of unification and universalisation through the development of social relationships.

Hegel regards the State as based (a) upon the family, and (b) upon the whole complex of relationships which grow up among men and give rise to many different forms of social, economic and political organisation. This complex, to which Hegel gives the name of 'Civil Society', includes what most people call 'the State', or at any rate most of what most people call the State; for within it falls the entire machinery of law and police, which is regarded as a necessary support for the system of social and economic relationships. But 'Civil Society', inclusive as it thus appears to be, is in Hegel's view much less than the State, though it includes the machinery of State. For at the stage of Civil Society each man is still regarded as engaged in the pursuit of his own particular or group interests, though he is compelled by the system of social relationships so to pursue his own interests as to regard and positively to further the interests of others as well. Hegel pays tribute to the English classical economists because they brought out this principle of an underlying economic harmony—Adam Smith's 'invisible hand'.

Civil Society, though it remains itself on the plane of particular interests, is thus continually suggesting the universal in which particular interests disappear and men seek their self-realisation—or substantive reality—in and through a universal whole in which they recognise themselves to be but elements. This universal is the State, which differs from Civil Society

not in being a different piece of machinery, but in that it unifies and universalises as an institution all the various elements which appear in the family and in Civil Society.

In Hegel's view the development of Civil Society consists mainly in the development of the economic relations among men, and of the legal conditions which arise out of these relations. He regards Civil Society as giving rise to classes and to class organisations corresponding to the economic relations which exist within it. These classes, or 'estates', generated in Civil Society form the second basis of the State, the family being the first. But the classes which Hegel recognises are by no means identical with the classes regarded by Marx as the formative forces of social development. Hegel's classes are the agricultural or peasant, the industrial, and the universal or governing class. The industrial class he subdivides into artisans, manufacturers and commercial men. This class he describes as inclined to freedom and the rule of freedom because the nature of its work leads it to reflect and to create. The agricultural class, on the other hand, he regards as naturally inclined to subjection; while he reserves for his universal or governing class the power to embody in itself the qualities necessary for the unification of Society into the State. It will be seen that Hegel's classes are defined throughout in terms of their collective functions, and in relation to the subject-matter upon which they work, and not in terms of their riches or poverty or their relation one to another. Each gets a definition in terms of the collective service which it performs to the community as a whole, or, as Hegel would say, to the State. Consequently in Hegel's doctrine of social classes, unlike Marx's, there is no room

for a class struggle. For Hegel's classes are set not in opposition one to another, but each in its due functional relation to the State.

Peculiar interest attaches to Hegel's account of the industrial class. He emphasises, as we have seen, its will to freedom arising out of the nature of its work; and he goes on to speak of it as the natural home of corporative activity. In other words, Hegel is thinking in terms of a social situation which arrays the entire industrial class together in a group including both employers and employed for the assertion of its freedom from feudal restrictions. But he seeks to make of this unity of the industrial class not a theory of class struggle, but one which will give the corporation, including both employers and employed, its due place as an element in Civil Society in and under the unifying State.

It is easy to see in this Hegelian doctrine the germ both of the Fascist notion of the Corporative State and of that Christian Social doctrine of corporations which preceded it by more than a generation. This notion of the Corporative State is, of course, utterly different from the Syndicalist and Guild Socialist conceptions to which it bears a superficial resemblance. For the Syndicalists and Guild Socialists both set out from an acceptance of the notion of the class struggle, and aimed at building up a type of federal Society based on functional groups which would issue, from the carrying through of the class struggle to a successful termination, in the institution of a classless Society. The Corporative State, on the other hand, is not built up federally at all. The State remains essentially sovereign, and merely recognises the corporations as necessary instruments of its own supremacy; and the corporative

system arises not as the result of a class struggle, but through a recognition of the validity of functional 'estates' whose very existence constitutes a denial of the class struggle. In Hegel and in modern Fascism the stress is all laid on universality, on the achievement of actual unity under the State, and on the self-realisation of man as a member of the State, so that his relations in Civil Society based on private or group interest are all sublimated and caught up in his devotion to the State as the embodiment of the Universal Idea.

It is easy to recognise the antecedents of most of the elements of this doctrine. The Hegelian conception of the nature of the State is a development of Rousseau's notion of the General Will which can never err, and of Rousseau's distinction between the particularity of associations and the universality which is a quality of the General Will alone. The account given of Civil Society is based largely on the doctrines of the classical political economists, and especially on their notion of a mysterious economic harmony which somehow avails to reconcile self-interested action with the requirements of the General Will. The conception of the purpose for which the State exists comes from Kant, with his decisive repudiation of happiness as a valid political principle and his assertion that the State must rest on absolute conceptions of right derived from considerations of man's quintessential nature. The Utilitarians are considered and dismissed as base persons who live solely upon the lower plane of Civil Society, where happiness and not self-realisation is the goal. The economists also live upon this lower plane, but possess the merit of pointing the way onwards and upwards by virtue of their notion of the 'invisible hand'.

So far Hegelianism has been presented as if it

consisted simply of the famous 'metaphysical conception of the State', together with a recognition of the parallel but essentially subordinate existence of Civil Society. A conception of this order could be formulated in a purely static and absolutist fashion, and many of Hegel's successors have in fact so formulated it, finding their excuse in Hegel's own failure to see beyond the limits of the contemporary Prussian State. So far Hegelianism is nationalism, building on the nationalist elements in the doctrines of Rousseau and Kant and the economists, but failing entirely to find room for the large elements of internationalism which pervaded the doctrines of all these thinkers.

There is, however, in Hegelianism another element—the dynamic. For whereas Hegel's predecessors had mostly set out in search of absolute principles of political right, Hegel cast his doctrine into a historical and evolutionary form; and, though he rejected—or rather never even considered—the notion of class struggle, he did conceive of social development as taking place by means of a struggle upon the ideological plane. This element in Hegelianism is the Dialectic.

I am concerned in this essay not with the Hegelian Dialectic as a whole, but only with its implications in the social sphere. The course of history is, in Hegel's view, nothing else than the evolution of the Idea. But this evolutionary process transcends and escapes the categories and contradictions of formal logic. The essence of a living idea is not that it is not its opposite, but on the contrary that it can and does become in part its opposite in the clash and conflict of mind in which new ideas are born. Human history is, on the plane of external occurrence, the working out of this conflict of mind, which leads to the progressive actual-

isation of the Idea. Consequently, as the Idea is in constant process of development, human Societies which reflect and embody its evolution must be always developing too. Social forms are therefore necessarily fluid and changing, up to the stage of the complete universalisation of the family and of Civil Society within the fully actualised State. It was on this evolutionary and dynamic element in Hegelianism that Marx seized, so as to make it, in a radically altered form, the basis of the Materialist Conception of History.

But Hegel, while his thought possessed this dynamic foundation, spoke often in static terms. He did so because he conceived that the Idea, in this instance the completed State, existed already, though it was not yet actualised. For the completed State was in his view logically prior to the entire evolutionary process, though only at the end of that process could it become actualised in the completed State as a concrete universal. Hegel could therefore define statically the conditions of the completed State before it had come into actual being. Marx, on the other hand, denying the logical priority of ideas to their actualisation, rejected the possibility of any such static presentation, which he regarded as merely an exercise in the making of social Utopias. Hegel's thought was dynamic in relation to actual history, but static in the realm of thought itself. Marx's doctrine is dynamic in both these aspects.

To the specifically dynamic elements in Hegel's doctrine we shall have to come back when we consider what Marx made of his Hegelian upbringing. We have now to deal with Hegel's conception of the State considered statically in its relations to political and economic practice. Politically the Hegelian conception of

the State is based on the doctrine of function, and Hegel follows Plato in treating the government of men as itself a function to be undertaken by a specialised group of governors. Accordingly, the Hegelian idea of the State involves the existence of a special governing class or order set apart for that function alone, and the subordination of all other classes and orders to the will of the governing group. This makes it an essentially anti-democratic doctrine, based on a decisive repudiation of the notion of equal political rights. There is involved in it, moreover, a sharp distinction between the function of government and the carrying on of the ordinary operations of what Hegel calls 'Civil Society'. Hegel sets out to subordinate the conduct of all the business of Civil Society to the State and to the governing class which represents the function of government in the State. But he also wants to keep the business of Civil Society sharply distinct in its actual working from the business of government. This explains what is often regarded as a paradox in the modern Fascist attitude towards State intervention in industry. Hegelianism emphasises strongly the necessity for subordinating the economic life of the community to the ultimate control of the State; but it also stresses the need for keeping the conduct of industry directly in the hands of specifically economic organs sharply distinguished from the organs of government. This view is therefore quite inconsistent with any policy of socialisation in which socialisation involves the conduct of economic enterprises directly by the State, though it postulates the subordination of the policy of all economic enterprises to the will of the State. On these points modern Fascism directly reproduces the Hegelian doctrine.

It is true that some post-Hegelian thinkers attempted to reconstruct Hegelianism on a basis consistent with democracy. They tried to do this by appealing back from Hegel to Rousseau and by denying that government could be regarded as a function, or that there could be any need for a separate governing class or order. The exponents of this view followed Rousseau in stressing the universality of the General Will; but they also asserted with Rousseau that the same person could be in one capacity a member of the Sovereign expressing the General Will, and in another capacity merely an individual or a member of a group expressing merely a particular will. The 'governing class' could thus include everybody in the specific capacity of member of the governing body in Society, and the actual Government could consist simply of subordinate delegates appointed under the authority of this universal Sovereign. This view naturally recalls Milton's insistence in the seventeenth century on the essentially derivative character of all forms of government. But though Hegel's ideas could be reconstituted or Rousseau-ised so as to make his doctrine consistent up to a point with democracy, Hegelianism could not be 'socialised'; for the sharp distinction which he drew between the State and 'Civil Society' lay at the very root of his theory. Nor, of course, could Hegel himself possibly have accepted the 'democratic' version of his teaching which some of his disciples advanced.

The point, however, which most concerns us here is the subordination of the economic to the political order which Hegelianism involves. The Hegelians regard the economic order as falling within the sphere of particularism and self-interest and not within that

of ultimate and self-consistent ends. Accordingly they regard it as essentially subordinate to the will of the State. It is not in their view rescued from this subordination by the recognition that, as the Classical economists had contended, enlightened self-interest does tend to promote the general good. For in the sense in which this is held to be true, the 'general good' is still regarded merely as the sum of the 'goods' of all the individuals as individuals—that is to say, as the greatest happiness of the greatest number. This, the Hegelians hold, is something essentially different from the good of the whole. Hegel, as we have seen, follows Kant in repudiating happiness as the end of political activity because happiness seems to him, as it had seemed to Kant, something purely subjective and particular in its nature, whereas he is in search of an end that must be objective and universal. Accordingly, in the Hegelian view, economic theory can be no more than a generalisation of the experience of men in a particular field of activity which falls within the realm of Civil Society, and can contribute nothing to the theory of politics in the higher sense. Its scope is purely secondary and ancillary. Economic theory may be useful, but it remains ministerial to higher political ends.

Thus, while it is recognised that changing economic relationships are constantly altering the form of Civil Society, there is in Hegelianism no recognition that they can alter or affect the form of the State. The State is indeed in a sense historically built up out of them; for it is in Civil Society that the conditions necessary for the actual development of the State come into being. But as soon as a State exists it is conceived to be the function of that State and of the governing

order within it to guide and control the organisation of the economic life of Society, taking into itself those elements of value which the economic life promotes, and discarding and eliminating everything that makes against the well-being of the State itself. It is difficult to express this doctrine at all clearly, for I do not believe that it can be consistently worked out. It seems, however, to involve that conception of an underlying economic harmony on which we have commented before—in other words, to involve the assumption that changes in the economic sphere, as far as they arise out of forces beyond the State's control, will in fact be such as to work in with the needs of the developing State, and to be capable of being shaped and guided by it so as to advance its actualisation as the completed and perfect form of State.

This opinion is, of course, like the entire conception of the State on which it depends, metaphysical through and through. It postulates the existence of a teleological idea which is in process of working itself out in history, and of a universe so arranged that this idea does work itself out through the Dialectic in the required fashion. It thus rests on the conception of an underlying harmony, but of a harmony different in its character from that of the economists. For the Hegelian harmony is not something discovered to exist by observation of the facts, but something deemed to exist by virtue of the very nature of reason itself. The material world is regarded by the Hegelians as no more than a medium for the self-realisation of the rational Idea, and as therefore necessarily obedient to its requirements.

This belief that 'the real is the rational' has its strength, I think, in the feeling that unless it is

somehow true there can be no sense or order at all in the universe. Unless things do work out teleologically, it is asked, can there be anything at all in the world except accident and caprice? Those who repudiate the Hegelian conception believe that there can, and that the rational order is not something that exists absolutely by its own logical force, to which the procession of history must of necessity correspond, but rather something that is being constantly made, unmade and remade by men in ever-changing forms in the light of their changing experience of the objective world. The question, 'Which comes first, the thing or the Idea?' is not like the question about the chicken and the egg. It is not without meaning. It is a real question which divides one school of thought from another in an ultimate way. The thinker who answers that things come first takes as his starting-point the multiplicity of actual experience, and not the unity which we try to derive from it by thought. He sees unity and direction not as existing apart from his action in the very nature of things, but as qualities impressed by men upon things to the extent to which men master the control of things, so that social teleology becomes not a quality of things, but instead a quality of human action upon things.

On this view the State is no longer to be regarded as a metaphysical entity in which the logically pre-existing universality of the Idea is to be actualised, but as something made by men as an instrument for the control of things, and therefore as something that will change its nature as men's needs change, and perhaps disappear altogether if it ceases to be an appropriate instrument of control. In the economic sphere the implication is equally far-reaching; for it can be no

longer a question of laying bare the operations of an 'invisible hand' which mysteriously causes individual self-interest to minister to collective ends, but of adapting the economic organisation of Society to changing needs as the objective situation alters. Both politics and economics become at once relative, tendentious, historical in the ordinary sense of the word, and cease to be absolute, metaphysical, or merely descriptive of underlying realities. There can no longer be any question of an absolutely right economic or political theory, but only of theories that are right in relation to particular situations, and arise as a response to particular sets of needs.

Although Hegel was the most determined opponent of this view, he helped greatly to prepare the way for it by means of the Dialectic, which knocked away the foundation of static rightness upon which his predecessors had attempted to build.

Moreover, on the basis of this changed view, there is no longer any reason for assuming the purely ministerial quality of the economic order. Economic activity is ministerial in the sense that it is concerned with means and not ends; for it exists in order to help in providing the means to good living. But may not this be equally true of the political order, now that we have stripped it of its metaphysical trappings? Is not, in effect, all social organisation a matter of means and not ends? That this is so is the claim *par excellence* of the Utilitarians, and to their contribution to both political and economic thought we must next turn our attention.

IV

UTILITARIANISM

UTILITARIANISM as a doctrine concerning the basis of human conduct appears to lie at the root both of classical economic theory and of most modern economic theories, such as those of Jevons and the Austrians. We shall have to enquire how far this is really the case; for there is a possibility that in this matter appearances may be deceptive.

Utilitarianism, as it was formulated into a theory by Jeremy Bentham and his followers, was dogmatic in form, but essentially critical in substance. For it was above all the outcome of an attempt to find a satisfactory common-sense working standard that would serve for the criticism of existing institutions. Bentham made use of it first as a standard for criticising the legal systems of his day, and above all the penal laws—for Bentham was a legal reformer before he became a political theorist—and it was thereafter applied in the same way as a standard for the criticism of political and economic institutions and systems of government and control. Its method was to refer all laws and institutions to its one standard of utility, asking about them only one thing: 'Are they useful?' But to ask this question necessarily implied a definition of usefulness, and in formulating his definition of usefulness or utility Bentham passed over from criticism to dogma.

The first answer of Bentham and his school was that utility is simply that which in fact promotes the great-

est happiness of the greatest number; and in urging this the Benthamites set up happiness as an end—as the end of man's social activity. But what, Bentham was asked, is happiness? He replied that happiness consisted of pleasure and of the absence of pain. But, it was objected, there are many different pleasures and pains. How are all these to be related to the general condition of happiness? Bentham's answer was that all pleasures and pains are capable of being reduced to terms of quantity, whatever the qualitative differences between them may be. Any one pleasure can be weighed against any other, and any one man's pleasure against another's pleasure, in purely quantitative terms; and pains can be subtracted from pleasures, and a quantity of happiness read off as the result of this process of additions and subtractions. It has been pointed out again and again that this arithmetic of human sensations has no real quantitative validity. We cannot, in fact, add up pleasures and subtract pains. Nor would the total add up to our happiness even if we could. Bentham's working principle of ethical and political conduct breaks down under analysis, and is readily repudiated as soon as it is put forward as an absolute philosophical principle.

Kant, in his *Principles of Political Right*, dismissed the principle of happiness as the basis of political activity in a very few words. Happiness, Kant argued, is purely subjective. One man's meat is another man's poison. What makes a man happy depends on the man as well as on the thing that he experiences. To make happiness our principle, therefore, comes in effect to our erecting into an end of conduct whatever we think ought to make people happy and not what actually does make them happy. A subjective end of this sort

cannot serve, Kant holds, as a foundation for objective rights. Accordingly he discards the happiness principle and attempts instead a statement of political principles in terms of absolute human rights—personal liberty, equality under the law, self-dependence as a citizen. These and not happiness, he tells us, are the principles of political right.

Bentham's answer would be that politics is a branch of ethics, and that the only sound or possible principle of personal conduct is to try to promote as much happiness as one can. But he would agree that this standard works out in its political applications chiefly in a negative way, so as to impel men to the removal of sources of pain rather than to the promotion of positive pleasures. For Bentham regarded the State as chiefly a coercive and law-making and police organisation, qualified to impose penalties far more than to offer rewards, and having the task of removing, either by interference or by refraining from it, hindrances to happiness, rather than that of making men happy by the positive provision of pleasure. For, if the method of political action is chiefly that of coercion, which involves the imposition of pains and penalties, there is evidently a presumption against political interference except where it can be plainly shown that more pain will be prevented than imposed by the action of the State.

This coercive view of the State's power lies at the root of Bentham's *laissez-faire* attitude, as it does of Adam Smith's in its specific application to economic activities. Moreover, this *laissez-faire* attitude was enormously strengthened in Bentham by his constant warfare with the actual governmental institutions of his time—institutions which he was for ever denouncing as agents for the causing of unnecessary pain. His

doctrine was directed far more to the removal of established abuses than to the replacement of old institutions by new. It is therefore in its substance critical and destructive rather than critically constructive.

We are all familiar in these days with the stock refutation both of Bentham's ethical doctrines and of John Stuart Mill's attempt to restate them in more high-minded terms on the basis of a distinction between happiness and a mere sum of pleasures, by means of the notion that pleasures are differentiated in terms of quality as well as quantity. But, despite the frequency with which Mill and Bentham have been refuted, neither in practical ethics nor in practical politics has Utilitarianism lost its force. Dethroned from the high seats of philosophy, it lives on as a powerful principle in the sphere both of personal conduct and of social effort. Above all, since its adaptation by Mill it has supplied the driving force for many modern social movements, and especially for numerous English schools of social reformers, from philanthropic Liberals to evolutionary Fabian Socialists.

In this reincarnation, however, Utilitarianism is no longer a doctrine involving *laissez-faire* deductions, but above all else a protest against the consequences of *laissez-faire*. This sharp reversal of rôles is due to the changed objective situation with which Societies have now to deal. In Bentham's day the chief practical need in politics seemed to be the destruction of pain-causing forms of political activity, such as the grossly severe penal laws, the discriminations against Dissenters, the exclusive privileges of classes and corporations which applied their monopolistic rights to their own advancement and not to social ends. Similarly for Adam Smith the great need of the day was to liberate

the developing world of economic activity from the dead hand of Mercantilist privilege and monopoly. But in the Victorian era, when *laissez-faire* had become well established as the dominant doctrine and had impressed its consequences upon the actual political and economic system, the emphasis gradually shifted from the pain caused by interference to the pain caused by letting things alone. This transition can be clearly seen in the long-drawn struggle over the Factory Acts and the other protective laws which were gradually inserted into the economic system during the first half of the nineteenth century. As the century advanced, it became clearer and clearer that legislation of a positive sort was needed over a wide field for the removal of unnecessary pain. With the growing realisation of this practical necessity, the Fabians, following in the footsteps of Mill, began to build up their doctrine of State intervention. But they went further than this; for, as the volume of social legislation grew larger, it began to be possible to regard the State as having the primary function not of coercion, but of acting as an agent for the supply of common services. In this spirit the Fabians made it their aim gradually to transform the State into a service institution, in which the coercive element—the police element—would be reduced to secondary importance. This conception of advanced Social Reform was not Socialism; but it prepared the way, by the great extension of the sphere of State action which it was used to justify, for a form of Socialism. For it soon came to be asked whether the State could really become an effective service institution as long as the ownership of the national wealth—the means of production—remained in private hands. The Fabians

argued that it was the recognised business of the State to promote the common happiness, and that this could best be done by a far more even distribution of incomes. Taxation could be used to achieve this redistribution to some extent, but could it not be achieved much better and more fully if the State came to control the sources of income—that is to say, the entire economic machine?

This form of Socialism differs radically from Marxian Socialism in that it is based on regarding the existing State not as a necessarily coercive instrument of class dictatorship, but rather as a possible democratic instrument for the achievement and operation of a Socialist system, and as being already to a significant extent an institution for the provision of common services. Accordingly this Fabian Socialism aims at the capture of the machinery of State and its use for the carrying out of a Socialist policy, whereas Marxism postulates the overthrow of the capitalist State and its replacement by a new kind of State based on the dictatorship of the proletariat. Marxism is essentially a doctrine of revolution, whereas Fabianism works in with the tendency towards an increasingly democratic-parliamentary form of State organisation through the extension of the suffrage and the broadening of the basis of 'popular' control.

Now, Bentham, when he took his stand on the principle of the greatest happiness of the greatest number, was already assuming the final equality of all men as ends in the political sphere. This assumption logically involved the need for a constitution which would embody the principle of equality in the form of 'one man one vote'. Bentham repudiated entirely the democratic doctrines most favoured among his contem-

poraries. He would have nothing to do with the Social Contract, with natural rights, or with the absolute political rights which Kant had attempted to derive from the fundamental nature of man. But he reached on grounds of utility the democratic conclusion that every man ought to have a vote and nobody more than one vote. For this was implied in assuming that the happiness of each and of all was the end of political action, and that each man was to be regarded as the best judge of his own happiness. Accordingly the Benthamites fought for universal suffrage and for the democratisation of the State machine by the abolition of all forms of special political privilege. But their view of the uses to which this democratised State machine ought to be put was limited by their conception of the proper functions of the State; and universal suffrage acquired a quite different significance as soon as it came to be linked up with the conception of the State as an institution for the performance of common services. With this new significance it became an integral part of the doctrine of evolutionary Socialism on the Fabian model; and Continental Socialism, despite its continued use of Marxian phrases, took over in practice much the same doctrine as a direct deduction from the conditions of the parliamentary struggle. Moreover, the Continental Social Democrats owed a great deal of their doctrine to Lassalle as well as to Marx; and the Gotha Programme of 1875, on which the policy of German Social Democracy was based, was denounced at the time by Marx on this very ground of its admission of an un-Marxian conception of the nature of the State.

The validity of this view clearly depends on the extent to which it is really possible by the development

of universal suffrage and by other changes in the structure of the existing State to give to it a truly democratic character, and to make out of it an instrument that can be used for the establishment of Socialism. That, however, is a question to which we can only come back later when we have considered the Marxian view. For the moment we must leave it aside, and pursue further our study of the Utilitarian doctrine.

We have so far an erection of the principle of utility into a standard of political activity. We have this doctrine passing from an extreme advocacy of *laissez-faire* at the end of the eighteenth century into an evolutionary Socialist doctrine a century later. So far we have been examining only the political implications of this theory. But now let us try to see how it appeared and developed in the field of economic thought.

It has often been stated that the classical economists always assumed that men would act only from motives of self-interest, and that Bentham did the same (since he represented altruistic action as in fact a form of egoism); and it has been concluded that the economists were economic Utilitarians. This view is seriously misleading. What Bentham said was that men always acted in such a way as to promote their own conception of their own happiness, but that they could and would, if they were enlightened and rational beings, realise that their own happiness could be best promoted by serving other people's happiness as well. Bentham gave prominence in his classification of pleasures to the pleasures of good will; and his apparently egoistic psychology was not really the basis of his ethical doctrines, but secondary to it and derived from it, because it was interpreted and evaluated in the light of the

principle of utility. With Bentham the principle of utility came first; and in this principle was already postulated the equality of all men as ends. Bentham's fantastic psychology was only an attempt, at a second stage, to square man's nature with this fundamental postulate.

On the other hand, the classical economists did seem to assume as a basis for the study of economic activities the self-regardingness of all economic actions in a far narrower sense than Bentham's, and to regard them all as purely egoistic from an exclusively individualist point of view. From this they went on to make the further and quite unconnected assumption that these purely self-regarding actions would in fact result in the greatest happiness of the greatest number, even if not a single person made the furtherance of this object his own. The 'economic man', to the extent to which he was postulated by the classical economists, was an egoist in a very different sense from Bentham's individual, who was constrained by his very nature to have regard to the happiness of others. We have here two quite different views, though they can very easily be confused. Benthamism preaches not selfishness but unselfishness—in the sense of a regard for the happiness of others equally with one's own; for nothing less than this is involved in the initial acceptance of the principle of utility.

It can, however, be argued that the economist does not preach selfishness either, but only recognises its existence and makes it the basis of his study of men's activities in the economic field. But in reality the economist does pass from mere description to preaching as soon as he begins to advocate *laissez-faire* in the belief that men, if they are let alone, will act selfishly;

for this amounts to advocating a form of economic society that will give human selfishness free rein. There can be no doubt that the classical economists did say to the State, 'Hands off selfishness'. They did this because they believed in the 'invisible hand' which would somehow guide the selfishness of each to promote the good of all. But this economic mysticism has nothing in common with Benthamism; for Bentham's selfishness does not need to invoke the saving grace of the 'invisible hand'.

The classical doctrine, then, is based not on the ethics of Utilitarianism, but on the doctrine of the 'invisible hand'. Nevertheless these two fundamentally quite different doctrines do run together in practice as long as the conception of the State as a coercive and not as a service organisation holds the field. For as long as that is the case both doctrines lead to a *laissez-faire* conclusion, though they lead to it by quite different roads.

Later economists borrow much more from the Utilitarians. This applies especially to Jevons, with his calculus of economic utilities and disutilities as the foundation of his theory of value. Indeed, the need of the later economists to invoke Utilitarian aid arose from the change in the accepted theory of value. As soon as value came to be conceived as something determined far more by the conditions of demand than by those of supply—in other words by utility in the economic sense—the question at once arose of what underlies the effective demand exercised by the purchasers of goods. The underlying forces behind demand were thereupon seen to be the estimates made by the various purchasers of the advantages to be derived from the consumption of the goods which they bought

—a conception which was extended from consumers' goods to intermediate and capital goods and to the factors of production by way of the notion of 'derived' demand. This conception was expressed by Jevons in the form of a calculus of pleasures or utilities quite in the Benthamite manner. Jevons further sought to express the supply prices of things in terms of a corresponding calculus of pains or disutilities; but this formed only a secondary and passing element in his doctrine. Clearly Marshall and later economists of the English school retained many elements from this Jevonian calculus, though they discarded most of Jevons's Benthamite language.

The entire conception of a pleasure-pain calculus is, however, repudiated by other schools of economists, who share with Jevons the view that value depends primarily on demand. Notably this negative attitude towards the hedonistic calculus has been taken up by the economists of the Austrian school. The 'Austrians' begin by saying that the basis of value is that men do estimate one thing higher than another and one quantity of a thing higher than another quantity, and are accordingly prepared to pay more for one thing than for another and more per unit for one quantity than for another. It is unnecessary, they think, for the economist to go behind this objective fact, or to enquire at all why men do this or what goes on in their minds so as to cause them to offer a particular price. For the economist, they tell us, is concerned only with men's actions as demanders of goods and services and not with the motives which cause them to make their demands. This is a valid criticism of the Jevonians—subject to one most important proviso. If we are not to look beyond demand to the motives which cause it

to exist, it is clearly impossible to establish any identity at all between demand prices and supposed amounts of utility which these prices represent, or to say that the economic system which yields the maximum total of demand values is therefore productive of the greatest sum-total of utility. For to say this is necessarily to impute a psychological character to the demand prices and to identify them with a sum of anticipated pleasures or satisfactions. If economists are content to limit themselves to a purely descriptive science, and to study only what prices consumers do offer to pay without considering at all why these offers are made or what satisfactions they represent, they can produce an economic science devoid of all ethical implications. But the economist cannot both eat his ethical cake and have it, though that is commonly what he tries to do; for the validity of the *laissez-faire* deductions which the economists make from their conception of the conditions making for maximum 'vendibility' does depend on identifying maximum demand with maximum utility in a sense which implies maximum satisfaction.

Economic theory, to the extent to which it remains purely descriptive or analytical of a given economic situation, can of course avoid ethical judgments. But it can do this only to the extent to which it confines itself to conclusions about cause and effect that are applicable only within a set of assumptions from which it sets out, that is to say, applicable only to a particular economic system, and to that system only to the extent to which the actual facts of economic organisation are in conformity with the abstract assumptions which the economist makes. This means in effect that an economic theory conceived in these terms can never

lay down what ought to be done, even from the standpoint of economic expediency. It can at most only enumerate the purely economic factors in a given situation and evaluate these factors in relation one to another. It can say what will happen, if a given set of economic forces is left to operate without interference, and if no other forces, economic or non-economic, get in the way. It cannot reach conclusions about the relationship of the economic to the non-economic factors, or accordingly about the situation as a whole. Moreover, the definition of what are economic factors is in all cases to some extent arbitrary, for it depends upon the standard of measurement which the economist adopts for the purpose of his abstract analysis.

But is this what we want from the economists? For in fact it is hardly ever possible to keep the purely economic factors in a situation distinct from the other factors which we have to weigh with and against them in order to arrive at a practical judgment about what is the best thing to do. Above all, the type of economic theory that accepts these limitations is of no help at all when we are considering not what to do in a given set of economic and social conditions, but how far we desire to modify these conditions themselves, or even to substitute a different set of conditions for those which at present exist. Or rather this type of economic theory helps in these cases only in a critical way, by pointing out certain consequences involved in partial changes of the existing system by way of reaction on the working of the system as a whole.

Utilitarianism, with its basis in the Benthamite calculus of pleasures and pains, rests on the notion that each man must be regarded as the best judge of his own happiness. This view, however, implies that

happiness is to be found in purely individual satisfactions. What, then, is the position if it has to be recognised that happiness can be promoted to a considerable extent by the collective provision of satisfactions, to be enjoyed in common, for which there is no such thing as an individual demand price? The demand exercised by Society as a collective body for satisfactions of this type has then to be set in some relation to the demands of individual purchasers of goods and services. But the nature of social demand clearly depends on the character of social and political organisation. It is a matter of collective policy, in which Society as a whole takes the place of the individual in exercising effective demand. The State, as it is conceived by the Fabians, is largely an instrument for the substitution of collective for individual demand. This collective demand, as soon as it comes into actual existence, becomes for the economist a datum; for it is no less effective in the market than the demands of individual consumers. But its nature depends on political and not on purely economic considerations. Moreover, it retains its measurability in terms of prices, and its commensurability with individual demands, only as long as it exists within an economy in which a basis of competitive pricing is retained. If the productive system is socialised, this basis of competitive pricing disappears; for the attempt to preserve a shadow of it by the institution of a system of collective accountancy, though it is doubtless indispensable for purposes of social measurement, is bound to be largely unreal. In fact the growth of a collective economy necessarily involves the progressive substitution of collective estimates of need for individual demands based on the anticipation of personal

satisfactions. It thus makes the conception of demand objective instead of subjective, and thereby vitally changes its character. For what Society 'wants' when it expresses a collective demand is not necessarily what its members as individuals do want, but what the collective body either wants as a collective body or thinks that its members ought to want as members of it. The principle that each man is the best judge of his own happiness is therefore necessarily superseded, at any rate over a large part of the field of demand, by a collective conception of social welfare. Of course men may to a large extent demand collectively the same satisfactions as they demand individually under a system of 'private enterprise'. But, to the extent to which they judge collectively what is needed, they are substituting an objective for a subjective standard. For each man is saying not only what he wants for himself, but what he wants for others as well.

This Social Utilitarianism is the basic principle of a collective economy. The economic philosophy of Fabianism is that of Social Utility, with the State as an increasingly important exerciser of demand on a basis of estimated social need. But social need, measured in these terms, is still for the most part the need of the individuals who compose the State, and not as in Fascism and Hegelianism the need of the State itself, treating individuals as merely means to its ends. The foundation, though it becomes collective instead of individual, objective instead of subjective, that of need instead of that of desire, remains still the Benthamite principle of the greatest happiness of the greatest number.

Does it matter that this principle implies the possibility of substituting a collective for an individual con-

ception of the means to happiness, at any rate over a part of the field? I do not think it does matter. For though happiness is, as Kant urged, a purely subjective condition, this does not prevent the means to happiness from including a large objective element. It is the contention of the Social Utilitarians that this large objective element does exist, and that its discovery is the peculiar task of collective social action. Happiness is put forward as a political principle in the sense, not that one man can be a perfect judge of what makes for the happiness of others, but that men can by collective action provide themselves to a considerable extent with the means to happiness in a positive as well as in a merely negative way. Happiness is here invoked as a political principle in preference to any metaphysical notion of the nature of the State or to any absolute conception of individual rights. But the happiness principle, instead of appearing as a justification of a completely individualist system, is reconciled with the conditions of a collective economy.

This Fabian notion of the State as in process of becoming primarily a welfare organisation runs counter to Marxism as well as to Hegelianism; for whereas the Hegelians stress the welfare of the State, in and through which alone the individual can achieve self-consistent reality, and whereas the Marxists deny that the existing State can ever become a welfare organisation or be anything other than the political expression of a certain system of class domination, Fabianism regards the State as a machine that is capable of being operated to suit the purposes of any group that is able to control its working. Fabianism thus takes its stand on the increasingly democratic character of the political machine, which it regards as a guarantee that the State can be

turned into an instrument for the promotion of welfare to the extent to which it becomes more democratic, and the democracy more capable of controlling it. The Fabians repudiate altogether the Marxian notion that the State possesses an ineradicable class character which causes it to be essentially a coercive and not a welfare organisation.

To this question we must now turn by way of an examination of the Marxian doctrine in both its economic and its political aspects. With this presentation of the Marxian view we shall reach the point at which we can attempt some evaluation of the conflicting tendencies which we have examined, and some sort of synthesis based on relating these divergent theories to the current social situation.

V

MARXISM

MARXISM is at once a political and an economic theory, not as two separate things but as one and the same; and it is above all a theory of history, which it conceives as embracing both political and economic movements in their essential relationships. It begins with a complete denial of all those doctrines which I have called Absolutist. For it insists that there can be no absolute principles in either politics or economics, but only forces, movements, claims and ideas, which arise in response to developing objective situations, or, at the least, that only such forces, movements, claims and ideas as do arise in this way can be influential in shaping the general course of history. Thus in politics it is useless, according to the Marxists, to search for absolute principles of political right. For rights are not absolute but constantly changing. There can be no ideal constitution, but only one appropriate to a particular social situation and therefore not valid for all time. Nor can there be any absolute economic theory. For theories arise as explanations of particular sets of objective facts or of particular systems; and as these facts and systems change new theories come into being and acquire a new relative validity appropriate to the new situation which they are designed to explain.

This view at once resembles and differs profoundly from that of Hegel. Marxism resembles Hegelianism in being essentially an evolutionary doctrine, and in

insisting on the necessarily changing character both of men's ideas and institutions and of the external world. It differs from Hegelianism in rejecting the notion that these changes are derived from a logically prior and self-subsistent 'Idea', or that the 'Absolute Idea' exists as a requirement of thought even though it is not yet made actual through its embodiment in a completed process of development.

Of course, Hegel never suggested that any particular person's ideas were prior to the existence of that person. It is to the Idea itself, as an ultimate and self-subsistent reality, and not to any person's ideas about the Idea, that he attributes priority. But has this 'Absolute Idea' any existence at all? Is it more than an abstraction from the particular ideas which exist in the minds of individuals?

There is a further difference between Marx and Hegel; for whereas Hegel regarded the evolution of the external world as reflecting and derived from the evolution of the Idea, Marx, to use his own words, turned Hegel upside down and regarded the ideas existing in men's minds as essentially reflections of their experience of the external world. Marx, drawing upon Feuerbach, was never weary of repeating that things are prior to consciousness; and this insistence upon the priority of things over ideas is the very foundation on which the Materialist Conception of History is built up.

For if things come before ideas about them, and ideas reflect our experience of things, it seems to follow that the things and not our ideas about them must be the ultimate motive forces in human history. Ideas may often seem to be the causes of change; but if these ideas are derived from things, are not the things which have given rise to them the real causes? The things, the

objective situations which concern men, change; and men change their ideas and institutions in response to these changes in the situations with which they have to deal. That is the basic principle of the Materialist Conception of History.

In what then, according to Marx, does this motive force of things consist? Marx holds that it consists fundamentally of the changing condition of the economic basis of Society. The powers of production which are at men's command change and develop; and this change in the powers of production necessitates corresponding changes in the relations between men as producers and in the forms of economic and social organisation. The great movements of history are thus traced back to the evolution of what Marx calls the 'powers of production'.

What, however, are these 'powers of production', and why does Marx call his conception of their influence 'Materialist'? The powers of production consist of the resources available to men for the creation of economic goods. As things external to men, they include land and minerals, seas, lakes and rivers, climatic conditions, and the accumulated instruments of production already made by men. But evidently these external things are not powers of production in men's hands except in relation to men's knowledge of their use. In other words, they exist as powers of production only by virtue of the relationship in which they stand to the minds of men. The sea is a barrier and not a highway until men have learnt the art of navigation. Neither coal nor iron is a productive power until men have learnt its uses and how to extract it from the earth. Every developed productive power is a productive power only because men have mastered

its use. Accordingly what we really mean by the 'powers of production' is not things as opposed to men, but things and men standing in a certain relation to each other—in short, man's power over nature.

But can the 'powers of production' in this sense—which is the only possible sense—be called 'material', or a theory which emphasises their predominance be rightly called 'Materialist'? Marx did so call it, and it is vital to understand what he meant by his 'Materialism', which he was constantly seeking to distinguish from the crude mechanistic Materialism current in certain scientific schools.

Marx's 'Materialism' was really neither more nor less than what most of us would in these days naturally call 'Realism'. He was concerned to emphasise, not the dominance of matter over mind in any sense in which these two can be contraposed, but the dominance of the world of reality, including mind, as against the disembodied Hegelian 'Idea'. Marx's 'Materialism' was an answer to Hegel's Idealism, which represented the external world as merely a reflection of the 'Idea'. It was an assertion of the complete and self-subsistent reality of the actual concrete world of experience, including the minds of men, and of the secondary and derivative nature of abstract ideas in relation to this world.

We take, then, as the starting-point of the Marxian conception the dominant rôle of the 'powers of production'—in the sense of man's power over nature. This power is constantly changing, and, within the development of a continuous civilisation, tending constantly to expand. But as men find new ways of using things they also come to need to establish for

the development or exploitation of these things different relations both between men and things and between men and men. Thus the development of agriculture gives rise to new forms of property in land, and also to new relations between men and men expressing their relation to the system of agricultural production. The division of trades has similar effects, and so has the improvement of communications as soon as it leads to the growth of trade over a wider area. Again, in modern times the development of mining, the evolution of machine technique, and the extension of the market by the application of new technical discoveries to both production and transport necessitate vast changes in the relations between men and things and between men and men. These relations, whether between men and things or between men and men—and in effect all relations between men and things come to be also relations between men and men—require sanctions for their observance. They have for their maintenance to be embodied in customs or laws able to secure general recognition. Marx held that it was out of this need for sanctions that the State arose and developed its power, as a coercive organisation for the sanctioning of the property rights and human relationships required by the developing condition of the powers of production. For this reason he held that the State was a derivative form of organisation, drawing its character from the condition of the productive powers. Historically, he held, the various forms of social and political organisation among men correspond to different methods of using the powers of production at different stages of their development. The State takes its form and colour from the prevailing economic relations among men in any

Society; and these relations arise out of the development of the productive powers.

Accordingly the form of the State is essentially evolutionary and changing. But whereas the productive powers change continually and are continually enforcing changes in the economic relations between men and men and men and things—which Marx calls the ‘conditions of production’—the State, when once it has been established in a particular form, is resistant to change because it thereupon embodies a set of vested interests corresponding to the human relationships which it was established to sustain. The ‘conditions of production’, lying midway between the ‘powers of production’ and the political structure of society, may also be resistant to change, but in a less degree than political systems, because they are being pushed continually from below by changes in the condition of the powers of production. Accordingly States change, not gradually and continually like the powers of production, but suddenly by revolutions as the result of an accumulated pressure from the underlying forces. The course of economic history is on the whole fairly continuous; but the course of political history is necessarily revolutionary and abrupt. Politics *facit saltus*.

But clearly history moves not of itself, but as men move it. In the sphere of the powers of production men are continually active as inventors and pioneers, expanding the range and depth of man’s command over nature. They may be often spurred on to these inventions by the existence of a felt want, for it is largely true that necessity is the mother of invention. The problems which men set themselves to solve in the sphere of economic progress are those which are set them by the felt wants of their own times. Thus the

stimulus to mechanical invention in the seventeenth and eighteenth centuries undoubtedly came to a great extent from the enlarged possibilities of the market, and came most in Great Britain largely because Great Britain was in the best position to exploit the developing markets of East and West. But there is no need to stretch this doctrine so as to assert that all technical progress arises solely in response to wants or needs of which men are already conscious. Inventions and discoveries can be made by accident as well as by deliberate striving; and often in looking for one thing inventors have hit in fact on another which has proved to be far more important than the thing they sought. This, however, is not from the standpoint of our present analysis a matter of importance. What we are concerned to emphasise is men's part in changing the face of the world when changes in technical knowledge have already so altered the powers of production as to call for corresponding social and political adjustments.

In this field of social change Marx insists that each age sets itself only the problems which it needs to solve. This does not mean that men are limited to thinking in terms which the problems of the age necessarily suggest. For evidently, though no individual can escape the influence of his age, a man can think outside the urgent problems of his own day. The point is not that human thought is limited, but that each age will tend to select out of contemporary thought—or from what has been left over from the thought of past ages—those developments which are appropriate to its own problems: so that, whatever individuals may think, the predominant thought of an age will centre round those problems which it is most urgent for the age to solve. Collectively men will develop thoughts, ideas and

policies derived from their reflection upon the needs of the time; and these needs will arise above all out of the changing character of the powers of production.

A thought, however, *in itself* moves nothing, though it may become a motive force as soon as it can find a medium through which to act. Thoughts become powerful only to the extent to which men so organise as to embody them in claims and policies which have social movements at their back. The movements which influence historical development will, Marx holds, be essentially class movements—movements which embody the ideas and aspirations of an economic class. For at each stage in the development of the powers of production the requirements of the economic situation will cause men to be arranged in classes corresponding to their different relations one to another and to objective things in the economic sphere.

These Marxian classes differ radically from the classes or orders which Hegel regarded as necessary elements within the State. For Hegel's classes were defined exclusively in relation to their several objective spheres of service. They were agricultural, industrial, governing, whereas Marx's classes are defined in terms of their economic status and of the division of economic power. Hegel lumps all the agricultural classes together: Marx contrasts feudal lords with slave or serf peasants. Hegel lumps capitalists and labourers in one group: Marx sharply contrasts the two. Moreover, whereas Hegel regards government as in itself a function requiring the services of a distinct governing class, in the Marxian doctrine there is no governing class defined in terms of its function of government; for the governing class is regarded as possessing authority by virtue of its economic power, and is therefore

defined in terms of its economic status and not of its political position. Thus the Hegelian, or Fascist, and the Marxian conception of the class structure of society stand in the sharpest possible contrast.

Marx builds up his dynamic of social evolution upon his conception of economic classes. He regards the past history of Western civilisation as above all a history of class struggles, centring round the rise first of feudalism out of primitive social forms, and then of Capitalism out of feudalism, while he thinks of the modern era as that in which the classless Society of Socialism is being gradually created within the womb of Capitalism. Each of the 'revolutions' by which one economic system supersedes another he conceives as arising out of an advance in the evolution of the powers of production, of such a character as to lead to the creation of a new economic class which finally becomes powerful enough to take authority into its own hands.

This view is, I think, stated by Marx far too broadly as a clue to all world history. It evidently relates primarily to a continuous process of internal development within a single civilisation, and does not, in the form in which it is put forward, suffice to explain the impact of one civilisation on another, or the relation between civilisations which are not continuous. It does not really explain how in Europe the modern has arisen out of the ancient world, or offer any clue to the collapse of the Roman Empire. Events of this order may be due to economic causes, but they do not come within the range of the familiar Marxian formula. That formula would have at the least to be restated in more complex terms if it were to be applied as a clue to the understanding of all history. Actually Marx clearly conceived it in terms not of the universal history of

mankind but of the evolution of European civilisation considered as a single continuous process from the Dark Ages up to the nineteenth century. Let us for the moment take it in this more limited sense.

On this view the feudal State corresponds to one stage in the evolution of the powers of production and the capitalist State of modern Europe to another. The capitalists as a class are thought of as having displaced the feudal lords and taken political power into their own hands as the outcome of a class struggle that was spread over centuries and waged in the most various forms. The Reformation, for example, is regarded as a phase in this struggle because rising Capitalism needed to break the power and claims of the Universal Church as well as of the feudal landlords, because it wanted strong national States to build up internal order and give scope for economic development, and because, as a trading class, it found the individualist ethic of Protestantism more appropriate to its needs than the Catholic insistence on universality. The struggle was fought out largely on national lines by stages corresponding to the development of the powers of production within each country; and the working class, to the extent to which it existed as a class at that stage and took part in the struggle, still appeared only as the subordinate ally of the rising capitalists because it shared their exclusion from power and was not yet strong enough or developed enough to stake out any claim to power on its own behalf. But with the full triumph of Capitalism and the consequent development of wage-labour, the working class became the forefront of the opposition to Capitalism and constantly developed fresh strength as a direct result of the growth of capitalist production.

In expounding this theory, which is embodied in the historical chapters of *Capital* as well as in the *Communist Manifesto*, Marx made use of a Dialectic founded on that of Hegel. For him, as for Hegel, social evolution takes place by means of a clash of opposing forces, out of whose conflict something different from either of the contestants arises. Thesis meets its anti-thesis; and out of these comes a higher synthesis, as in Hegel. But whereas in Hegel the contending forces are essentially ideas, in Marx they are classes which draw their power from the developing condition of the powers of production and stand for different ideas, systems and institutions in both the economic and the political field. Marx holds that no system or class ever comes to authority in the course of the major historical movement unless it is in a position to further the use of the developing powers of production; and he holds also that no class ever suffers defeat and supersession until its dominance has turned from a means of developing these powers into a fetter upon their effective use and continued expansion. Capitalism was an advance upon the feudal system; but to Capitalism as to feudalism a time comes when it can develop the powers of production no further, and is therefore ripe for supersession.

At this point it is necessary to insert certain cautions about what Marx did not say. In the first place he said nothing at all to suggest that men are actuated only by motives of economic self-interest. There is nothing in Marxism which implies the existence of the 'economic man'. Marx simply does not discuss this question of individual human motives at all, nor is any particular conception of their nature involved in his doctrine. His contention is only that those major

historical movements which form part of the transition from one phase of civilisation to another are dominated by economic forces. Within these major movements all sorts of things can happen, and the most varied forces exert their influence. Nor is there any need to trace back all these forces to ultimate causes in the economic sphere. Especially do Marx and Engels insist again and again that political and ideal forces which owe their original character to the underlying economic conditions can subsequently react as independent factors on the further course of economic development. The underlying economic forces—the powers of production—are regarded as determining only the general movement of history and not all its particular incidents as well.

What is the bearing of this Marxian doctrine on political and economic theory? If it is correct, the search for absolute principles of political right is evidently a vain quest. For it involves that all political forms must be considered as corresponding to particular phases in the evolution of the powers of production. Thus the Marxist regards the existing States of Western Europe, not as democracies based on a real recognition of popular rights, but as expressions of the political authority of Capitalism. This view was, of course, far less easy to contest when Marx originally put it forward than it is to-day. For at that time universal suffrage did not exist, and voting power had not been extended to the working class. But the extension of the franchise, to the extent to which it came about in Marx's lifetime, did not cause him to alter his view. For he regarded the entire structure of the State, including the machinery of law, justice and police, the Crown and the Upper Chamber, as well as the popu-

larly elected House of Parliament, as an instrument designed essentially for the protection of capitalist property, and as incapable of being converted by any process of democratisation into an instrument appropriate to the purposes of a proletarian or of a classless Society. Universal suffrage he thought of as a concession to the rising power of the working class, but not as a concession capable of changing the fundamental character of the capitalist State, which would accordingly have to be broken and replaced, and not merely conquered as the outcome of a Socialist electoral victory. The Social Democratic followers of Marx, as they became organised in political parties seeking constitutional representation, later 'revised' this essential Marxian doctrine; whereas the Communists in Russia, afforded no opportunity for the exercise of constitutional influence, clung passionately to it. This difference between Social Democrats and Communists is the outstanding theoretical cleavage between the two schools of thought which both profess to base themselves on Marxism. But there is no doubt at all which view Marx himself held. He was undoubtedly thoroughgoing in his repudiation of the idea that the capitalist State could be turned into an instrument of social welfare by mere conquest of a parliamentary majority.

Whatever view may be taken of the rights and wrongs of this controversy, Marxism in any shape implies the relativity of State forms and accordingly of political theories. On the basis of the Marxian analysis democracy comes to be an economic rather than a political concept. It is held to be incapable of realisation by any mere alteration in the formal distribution of political power, because the reality of political power is held to depend on the economic

power which lies behind it. Democracy is thus possible in the Marxian view only in a classless society.

The relation of Marxism to other economic theories is harder to make plain. Marx seems, on the face of the matter, to be presenting a theory of value irreconcilable with the theories both of the classical economists and of their modern orthodox successors. But this contradiction exists only on a particular plane of thought. On another plane there is no contradiction at all, because Marx and the orthodox economists are talking in essentially different terms and about essentially different questions. All the orthodox theories of value are substantially theories of price-formation, and of nothing else. They set out to discover and explain the process of price-formation as it exists in societies based on private property and individual exchange. On the other hand, the Marxian theory of value is not a theory of price-formation at all, and has nothing to do with the prices or the fluctuations in the prices of commodities sold in the market. It is a theory not of prices but of capitalist exploitation—in Marx's own phrase, a theory of 'surplus value'. Formulated as a critique of capitalist economics, it gets involved in its manner of presentation with the now discarded price theories of the classical economists. But in its essence it has nothing to say about prices. It involves no denial of any other theory of the process of actual price-formation under capitalist conditions.

What Marx does say is that the entire theory of classical economics—and he would have said the same of the orthodox economists of to-day—is a theory expository of the workings of capitalist production, framed within the assumptions of capitalist Society, and therefore useless as a basis for any critical judg-

ment of Capitalism. For in order to criticise a system you must get outside it and put against its standards and assumptions a different set of standards and assumptions corresponding to a different stage in the evolution of the productive powers and of the social organisation arising out of them. Economic theories, equally with political theories, are relative and bound to be relative to objective situations. In *Capital*, Marx is criticising the capitalist system in the light of a different set of assumptions, and is thus preparing the way for a different economic theory appropriate to a Socialist system based on the collective control of the powers of production under the auspices of a classless society. For such a critique the appropriate standard of value is not a standard that can be derived from the study of the pricing process under Capitalism, but an alternative standard based on the conception of the social value to a classless Society of the resources used up in production, regarded as parts of the entire supply of productive resources available for collective use.

I have no space in this essay to develop this point further, vitally important as it is for the understanding of Marx's economic doctrines.¹ For I am concerned to discuss here, not Marxian economics, but only the bearing of Marxism on economic and political theories in general. The conclusion on this point, from a Marxian approach, is, briefly, that economic theories are relative to economic systems and must be re-made as economic systems change, and that political theories are both relative and derivative, in that the forms about which they theorise are derivative forms which

¹ For a further discussion, see the closing chapters of my *What Marx Really Meant*.

owe their character to the stage reached in the development of the productive powers.

From this point, having analysed and summarised the doctrines of certain of the leading schools of political and economic thought, we are almost ready to proceed to some sort of synthesis. But before we attempt this, we must deal very briefly with one school of thought which regards political theory as having for its province no more than the discovery of the most efficient *methods* of government, irrespective of the ultimate ends for which government exists.

VI

POLITICAL SCIENCE

THERE was in the nineteenth century a school of writers on politics who were accustomed to draw a sharp distinction between Political Philosophy and Political Science, much in the terms of the distinction mentioned already which Rousseau drew between his own work and that of Montesquieu. According to this distinction, whereas the object of Political Philosophy is to discover the ultimate and absolute principles of political right and obligation, Political Science is concerned with the comparison and analysis of different types of governmental organisation, and has the purpose of arriving at rules or principles for the correct government of men from the administrative point of view. This theory does not quite go to the length of Pope's famous couplet:

For forms of government let fools contest:
Whate'er is best administered is best.

But it does regard the problem of government as one to be settled on scientific lines, mainly in accordance with considerations of administrative efficiency. It thus involves a technical study of the problems of legislation and administration; but it usually proceeds from this technical consideration of different systems of government to conclusions about the right form of organisation from what is supposed to be a 'scientific' point of view.

There is, of course, a very important place for the comparative analysis of types of governmental organisation, and for the drawing of conclusions from this study. Especially is it important, in considering the actual working of any particular constitutional system, to subject it constantly to the closest possible scrutiny, and to compare it with other systems with a view to its continuous amendment. But this study of comparative institutions, if it is taken widely, soon broadens out into what is virtually an institutional history of civilisation, relating the different forms of government which have existed at various times and places to the underlying characteristics of different civilisations and different sets of fundamental economic conditions. It thus becomes historical sociology. But in accepting this wider character it sacrifices its claim to be able to prescribe detailed rules for the conduct of government at any particular time or place. Broadening itself to become a critical history of civilisation, it gets right away from its original object of helping the legislator and the administrator to face correctly the secondary tasks of government. If, on the other hand, the province of comparative analysis remains narrower, so as to be confined to the study of forms of government existing within a single civilisation and presenting fundamental qualities of agreement as well as secondary features of difference, it cannot by its very nature get down to the underlying questions with which the political philosophers are attempting to deal. A science of this sort, useful and indispensable within its sphere, can be accepted in lieu of a deeper theory of politics only at times when the fundamental issues about the form of society are regarded as having been already settled—as they were to a great extent

in Western Europe and above all in Great Britain during the nineteenth century. For when once the form of government is regarded as fixed, the remaining problem is the discovery of the methods of government and administration that are best adapted to the successful carrying on of the particular kind of Society that has been already taken for granted. This sort of science will have to be reconstituted completely every time there is a fundamental change in social organisation. It is strictly relative to a particular system, just as the economic theory of the orthodox economists is relative to Capitalism. But the ultimate problems of Society do not admit the taking for granted of a particular social system. The ultimate problem of political theory is one of ends and not of means, whereas 'Political Science' deals essentially with means to a set of ends already assumed to be satisfactory. For this reason it has not seemed necessary in this brief survey of rival schools of political doctrine to include any further discussion of what is called 'Political Science' in contradistinction to 'Political Philosophy'.

VII

CONCLUSION

FROM what has been said in the foregoing sections the conclusion plainly emerges that there is no real possibility of keeping economics and politics in watertight compartments, for in both theory and practice they proceed from a common source. Each of them has to do in its own way with the systems by which men organise and conduct the business of living together in social groups; and there is no possible means of divorcing from each other the political and economic aspects of this social life.

It is, however, perfectly possible to study the working of a particular aspect of the social system or of men's life in Society with profit, as long as the investigator does not suppose that the study of one aspect of social organisation can be the study of a particular subject-matter capable of being isolated from the subject-matter of other branches of theory. Whatever special study of this sort we embark on can be only the study of the business of social life in some particular aspect; and it will always be necessary to keep well in mind the relation of this aspect to other aspects of the whole and to the whole itself. Evidence of this can be found in the extreme difficulty with which both economic and political writers always find themselves confronted when they attempt to define their particular subject-matters. For any attempt so to mark off one subject-matter from another comes

immediately up against the difficulty that things economic have also a political, and things political also an economic, aspect.

It is, moreover, vital, if we are to study a particular aspect of social organisation in a fruitful way, that we should have in our minds a clear idea of its relation to social life as a whole, and that we should be fully conscious of the limitations which necessarily attend practical judgments derived primarily from the study of one particular aspect of social life. For in practice all judgments of social importance have to be synoptic judgments, bringing together a number of different aspects. There is in the practical field no such thing as a purely economic or a purely political problem.

It follows that, if we are setting out to understand the nature of Society, we cannot rest content merely with studying it in a number of particular aspects. We must in addition endeavour to study it concretely as a social whole. This would be the case even if Society were static and unchanging in its form. But concrete study is all the more necessary because the underlying forms of Society are constantly changing, and the forces which cause it to change affect it as a whole and not merely in its particular aspects. We must therefore endeavour to approach the study of each particular aspect with a general conception in our minds and use this general conception as the basis of the method which we adopt in our particular studies. Failure to do this results not in our really dispensing with a general conception, but either in an unconscious and unanalytical acceptance of that general conception which actually holds the field in contemporary Society or in contemporary social studies, or, as an alternative, in our employing a sectional and

particular conception appropriate only within a limited field as if it were a general conception applicable to Society as a whole.

Since Society is essentially a changing thing, we must, unless we believe its changes to be causeless and merely capricious, try to discover the underlying principle or principles of social change, and make our understanding of the forces of change the basis of our method in each particular field of investigation.

Marxism was the first thoroughgoing attempt at such a comprehensive view in the sphere of the world of concrete historical experience. For although Hegel appears at times equally comprehensive in his sweeping over the whole field of human history, in Hegelianism everything is referred to the self-development of the Universal Idea, and historical experience is invoked only by way of corroboration of the conclusions already derived from an *a priori* view of the nature of reality. Marxism, on the other hand, proceeds from the study of concrete human experience, and formulates its conclusions on the basis of an inductive consideration of the facts. There are, of course, in these days many other attempts besides that of Marx to formulate a theory of history and Society by this method. For since Marx's day there has been a great development in the field of historical sociology; and the knowledge of social evolution, especially among primitive peoples, has made very great advances. There are many schools of sociologists now; and it would be surprising if Marx's conclusions stood without modification in view of the great subsequent advances in social knowledge. My present point is not that Marxism is necessarily right, but that Marx's method of seeking to formulate a general theory in the

light of concrete historical experience is the only legitimate method.

When we come to consider the validity of the conclusions which Marx arrived at by this method, we are at once confronted with a contrast which was never clearly formulated by Marx himself. The process of historical evolution, considered as a whole, involves two distinct types of movement—the internal evolution of a particular civilisation regarded as a continuous process of development, and the interaction of one civilisation upon another, including the element of discontinuity which is introduced into the historical process whenever one civilisation breaks down before the onset of another. Broadly speaking, I find the interpretation of Marxism given in a previous section reasonably satisfactory as a theory designed to explain the general *internal* evolution of the civilisation of Western Europe since the Dark Ages. I do not find it satisfactory, at any rate in the form in which it was put forward by Marx, as a clue to all human history or to the internal evolution of other civilisations besides that which is still working itself out in Western Europe. For it seems to me, in the form which Marx gave it, to explain neither the internal development of the Ancient World nor the impact of one civilisation on another, as witnessed either in the downfall of the Roman Empire before the ‘Barbarians’, or in any of the great migrations of history. I do not mean by this that the development of the classical world, or the impact of one civilisation on another, is not capable of fundamental explanation in economic terms. For I think that both of them can be explained in this way. What I do mean is that the formula which Marx devised in order to explain the evolution of European

civilisation and to furnish a theoretical weapon to the revolutionary proletariat, however fully it may serve these purposes, is not capable as a formula of being stretched to explain all history. The internal development of the classical world may be explicable in terms no less economic than those which Marx uses; but I do not think that it can be explained in terms of the preponderant importance of the class struggle. The impact of one civilisation on another may also be capable of economic explanation, but not in terms of the internal development of the powers of production. For struggles between civilisations arise not from the internal development of the productive powers within a single system, but from the economic hunger or the economic greed of one civilisation directed against another. When a great migration or a great conquest happens, it may bring the internal evolution of a particular civilisation to an abrupt end, and originate a new and different process of evolution, as happened on the collapse of the Roman Empire; or alternatively it may deflect the course of development within the civilisation affected by it and create a new alignment of social classes, with the conquerors superimposed on the conquered as a new ruling class.

Professor Oppenheimer, in his book *The State*, has expressed a view resembling what I have just put forward, by contending that there are in history two great forces in working operation—the economic force, which he defines as that of ‘labour’, and the political force, which he defines as that of ‘theft’. What Professor Oppenheimer means by this distinction is that the clue to historical evolution is to be found not only in the internal development of the powers of production, but also in the impact of one group of men on

another by war and conquest for the appropriation of the means of life. Both these forces are fundamentally economic in Marx's sense of the term; but the distinction between them is nevertheless of vital importance.

Whatever conclusion we may formulate upon this point, it seems clear that we need as the basis for both economic and political studies a theory of history derived from an inductive consideration of the facts, and not one imposed *a priori* upon the facts. Given this, we can proceed to the study of particular aspects of social organisation and growth in the light of our general conception.

Among the particular studies which we can then undertake is economic theory; and we are now in a position to attempt a definition of its scope and purpose. Our theory of history, based on the conception of social evolution, warns us to expect from economic theory not universal conclusions but only conclusions limited in their application to a particular set of historical facts. For however abstract we may endeavour to make our economic theory we cannot possibly avoid starting out with some assumptions, or get away from the fact that the making of these assumptions involves postulating a particular type of social system. For example, even the most abstract type of economic theory that exists to-day assumes the presence of an exchange economy, a wage-labour class, private property in the means of production, the use of money as a standard medium of exchange, and so on. There may be particular conclusions derived by an economic theory based on these assumptions which will remain valid even if another set of assumptions is substituted for those originally made; but this

cannot be the case for the theory as a whole, nor is there any sound reason for believing that any one of the conclusions of the theory will be valid for other systems unless it can be definitely demonstrated that it is so valid upon an alternative set of assumptions. Even the most abstract economic theory is therefore limited by its assumptions to a general validity restricted to a particular epoch in the history of a particular civilisation. When these limitations have been fully recognised, economic analysis can be pursued with safety and advantage; but unless they are fully recognised the economist is always in danger of slipping into absurdities through endeavouring to give his conclusions a universality which they cannot possibly possess.

An economic theory which does accept these limitations is necessarily confined to elucidating the conditions which apply to the working of a particular fundamental set of conditions, existing as the foundation of a particular economic system. It can therefore throw little light on the problems involved in the working of an economic system based on different conditions. For a different system, involving a different set of assumptions, will require a radically different economic theory of its own. This is very evident to-day in Russia, where neither orthodox academic economics, resting on the assumptions of Capitalism, nor orthodox Marxian economics, devised as a critique of Capitalism, offers much help in confronting the concrete economic problems of the Soviet system.

A Socialist economic theory, that is to say, a theory based on the assumptions appropriate to a socialised economy, though it may be possible to adumbrate some of its elements, can be fully constructed only when there has been experience of the actual working

of a socialised economic system. For it is quite impossible for the theorist, until he has at least a working model to go upon, confidently to define the assumptions which it is appropriate to make. To the extent to which the Soviet experiment does begin to present such a working model for the economist, its experience is of outstanding importance for the economic theorist.

It is, however, fully possible, in advance of the coming of any actual socialised economy, to construct a critical economic theory—a critique of Capitalism. This is in effect what Marx set out to do in *Capital*. For *Capital* does not expound the economics of Socialism, but only the theory appropriate as a critique of the prevailing institutions of capitalist society. In order to do this effectively, Marx has to make a series of assumptions which are different from the assumptions of Capitalism, for in no other way is it possible to establish a valid standard for use in criticism. These assumptions must go outside the circle of capitalist economic theory and take up a new position from which criticism can proceed. This is the real explanation of the Marxian theory of value, which is not, as many have wrongly supposed it to be, a dogmatic theory of the value-creating process, but a critical theory directed against capitalist standards of value. It foreshadows the value theory of a socialised economy, but it is not and cannot be that theory.

Again, in the realm of politics it is possible to construct a political theory appropriate to the existing system. This is possible in two distinct senses. The political theorist can study and compare the working of institutions under the existing system in its various forms, with the object of arriving at conclusions about

the methods of government and administration that are most appropriate to its successful conduct. In this field the political theorist reaches conclusions about the structure of Parliament and elections, the forms of legislation and administration—in other words, conclusions belonging to the sphere of what is called, 'Political Science'. But the political theorist can also construct a political philosophy appropriate to the prevailing system, and arrive at principles of political right which express the needs of the system within the limitations of which his theory is framed. In this field he will reach conclusions about the relations between the individual and Society or between groups and Society, about questions of personal liberty, freedom of speech, and fundamental rights of citizenship. But even these conclusions will be valid only within the set of fundamental assumptions corresponding to the needs of the system within which they are proclaimed; and a change of system will involve the formulation of a new political philosophy as well as of a new political science, while in times of transition from one system to another, there will be needed critical political philosophies corresponding to the critical type of economic theory which has just been discussed. The political theorist who sets out in this way to make a critique of the existing political system will require, like the critical economist, to set up against its standards alternative standards inappropriate to it so as to get outside it for the purpose of judging it. But it will not be possible for him to formulate a developed political philosophy based on the alternative assumptions appropriate to a quite different political system in advance of the actual advent of that alternative system. It is possible to advance critically be-

yond what exists to what may come to exist; but it is not possible to advance dogmatically, except in a purely Utopian sense.

There is thus in both economics and politics a place at once for descriptive and analytical and for critical studies. What is important is that those who make these studies should make them with their eyes open to what they are trying to do, and to the limits of what it is possible to do within any given social situation.

Now, economic theory can rest content with an analysis of the actual forces which form prices and regulate production within a 'free' exchange economy, without bothering itself about the forces which underlie this economy, as long, but only as long, as it remains within the assumption that the 'free market' is acceptable as a means of relating production and consumption. As soon as this assumption comes under question, the economist is necessarily led to a study of these underlying forces. This study involves two distinct sets of considerations, one of them relating to the changing character of the powers of production, and the other to the psychological factors of human motives and desires. For as soon as the 'free market' is questioned or interfered with, collective judgments about wants begin to be invoked for the correction of private judgments; and, as we have seen, collective judgments necessarily involve some reference to a standard of need. Social demand is not of the same order as individual demand, for the simple reason that it always involves judging for and on behalf of others as well as oneself. In other words, it involves an objective standard. Such a standard, however, necessarily brings in considerations of social worthwhileness

which go right outside the aspect of things which the economist normally takes for his province. The economic mechanism ceases to be self-acting through its expression in the unanalysed demands of consumers offering money prices, and comes to be governed by considerations of conscious social purpose. Individual demand remains a factor of which account has to be taken; but, however important it may remain, it can no longer be the only factor governing production and consumption. Nor can all the factors be reduced to economic terms. For $\tau\delta\epsilon\upsilon\zeta\eta\nu$ is involved as the basis of the social estimation of needs.

This immediately brings political considerations into the economic field. For the mechanism for deciding the relative urgency of different collective and individual needs and desires has to be a social, and accordingly in the ordinary sense a political, mechanism. Thus on the collective plane politics and economics necessarily run together; for politics has to supply the mechanism which determines the conditions of production. The *laissez-faire* theory, while it was accepted, did enable political and economic theory to be kept largely apart. The social standard necessarily brings them together. Even to-day the extent to which the State has become a welfare as well as a police institution prevents political judgments and economic judgments from being kept apart. No collective judgment can in fact ever be purely economic. All collective judgments involve political considerations.

Psychology thus acquires a vital importance in economic theory despite the efforts of economists to expel it; for to the extent to which an economy becomes socialised it becomes necessary to find a social interpretation of individual human needs and desires. Any

system of planned production, for example, necessarily involves the working out of the plan in relation to collective conceptions of what individual men and women need and want. It cannot by any possibility rely on the unaided operation of the price mechanism, though it may continue to make use of that mechanism over a wide field.

What of political theory? Psychology here occupies under any system a vital place. For all politics, unlike all economics, has to base itself upon collective action. All ruling groups and all rulers and reformers are necessarily psychologists, for they have to study the arts of securing men's assent or acquiescence or positive collaboration. All political theories involve psychological assumptions, even when these assumptions remain unspoken. Political theory has indeed often avoided the discussion of psychological factors only by making the largest psychological assumption of all—that from the standpoint of the theorist men ought to be treated as purely rational beings living on a purely intellectual plane. This causes the largest divergence between political theory and political practice, because no body of practising politicians ever has treated or ever could treat men in this way. The Benthamite Utilitarians came nearest to this method of treating men in practice because their conception of the human reason came nearest to corresponding to men's actual mental attitudes. They were in form rationalists; but they allowed for the existence of a wide diversity of motives which they regarded as rational, and this diversity was in effect wide enough to admit the instincts, sentiments and emotions by a side door. Bentham brought all these factors within the compass of his calculus of pleasures. The Kantians,

on the other hand, and T. H. Green and his followers in England, constructed their political theories on the basis of concentrating attention purely on the intellectual factors in human behaviour. This attitude, so long dominant in English political philosophy, badly needed the psychological correctives applied to it by Graham Wallas as the true inheritor of the Benthamite tradition. For the art of politics clearly consists in appealing to men not only with intellectual arguments but also in such ways as to arouse their sentiments and instincts on the side of a workable policy. The strength of both Communism in Russia and Fascism in its various forms in Italy, Germany and other countries, rests on recognising the force of this wider appeal; and so does the continued vitality of Catholicism as a political force, or of Conservatism in any Society in which Conservatism is more than the dead hand of monopolistic self-interest.

Men's psychological reactions are not, however, in the long run an independent creative force. A wish or a sentiment can be enormously powerful in destroying or obstructing, but in itself it has no creative power. It becomes creative only to the extent to which it is successfully enlisted on the side of objective forces, which cannot be brought to effective fruition except by the agency of human wills. Unless it is so enlisted, the psychological appeal may turn aside the course of history; but it will guide men into the desert and leave them there to starve. Consequently the true art of political leadership is that of enlisting men's instincts and sentiments, as well as their intellectual powers, on the side of solutions appropriate to the development of the objective forces. A social movement which fails or ceases to appeal to men's imaginations as well as

to their intellects is hopelessly lost, for *διανοία αὐτὴ οὐδὲν κινεῖ*.

There are in the recognition of this necessity profound lessons for contemporary political practice and above all for contemporary Socialism, whose leaders have been apt to rely far too much on the intellectual convincingness of the Socialist case and to underestimate the importance of enlisting the sentiments and instincts as well as the intellects of men upon their side. The statesman, and the revolutionary statesman above all, must be a political psychologist in a practical if not in a theoretical way. He can hope to fight the sentiments and instincts that he will find against him only with the aid of sentiments and instincts that are capable of being brought over to his side. This is none the less true because it is desirable at all times to widen as far as possible the appeal to reason, and to strengthen the force of the purely intellectual factors in men's social existence; for he who fails, in attempting to strengthen these forces, to get other forces on his side, will in the end not strengthen but weaken the power of reason in Society.

When once it has been recognised that political principles and political rights and duties, to the extent to which they become embodied in actual policies and precepts, are relative to particular systems and not derivable absolutely from the nature of man, this recognition of the importance of the psychological element becomes very much easier. For systems are created by movements acting on principles and re-interpreting them in the light of changing conditions and not by principles alone, and political precepts and social claims arise out of systems and movements and do not exist independently as 'examples laid up in

Heaven'. Movements make principles into precepts as much as they create systems; and no principle can escape from abstractness into concrete realisation except with the aid of a movement.

It is of course highly desirable that men should behave as rationally as possible. But they can behave rationally only when they are in possession of a set of assumptions based either on an existing system or on the idea of one that is capable of being developed out of the situation in which they are. Otherwise they have no basis on which to act. The intellect unaided by such assumptions proceeds *εἰς ἄπειρον* and dissipates itself upon futilities. The task of men in Society is, with the aid of movements, to place themselves in a position to act rationally on the basis of assumptions which meet the needs of their environment—of the developing objective situation. That is to say, the task of men in Society is to construct for themselves economic and political systems which will make rational action easy because they square with the developing conditions of social life. That to my mind is the key to the comprehensive social theory which must underlie all political and economic theories that are to give men real help in facing their concrete social problems.

THE END

