

Out Of The Ashes

Eric Hobsbawm argues that the case for socialism remains powerful, even though many of the reasons have changed



What is the future of socialism? As a historian my first instinct, you might say my professional deformation, is to ask: what is its past and how does it affect the present situation and future possibilities? And this is a plausible approach, because the word, the concept, the programme, the realisations of socialism and socialist policies are not simple objective data like, say, the situation of London on the Thames opposite the Low countries, but mental constructs. They are names, patterns, labels which we use to make sense of the situation in which humanity has found itself since the age of revolution of the late 18th and early 19th century, and which we give to certain human attempts to improve and/or transform society.

Initially the word *socialism* was neither political nor did it imply any specific way of organising society; unlike the older word *communism*, which from the start clearly meant a society based on common rather than private property, and managed as such. And pretty soon, from Babeuf on, a political movement to bring it about. *Socialism* and *socialist* were simply derived from the word *social*, and meant little more than that the human is by nature a social

and sociable being. It only began to have something like our sense in the 1830s when it became part of the social and political vocabulary, spreading outwards from Britain and France. Of course the thing had already existed under other names before, though not for very long: it was called 'co-operation' and 'co-operative' in Britain, or 'collective' or 'collectivism' in France - later it became 'collectivism', and known by such names as 'mutualism'. We have to note two things about it.

First, the opposite of 'socialism' was not yet 'capitalism' but 'individualism'. What made 'socialism' anti-capitalist was simply that it seemed logical enough, in the early 19th century, to say that the core of an individualist society was *competition*, ie the market, and consequently the base of a social(ist) society had to be *co-operation* or *solidarity*. Now that left a very wide range of possibilities. Anything ranging from a slight modification of *laissez-faire* in the interests of social security to communist colonies entirely without private property or money could count as 'socialism'. In Britain this original sense of socialism remained central until the end of the 19th century, and the rise of socialist labour movements. That is why the Fabians thought they

could convert the Liberal Party to socialism without anyone noticing.

Second, socialism originally had no political implications (here again it differed from communism). It could be instituted by the state or by any other kind of effective authority, but mostly it could be established by voluntary communities; by what Bernard Shaw called 'socialism by private enterprise'. That, by the way, is probably why there was more socialism - ie more socialist colonies - in the USA in the 1840s than anywhere else in the world. In fact, until the 1880s when people thought of working class socialism they thought of socialism through voluntary associations, co-operatives and other forms of voluntary mutual and collective action. It was only when the labour movements, following both the Jacobin tradition of democracy and the marxists, took the road of collective political action that socialism became tied to the conquest of state power. Naturally the state then became the central element in the construction of socialism.

But remember one thing. The object of this exercise was not primarily a particular way of organising production, distribution and exchange. It was, to quote an intelligent anti-socialist of the 1880s, John Rae, 'at bottom a demand for social justice'. That is why, unlike the constructors of Utopias for voluntary colonies, the new socialist working-class parties and their thinkers and writers paid surprisingly little attention to what they were going to do when they got into office and power - before they actually did so at the end of the first world war. The marxists actually made a virtue out of refusing to think about the future. 'The Socialist Party,' said Kautsky, speaking for the largest of them, 'can make positive propositions only for the existing social order. Suggestions that go beyond that cannot deal with facts, but must proceed from suppositions; they are accordingly phantasies and dreams.' (*The Class Struggle (Erfurt Program)* Chicago 1910, p125). The real content of socialism until 1917-1918 was capitalism turned upside down: what was bad now would be good then. The details didn't matter. Even the people who bothered about details, like the British Fabians, did not seriously consider how a socialised economy would work. It stood to reason that it *had* to work better than capitalism.

As it happened, for most of the first half of the 20th century capitalism itself seemed to prove the socialists right. Between 1914 and 1950 or so, everything that could conceivably go wrong with it did so. It went through two world wars, and two bouts of national and social revolution which killed off, or at any rate passed the death sentence on, the great colonial empires and transferred one third of humanity out of the capitalist system. The typical political regimes of bourgeois society, liberal democracies, were overthrown all over the world. By 1940-1941 they barely survived outside the USA a fringe of

Europe and the Americas and in Australasia. Above all, the capitalist economy itself was sick, and almost collapsed in the worst slump it had ever suffered, the only one in which it actually looked as though it might break down entirely. Any kind of socialism had to do better than this. Nothing is more obvious to us today than the economic inefficiency of the primitive centrally-planned state-run command economy which claimed to be socialism in the Soviet Union. Yet 60 years ago non-communist politicians and intellectuals were queuing up for tickets to Moscow to get the secrets of the 'planning' which apparently made the Soviets immune to the slump that was devastating their own countries.

The socialists, of course, had been forced to give some thought to what socialism meant concretely, rather than just as a slogan; for in 1917 the Bolsheviks took power and from 1918 on the important social-democratic parties became or joined governments, and therefore had to have real policies. But, not having given any systematic thought to what they wanted, let alone to what a socialist society should be like, they had to think out their policies at short notice, or work them out under the pressures of the most immediate problems. In a word, they reacted to particular situations. And most of the current troubles of socialism today arise from the fact that socialist policies which were devised to fit the situation of capitalist crisis and breakdown - roughly 1914 to 1950 - are no longer suited to the situations of the late 20th century. Or rather, that we have never decided what is time-bound and obsolete in them, and what isn't.

I said 'socialism' in the singular. But after 1917 we must speak of at least two different branches of socialism, of which one is at present collapsing or has collapsed, namely social democracy and the Soviet or Soviet-inspired communist systems. The Soviet systems are the only ones which actually claimed to have established fully socialist economies and societies. To the best of my knowledge no social-democratic government or party, however radical or long-lived, has ever made such a claim, and it is worth recalling that even the USSR didn't actually claim that it had achieved socialism until 1936. Maybe they should have waited a bit longer...

Soviet-type socialism was essentially dominated by the conditions under which the Soviets found themselves after the October revolution: in a very poor and spectacularly backward country, whose only political tradition was autocracy, lacking all known conditions for socialism, totally isolated, and under constant threat. Rapid economic and technological development, ie breakneck industrialisation, was the obvious top priority. Bolshevism turned itself into an ideology for rapid economic development for countries in which

the conditions of capitalist development don't exist, and for a while it was so successful that it provided an economic model for a lot of Third World countries like India, even those who had no sympathy for its ruthless dictatorship. It operated essentially like a war economy, in which certain priorities are accepted as given - like the need to win the war - and costs are not counted, or rather all other objectives are subordinated to the main one. Even though the centralised command economy at its best was a pretty rough-and-ready instrument, and enormously wasteful, it chalked up some very impressive achievements. While capitalism was flat on its back, these achievements looked even more impressive than they were. What the Soviet economy could not do, as it turned out, was to keep pace with capitalism once, after the 1950s, that system got into top gear again. In terms of ordinary people's lives, it could provide the basic needs of life - food, housing and clothes and leisure at a very low level, but nothing beyond. On the other hand it was better than capitalism at providing mass education and (until the economy started to seize up in the 1970s and 1980s) it was much better than other Third World countries at providing health and welfare.

The comparison with a war economy is not casual. For the only real model of public policy which socialists had, who had never previously thought about what to do in power or office, was a war economy, starting with those of the first world war. This applies not only to the Bolsheviks but also to Western social-democrats, at all events in the belligerent countries. For a war economy required planning, the public management or operation of large parts of the economy - and, not least, the mobilisation of labour, preferably with the help of labour organisations and some element of systematic public welfare. One by-product of this influence of the war-model - and Lenin's idea of planning was specifically inspired by the German war-economy - was to intensify the socialist bias in favour of centralised state action. When both Bolsheviks and social democrats thought of socialism they thought almost exclusively of the conflict between state planning and market priorities.

If the communist idea of socialism was determined by the imperative of backward countries to get economic growth as quickly as possible, whatever the cost, the social-democratic policies were to be dominated by another special historical situation, namely the great interwar slump, the crisis of capitalism; to be more precise, by mass unemployment. They were, of course, influenced by other considerations. In addition to the experience of war economies, they took the politics of electoral democracy for granted, because they were the ones that had enabled them to become mass movements; and what is more, they had sometimes been the chief architects of

democracy which they had won through long agitations and general strikes in Sweden, Belgium and Austria. Curiously enough, while social democracy took enthusiastically to what came to be called the 'welfare state' after 1945, it didn't originate it, and the welfare state hadn't played much part in their thinking. In Britain it was elaborated mainly by Liberals, in France by social Catholics, in Germany by socially conscious bureaucrats. The socialist (or, for that matter, the Western communist) input into its development came primarily *via* local government, which left-wing authorities often controlled even under anti-left national governments. Hence the importance of public housing which socialist councils pioneered: as in Vienna and in London. And we must also say that non-socialist experience provided them with models of socialist economic organisation (as was also the case with the Bolsheviks).

The very word 'trusts' was used in Soviet Russia for the bodies which co-ordinated all factories producing similar commodities. This indicates the inspiration: monopoly-capitalist enterprise. And there is no doubt that in Britain the model for Labour's nationalisations after 1945 was not the government ministry, which Victorian capitalism had simply used for whatever bits of the economy needed to be publicly run - notably the postal services - but a public and in some sense autonomous corporation. Nevertheless, mass unemployment was the key to postwar social democratic policy, as to the policy of Keynesian and New Deal capitalism which merged with it: its key policy imperative was 'full employment'.

As a matter of fact this policy was brilliantly successful, if not from a socialist point of view, then from the point of view of restoring the dynamics of a reformed social security capitalism based on mass consumption. So successful that full employment ran into its own difficulties in the 1970s and 1980s, for reasons which need not concern us here. And when it did, the consensus of reform capitalism and social democracy broke down. Free market neo-liberalism and the critique of the welfare state gained ground, although only in one or two unhappy countries did they triumph - notably in Reagan's USA and Thatcher's Britain. Well, not quite triumph. It proved politically impossible even under the extremists to liquidate, or even significantly, to reduce, the social security expenditure. On the other hand social democrats found themselves saddled with a set of policies which undoubtedly did not work as well as they had in the golden years from 1945 to 1973. And they had nothing else except Keynes and nationalisation to fall back on. Mitterrand's experience in the early 1980s was bitter but conclusive.

So both communists and social democrats found in the 1970s and 1980s that they simply could no longer coast along with the policies which they'd more or



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less improvised or adapted after the first world war, never having given any real thought to them before. History had given them an impressive spell of success, or at least of relative or apparent success for a while. That success had now run out. For the first time socialists had to think out socialism.

What has the second half of the 20th century taught us, this most revolutionary period in human history? In 1950 people who lived by farming were a majority of the population even in some of the most industrial countries of today: Japan, Italy, Spain. Today they are a minority, sometimes a very small minority, almost everywhere in Europe, the western Islamic world and the western hemisphere. An era of such dramatic and unprecedented changes in society must inevitably lead socialists to have another look at their assumptions and expectations. And it is clear that a number of them can no longer be maintained.

First, it has become clear that capitalism has produced an abundance of goods and services beyond the expectations of our fathers; and that most ordinary people in the West enjoy a standard of living far beyond anything conceivable 50 years ago. And thanks to the welfare state, poor people have more shelter against the winds of misfortune. The argument that socialism is needed to abolish hunger and poverty is no longer convincing. Even the argument, which sounded so convincing in my young days, that only socialism could end mass unemployment is no longer persuasive. The West has lived through a generation of full employment under capitalism, and although we are once again in an era of mass unemployment in Europe, in fact it is neither felt to be as intolerable as it was in the 1930s, nor do many people believe that it can only be eliminated by a totally different economic system. In short, the *material* argument for socialism has been weakened.

Second, much that was once regarded as typical of a socialist economy has, since the 1930s, been co-opted and assimilated by non-socialist systems, notably a planned economy, and state or public ownership of industries and services. This may surprise you, since the talk of the last 10 years or so has been all about the triumph of the free market and the dismantling of the state, and the ideological victory of economic neoliberalism, but the fact that Thatcher's ideologists and their colleagues were so convinced that the clock needed turning back, actually demonstrates how far it had been put forward in most capitalist states after the war. And, in structural terms, it has not been possible to move it back all that far. The World Bank calculated that from 1980-87, in *all* the world, there were just over 400 privatisations (1980 through 1987), and half of these in five countries: Brazil, Thatcher's Britain, Chile, Italy and Spain. If you add up all the privatisations in the three greatest economies, the USA,

Japan and Germany, they amount to the grand total of 14 cases. In short, the capitalist economies which emerged from the second world war and presided over the greatest economic burst of growth in history were not pure market economies but mixed economies with very substantial public sectors and very considerable public planning. That didn't make them *socialist* economies, but it made it considerably harder to say exactly what socialist economies were and how they differed structurally from non-socialist ones.

Suppose, for instance, that you looked at two neighbouring countries, one of which claimed to be socialist and the other not, namely Hungary and Austria in the 1970s (ie before the Eastern crisis). Both, incidentally, were extremely successful by the standards of their systems. In capitalist Austria, for historical reasons, all the big banks were nationalised, together with virtually all heavy industry and energy production as well as a large part of engineering, electrical and electronic and armaments: in short, what used to be called the 'commanding heights' of the economy. In socialist Hungary, as we know, the economy had been substantially liberalised with considerable scope for (minor) non-state enterprise. Just where, in these two cases, should the line between capitalist and socialist systems be drawn? In a word, the *structural* criterion of socialism had been weakened.

Except - and this is my *third* point - in the Soviet-type 100% state-run centrally planned economies. But from the 1960s on it became increasingly clear, not least to their governments, that this type of socialist economy worked badly and was running into increasing trouble: and this because it lacked any criterion of economic rationality, ie of comparative costs; not to mention any way in which consumers could indicate what they wanted. In short, it lacked the market element. All attempts to reform these systems aimed at introducing this element. So while capitalist economies since the war introduced elements that had been regarded as characteristically socialist before the war, socialist ones tried to introduce elements regarded as characteristically capitalist. The West was more successful in this than the East, but the simple either-or distinctions between the systems were getting fuzzier.

However, one thing has not changed. It is indeed more obvious than ever. This is my *fourth* point. The market as a guide to economic efficiency and effectiveness is one thing. The market as the *only* mechanism for the allocation of resources in an economy, in the way the fanatics of Reaganism and Thatcherism or the Institute of Economic Affairs and other ultra-capitalist think-tanks see it, is quite another. It produces inequality as naturally as fossil fuels produce air pollution. And, as Adam Smith long ago pointed out, there are some things - essentially public goods - that it



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doesn't produce at all, because nobody can make any money out of them; or not as much money as could be made in other ways. No modern national transport system nor big city transport system can be adequately financed by profit-seeking enterprise even if it ends by not actually losing money. In the 'social market economies' (to use the German phrase) or the Keynesian and social-democrat-influenced economies of the West, these tendencies are to some extent kept in check by public policy and management. But we can see what happens when, in Reagan's America or Thatcher's Britain, house-building is supposed to be left entirely to the market. Houses are only built for those who can afford them, and today the number of people who have no roof over their head at all in New York is 70,000. Moreover, under such conditions the rich get very much richer, and the gap between them and the poor grows steadily wider. This has also visibly happened both in Britain and the USA. In the rich and developed countries people console themselves with the reflections that the ones that are dropped down the plug-hole of society are, after all, only a minority of at most a third of the population. And even they have tv and don't actually starve. Two-thirds are doing all right. The terrible word 'underclass' has surfaced in the 1980s to describe the victims of the market. They live under the floorboards of respectable society, and we have to look underneath the floorboards to see them - unless they come out into the open as in New York, where there is no way of not seeing the armies of homeless grubbing through the dustbins, or of not smelling the characteristic odour of the greatest and most splendid city of the globe, the smell of stale urine of those who have nowhere to live except the street.

You may say that all this is an argument not for socialism but for a humanised mixed economy, ranging from the social market (which is capitalism with a bit of social christian input) to social-democratic states like the Scandinavian ones and Austria, which is capitalism with rather more of a socialist input. I won't say no. I agree with John Kenneth Galbraith that 'in a very real sense in both East and West our task is the same: it is to seek and find the system that combines the best in market-motivated and socially-motivated action.' And I also agree with him that whether a particular industry or service is provided by public or private enterprise is not necessarily a matter of basic principle. At present, for instance, there is a serious demand among large American corporations for something like the British National Health Service, simply because the system of private medical insurance there has turned out to be incredibly bureaucratised and crazily expensive. But in some other European countries, for instance France, government-sponsored health insurance seems to work quite well. The crucial question isn't about technicalities, but

about whether a country accepts the obligation to provide adequate health and medical care for all its citizens and sees to it that they have access to it.

But let us never forget that, while the bad results of the market can be and have been to some extent controlled - more and more successfully in countries like Austria and the Scandinavian ones, where labour and social-democratic parties have been in government - nevertheless there are at least three consequences of world capitalist development which have escaped from control. These help us to define the socialist agenda of the 21st century.

The first is ecology. Humanity has now got to the point where it can actually destroy the biosphere - the plant, animal and human habitation of the globe, or at any rate change it for the worse in unpredictable and dramatic ways. The 'greenhouse effect' is something we all have got to learn to live with. Now this is the result of unrestricted economic growth at an accelerating speed. True, socialist theory also used to favour this, and socialist practice, especially in eastern Europe, created massive pollution. But capitalism is committed by its nature to unlimited growth, whereas socialism isn't. And growth must henceforth be controlled in some way. 'Sustainable development' cannot work through the market but must work against it. It cannot work by free consumer choice but by planning, and, where necessary, going against free choice. At this very moment the EC has decided to stop all fishermen going into the North Sea for a week every month, otherwise it will run out of fish.

The second is the appalling way in which the gap between the inhabitants of the rich and developed countries and those of the poor ones is widening, in spite of one or two of the 'newly industrialising countries' and a handful of Opec billionaire states. The 'developed world' which represented one third of humanity in 1900 today represents between 15 and 20% - about the same as in 1750. And whereas in 1900 the developed world had roughly three times the GNP per head of the population as the rest of humanity, in 1950 it had five times as much, in 1970 seven times and - according to Unctad - in the middle 1980s 12.5 times as much. As for the richest tenth of the world's countries, their GNP per head is 58 times that of the poorest tenth. There is no 'trickle-down effect' as the world gets richer. On the contrary, without systematic action this explosive situation will get more explosive.

The third is that by subordinating humanity to economics, capitalism undermines and rots away the relations between human beings which constitute societies, and creates a moral vacuum, in which nothing counts except what the individual wants, here and now. At the top, men sacrifice entire cities to probability, as in the film *Roger and Me*,

which shows what happened to the town of Flint when General Motors shut down its works. At the bottom teenage boys kill others for their sheepskin jackets or fashionable trainers, as happens every day in New York. For you see, human beings don't fit into capitalism. Capitalism needs an endless rise in productivity. Unlike machines and their products, which become ever more efficient and cheap, human beings stay obstinately human. They are best dispensed with and replaced by robots as in the car industry. Where they can't be replaced by machines, like in hospitals or in the social services in general, they still have to be sacked, because, unlike machines, their wages go up like other people's and we all know from the business economists that wages mustn't go up faster than productivity. It would be simpler all round if we could do without them. Well the economy can do without them to an extraordinary extent, but they don't disappear. They are still there. But what happens to them?

Let me give you one example of what happens to them: the American motor industry. Once upon a time it provided jobs. Working on the assembly line in Henry Ford's Willow Run or River Rouge plant was not much fun, but it was well paid, and it provided endless jobs for blacks and poor whites from the American South. They were not skilled, not educated, often perhaps not too brainy, but they were ready to work, and assembly line labour gave them the chance to bring up a family decently, with some self-respect and a little bit of dignity, as citizens and members of the United Autoworkers Union. Today the auto industry doesn't need them anymore. The only body that offers a poor American black a self-respecting job of this kind today is the army, which is why one-third of troops in the Gulf were black. And what happened to the communities left high and dry by the decision that their labour is no longer needed? They have become the embittered, anarchic ghettos stalked by fear, drugs and guns, where men and women live either on welfare or crime.

Socialists are there to remind the world that people and not production come first. That people must not be sacrificed. Not any special kinds of people, the clever, the strong, the ambitious, the beautiful, the ones that one day may do great things, or even the ones that feel that their personal interests are not being taken into account in this society: but all of them. Especially the ones who are just plain people, not very interesting, 'just there to make up the numbers', as the mother of one of my friends used to say. As a character says in the most moving line of Arthur Miller's *Death Of A Salesman*, which is about just such a nondescript and rather useless person: 'Attention must be paid. Attention must be paid to such a man'. They are what socialism is for and about.

The future of socialism rests on the fact that the need for it remains as great

as ever, though the case for it is not the same as it was in some respects. It rests on the fact that capitalism still generates contradictions and problems it cannot solve, and that it generates both inequality (which can be mitigated by moderate reforms) and inhumanity, which can't. If the miserable and deserted collapse of the Soviet-type socialist systems had not filled the headlines in 1989 and 1990, there would be fewer impassioned commercials about how marvellously capitalism is doing these days. It isn't. It is back in a world of hunger and war. And even where it is not creating visible ruin as in parts of Latin America and Africa, it is not all that it is cracked up to be. As J K Galbraith said - I quote him once again - while eastern Europe was still nominally socialist: 'It is a grim but wholly unshakeable fact that no one in search of a better life would widely move from East Berlin to the South Bronx.'

The problems of the world cannot be solved by the free market. In my view they cannot be solved either by social democracy - or at least by the sort of social democracy like the Swedes and perhaps the Austrians, which still lives up to its name - or by the 'social market economy' the sort of moralised and socially conscious enterprise which, if I may hazard a guess, the Catholic Church will favour in the next papal encyclical this year. For if you have forgotten, the Holy Father has not forgotten that 1991 is the centenary of the Church's first social encyclical, *Rerum Novarum*. These things are better than Reaganism and Thatcherism, and in the case of social democracy far better, and probably they are in practice the best horses to back for the socialist punter at the moment. That is to say that they are the best sort of governments at present available. But the problems of a globe which can today be made uninhabitable by sheer exponential growth in production and pollution, not to mention the technological capacity to destroy which the Gulf war demonstrated; the problems of a world divided into a vast majority of the hungry peoples and a minority of extraordinarily rich states, cannot be solved in this way. Sooner or later they will require systematic and planned action by states and internationally, and an attack on the central strongholds of the consumer market economy. They will require not just a better society than in the past, but, as socialists always held, a different kind of society. A society which is not only able to save humanity from a productive system that has got out of its control, but in which people can live lives worthy of human beings: not just in comfort, but together, and in dignity.

That is why socialism still has an agenda 150 years after Marx and Engel's manifesto. That is why it is still on the agenda. •

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