

**Socialism in Perspective**

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## Overview

This essay, perhaps, teaches two lessons at once. First it makes clear that the U.S. has progressed far down the road toward embracing the core principles of socialism without going overboard as France and other European nations have done. Secondly, Einstein (1947) made a compelling case for the socialist approach at a time when *pure* capitalism held much stronger sway in the world, and especially the U.S., than it does today. Thus, Einstein pointed out and predicted many of the difficulties, or shortcomings, that a state with a strong capitalist bias is prey to. Meanwhile, this essay attempts to put some of the tension between capitalism and socialism in better perspective than those who take extreme positions on one side of the issue(s) or the other.

## Socialism in Perspective

The simplest and clearest definition of socialism is that the state owns the means of production and determines how it is to be distributed according to the familiar maxim "from each according to his ability; to each according to his need." Meanwhile, there can be little doubt that the United States closely approximates the requirements of a socialist state in a number of ways.

For one thing, the ability to tax the means of production is almost as good as owning them -- some would say better than; no risk! Still, only those deemed to have the *ability to pay* (about 50% of the population) pay federal income taxes. And, of course, the "earned" income tax credit (or unearned rebate) is there for those who lack the wherewithal to pay income taxes. And those who do turn over their *fair share* are taxed at progressive rates keyed to the *ability to pay* principle. And insofar as owning the means of production is concerned what are we to make of those confiscatory marginal tax rates of over 90% that lasted more than a decade (1950-1963)? Just clearing the way, perhaps, for sky high executive salaries and golden parachutes all around. (It appears corporate executives learned that the benign notion of *ability to pay* could be turned on its head to their advantage!)

Meanwhile, massive outlays on k-k12 education in the U.S. is largely funded by local property taxes keyed to the value of one's home (the *ability to pay* maxim) whether one has children in school or not. Likewise massive government sponsored student loans are available for those lacking the *ability to pay* for their college education.

Health care (around 1/6th of GDP) is under the sway of socialist influences to an astonishing degree. Thus, most citizens get their health care under the auspices of their employer and pay no taxes whatsoever on this hidden form of income. Meanwhile, the government controls and allocates massive expenditures for the health care of other citizens through Medicare, Medicaid and the Veterans Administration. And, naturally, emergency room care for the indigent (whether citizens of the U.S. or not) is free to the user of it. And now, recently passed health care legislation to benefit 31 million Americans keyed to their *ability to pay* (while presumably *saving* the country \$billions) is the latest example.

The Social Security system has a progressive (socialistic) tinge to it in the sense that the indigent collect more than they are entitled to by a strict accounting of their contributions while the wealthy collect less than they are due by the progressive mathematics of the new deal/great society. Aid to dependent children and paid benefits with access to Medicare for the disabled is a nice piece of garnish. Food stamps (a massive program covering 43 million Americans in today's difficult economic times) and certain other forms of social welfare are entirely compatible with the aims of socialism. Likewise for unemployment insurance and workman's compensation. Meanwhile, state and local governments are awash in pension and health care obligations they cannot possibly afford. And, finally, the national debt (growing by *trillions* annually with partial funding by the so-called Social Security surplus) is an outrage. Well, that about covers the list and it is a very pervasive one indeed.

In conclusion, there is an aphorism, popular among conservatives, to the effect that democracy is a better form of government than any alternative -- until the poor (who have the greatest number of votes) figure out that they can require the rich (who have far fewer votes) to take care of them.

Meanwhile, it is of considerable interest that arguably the greatest genius in physics was also an advocate for socialism. Since we are often told (as noted above) that the U.S. is well on the road to socialism (and that Barack Obama is pushing us further in that direction) it seems worthwhile to see what the case for such a system might be, through the prism of one of the world's greatest scientific minds. In the interest of space and time, however, we have dropped much of the verbiage that isn't really necessary to see what Einstein (in somewhat turgid prose -- unlike his notations in math displacing Newton) was advocating and why. Thus, the following citations are from Einstein's 1947 essay entitled: "Why Socialism?"

It is "society" which provides man with food, clothing, a home, the tools of work, language, the forms of thought, and most of the content of thought; his life is made possible through the labor and the accomplishments of the many millions past and present who are all hidden behind the small word "society.".....

Human beings are not condemned, because of their biological constitution, to annihilate each other or to be at the mercy of a cruel, self-inflicted fate...Man can find meaning in life, short and perilous as it is, only through devoting himself to society.....

It is important to realize that the means of production -- that is to say, the entire productive capacity that is needed for producing consumer goods as well as additional capital goods -- may legally be, and for the most part are, the private property of individuals.....

The owner of the means of production is in a position to purchase the labor power of the worker. By using the means of production, the worker produces new goods which become the property of the capitalist... It is important to

understand that even in theory the payment of the worker is not determined by the value of his product.

Private capital tends to become concentrated in few hands.....The result of this developments is an oligarchy of private capital the enormous power of which cannot be effectively checked even by a democratically organized political society..... Representatives of the people do not in fact sufficiently protect the interests of the underprivileged sections of the population. Taken as a whole, the present-day economy does not differ much from "pure" capitalism.....An "army of unemployed" almost always exists. The worker is constantly in fear of losing his job. Since unemployed and poorly paid workers do not provide a profitable market, the production of consumers' goods is restricted, and great hardship is the consequence.

The profit motive, in conjunction with competition among capitalists, is responsible for an instability in the accumulation and utilization of capital [*e.g., securitization of toxic assets & financial witchcraft at Lehman Brothers*] which leads to increasingly severe depressions.....This crippling of individuals [*e.g., foreclosures & under water mortgages*] I consider the worst evil of capitalism. I am convinced there is only one way to eliminate these grave evils, namely through the establishment of a socialist economy.....

A planned economy, which adjusts production to the needs of the community, would distribute the work to be done among all those able to work and would guarantee a livelihood to every man, woman, and child.....Nevertheless, it is necessary to remember that a planned economy is not yet socialism. A planned economy as such may be accompanied by the complete enslavement of the individual. The achievement of socialism requires the solution of some extremely difficult socio-political problems: how is it possible, in view of the far-reaching centralization of political and economic power, to prevent bureaucracy from becoming all-powerful and overweening? How can the rights of the individual be protected and therewith a democratic counterweight to the power of bureaucracy be assured?

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