

13

BIRTH OF THE LIBERAL CREED (Continued): CLASS INTEREST AND SOCIAL CHANGE

THE LIBERAL MYTH of the collectivist conspiracy must be completely dissipated before the true basis of nineteenth century policies can be laid bare. This legend has it that protectionism was merely the result of sinister interest of agrarians, manufacturers, and trade unionists, who selfishly wrecked the automatic machinery of the market. In another form, and, of course, with an opposite political tendency, Marxian parties argued in equally sectional terms. (That the essential philosophy of Marx centered on the totality of society and the noneconomic nature of man is irrelevant here.¹) Marx himself followed Ricardo in defining classes in economic terms, and economic exploitation was undoubtedly a feature of the bourgeois age.

In popular Marxism this led to a crude class theory of social development. Pressure for markets and zones of influence was simply ascribed to the profit motive of a handful of financiers. Imperialism was explained as a capitalist conspiracy to induce governments to launch wars in the interests of big business. Wars were held to be caused by these interests in combination with armament firms who miraculously gained the capacity to drive whole nations into fatal policies, contrary to their vital interests. Liberals and Marxists agreed, in effect, in deducing the protectionist movement from the force of sectional interests; in accounting for agrarian tariffs by the political pull of reactionary landlords; in making the profit hunger of industrial magnates accountable for the growth of monopolistic forms of enterprise; in presenting war as the result of business rampant.

The liberal economic outlook thus found powerful support in a narrow class theory. Upholding the viewpoint of opposing classes, liberals and Marxists stood for identical propositions. They established a watertight case for the assertion that nineteenth century protectionism

¹ Marx, K., *Nationalökonomie und Philosophie*. In "Der Historische Materialismus," 1932.

was the result of class action, and that such action must have primarily served the economic interests of the members of the classes concerned. Between them they all but completely obstructed an over-all view of market society, and of the function of protectionism in such a society.

Actually, class interests offer only a limited explanation of long-run movements in society. The fate of classes is much more often determined by the needs of society than the fate of society is determined by the needs of classes. Given a definite structure of society, the class theory works; but what if that structure itself undergoes change? A class that has become functionless may disintegrate and be supplanted overnight by a new class or classes. Also, the chances of classes in a struggle will depend upon their ability to win support from outside their own membership, which again will depend upon their fulfillment of tasks set by interests wider than their own. Thus, neither the birth nor the death of classes, neither their aims nor the degree to which they attain them; neither their co-operations nor their antagonisms can be understood apart from the situation of society as a whole.

Now, this situation is created, as a rule, by external causes, such as a change in climate, in the yield of crops, a new foe, a new weapon used by an old foe, the emergence of new communal ends, or, for that matter, the discovery of new methods of achieving the traditional ends. To such a total situation must sectional interests be ultimately related if their function in social development should become clear.

The essential role played by class interests in social change is in the nature of things. For any widespread form of change must affect the various parts of the community in different fashions, if for no other reason than that of differences of geographical location, and of economic and cultural equipment. Sectional interests are thus the natural vehicle of social and political change. Whether the source of the change be war or trade, startling inventions or shifts in natural conditions, the various sections in society will stand for different methods of adjustment (including forcible ones) and adjust their interests in a different way from those of other groups to whom they may seek to give a lead; hence only when one can point to the group or groups that effected a change is it explained *how* that change has taken place. Yet the ultimate cause is set by external forces, and it is for the mechanism of the change only that society relies on internal forces. The "challenge" is to society as a whole; the "response" comes through groups, sections, and classes.

Mere class interests cannot offer, therefore, a satisfactory explana-

tion for any long-run social process. First, because the process in question may decide about the existence of the class itself; second, because the interests of given classes determine only the aims and purposes toward which those classes are striving, not also the success or failure of such endeavors. There is no magic in class interests which would secure to members of one class the support of members of other classes. Yet such support is an everyday occurrence. Protectionism, in fact, is an instance. The problem here was not so much why agrarians, manufacturers, or trade unionists wished to increase their incomes through protectionist action, but why they succeeded in doing so; not why businessmen and workers wished to establish monopolies for their wares, but why they attained their end; not why some groups wished to act in a similar fashion in a number of Continental countries, but why such groups existed in these otherwise dissimilar countries and equally achieved their aims everywhere; not why those who grew corn attempted to sell it dear, but why they regularly succeeded in persuading those who bought the corn to help to raise its price.

Second, there is the equally mistaken doctrine of the essentially economic nature of class interests. Though human society is naturally conditioned by economic factors, the motives of human individuals are only exceptionally determined by the needs of material want-satisfaction. That nineteenth century society was organized on the assumption that such a motivation could be made universal was a peculiarity of the age. It was therefore appropriate to allow a comparatively wide scope to the play of economic motives when analyzing that society. But we must guard against prejudging the issue, which is precisely to what extent such an unusual motivation could be made effective.

Purely economic matters such as affect want-satisfaction are incomparably less relevant to class behavior than questions of social recognition. Want-satisfaction may be, of course, the result of such recognition, especially as its outward sign or prize. But the interests of a class most directly refer to standing and rank, to status and security, that is, they are primarily not economic but social.

The classes and groups which intermittently took part in the general movement towards protectionism after 1870 did not do so primarily on account of their economic interests. The "collectivist" measures enacted in the critical years reveal that only exceptionally was the interest of any single class involved, and if so, that interest could be rarely described as economic. Assuredly no "shortsighted economic interests" were served by an Act authorizing town authorities to take over neglected

ornamental spaces ; by regulations requiring the cleaning of bakehouses with hot water and soap at least once in six months ; or an Act making compulsory the testing of cables and anchors. Such measures simply responded to the needs of an industrial civilization with which market methods were unable to cope. The great majority of these interventions had no direct, and hardly more than an indirect, bearing on incomes. This was true practically of all laws relating to health and homesteads, public amenities and libraries, factory conditions, and social insurance. No less was it true of public utilities, education, transportation, and numberless other matters. But even where money values were involved, they were secondary to other interests. Almost invariably professional status, safety and security, the form of a man's life, the breadth of his existence, the stability of his environment were in question. The monetary importance of some typical interventions, such as customs tariffs, or workmen's compensation, should in no way be minimized. But even in these cases nonmonetary interests were inseparable from monetary ones. Customs tariffs which implied profits for capitalists and wages for workers meant, ultimately, security against unemployment, stabilization of regional conditions, assurance against liquidation of industries, and, perhaps most of all, the avoidance of that painful loss of status which inevitably accompanies transference to a job at which a man is less skilled and experienced than at his own.

Once we are rid of the obsession that only sectional, never general, interests can become effective, as well as of the twin prejudice of restricting the interests of human groups to their monetary income, the breadth and comprehensiveness of the protectionist movement lose their mystery. While monetary interests are necessarily voiced solely by the persons to whom they pertain, other interests have a wider constituency. They affect individuals in innumerable ways as neighbors, professional persons, consumers, pedestrians, commuters, sportsmen, hikers, gardeners, patients, mothers, or lovers—and are accordingly capable of representation by almost any type of territorial or functional association such as churches, townships, fraternal lodges, clubs, trade unions, or, most commonly, political parties based on broad principles of adherence. An all too narrow conception of interest must in effect lead to a warped vision of social and political history, and no purely monetary definition of interests can leave room for that vital need for social protection, the representation of which commonly falls to the persons in charge of the general interests of the community—under modern conditions, the governments of the day. Precisely because not the eco-

nomic but the social interests of different cross sections of the population were threatened by the market, persons belonging to various economic strata unconsciously joined forces to meet the danger.

The spread of the market was thus both advanced and obstructed by the action of class forces. Given the need of machine production for the establishment of a market system, the trading classes alone were in the position to take the lead in that early transformation. A new class of entrepreneurs came into being out of the remnants of older classes, in order to take charge of a development which was consonant with the interests of the community as a whole. But if the rise of the industrialists, entrepreneurs, and capitalists was the result of their leading role in the expansionist movement, the defense fell to the traditional landed classes and the nascent working class. And if among the trading community it was the capitalists' lot to stand for the structural principles of the market system, the role of the die-hard defender of the social fabric was the portion of the feudal aristocracy on the one hand, the rising industrial proletariat on the other. But while the landed classes would naturally seek the solution for all evils in the maintenance of the past, the workers were, up to a point, in the position to transcend the limits of a market society and to borrow solutions from the future. This does not imply that the return to feudalism or the proclamation of socialism was amongst the possible lines of action; but it does indicate the entirely different directions in which agrarians and urban working-class forces tended to seek for relief in an emergency. If market economy broke down, as in every major crisis it threatened to do, the landed classes might attempt a return to a military or feudal regime of paternalism, while the factory workers would see the need for the establishment of a co-operative commonwealth of labor. In a crisis "responses" might point towards mutually exclusive solutions. A mere clash of class interests, which otherwise would have been met by compromise, was invested with a fatal significance.

All this should warn us against relying too much on the economic interests of given classes in the explanation of history. Such an approach would tacitly imply the givenness of those classes in a sense in which this is possible only in an indestructible society. It leaves outside its range those critical phases of history, when a civilization has broken down or is passing through a transformation, when as a rule new classes are formed, sometimes within the briefest space of time, out of the ruins of older classes, or even out of extraneous elements like foreign adventurers or outcasts. Frequently, at a historical juncture new classes have

been called into being simply by virtue of the demands of the hour. Ultimately, therefore, it is the relation of a class to society as a whole which maps out its part in the drama; and its success is determined by the breadth and variety of the interests, other than its own, which it is able to serve. Indeed, no policy of a narrow class interest can safeguard even that interest well—a rule which allows of but few exceptions. Unless the alternative to the social setup is a plunge into utter destruction, no crudely selfish class can maintain itself in the lead.

In order to fix safely the blame on the alleged collectivist conspiracy, economic liberals must ultimately deny that any need for the protection of society had arisen. Recently they acclaimed views of some scholars who had rejected the traditional doctrine of the Industrial Revolution according to which a catastrophe broke in upon the unfortunate laboring classes of England about the 1790's. Nothing in the nature of a sudden deterioration of standards, according to these writers, ever overwhelmed the common people. They were, on the average, substantially better off after than before the introduction of the factory system, and, as to numbers, nobody could deny their rapid increase. By the accepted yardsticks of economic welfare—real wages and population figures—the Inferno of early capitalism, they maintained, never existed; the working classes, far from being exploited, were economically the gainers and to argue the need for social protection against a system that benefited all was obviously impossible.

Critics of liberal capitalism were baffled. For some seventy years, scholars and Royal Commissions alike had denounced the horrors of the Industrial Revolution, and a galaxy of poets, thinkers, and writers had branded its cruelties. It was deemed an established fact that the masses were being sweated and starved by the callous exploiters of their helplessness; that enclosures had deprived the country folk of their homes and plots, and thrown them on the labor market created by the Poor Law Reform; and that the authenticated tragedies of the small children who were sometimes worked to death in mines and factories offered ghastly proof of the destitution of the masses. Indeed, the familiar explanation of the Industrial Revolution rested on the degree of exploitation made possible by eighteenth century enclosures; on the low wages offered to homeless workers which accounted for the high profits of the cotton industry as well as the rapid accumulation of capital in the hands of the early manufacturers. And the charge against them was exploitation, a boundless exploitation of their fellow citizens

that was the root cause of so much misery and debasement. All this was now apparently refuted. Economic historians proclaimed the message that the black shadow that overcast the early decades of the factory system had been dispelled. For how could there be social catastrophe where there was undoubtedly economic improvement?

Actually, of course, a social calamity is primarily a cultural not an economic phenomenon that can be measured by income figures or population statistics. Cultural catastrophes involving broad strata of the common people can naturally not be frequent; but neither are cataclysmic events like the Industrial Revolution—an economic earthquake which transformed within less than half a century vast masses of the inhabitants of the English countryside from settled folk into shiftless migrants. But if such destructive landslides are exceptional in the history of classes, they are a common occurrence in the sphere of culture contacts between peoples of various races. Intrinsicly, the conditions are the same. The difference is mainly that a social class forms part of a society inhabiting the same geographical area, while culture contact occurs usually between societies settled in different geographical regions. In both cases the contact may have a devastating effect on the weaker part. Not economic exploitation, as often assumed, but the disintegration of the cultural environment of the victim is then the cause of the degradation. The economic process may, naturally, supply the vehicle of the destruction, and almost invariably economic inferiority will make the weaker yield, but the immediate cause of his undoing is not for that reason economic; it lies in the lethal injury to the institutions in which his social existence is embodied. The result is loss of self-respect and standards, whether the unit is a people or a class, whether the process springs from so-called "culture conflict" or from a change in the position of a class within the confines of a society.

To the student of early capitalism the parallel is highly significant. The condition of some native tribes in Africa today carries an unmistakable resemblance to that of the English laboring classes during the early years of the nineteenth century. The Kaffir of South Africa, a noble savage, than whom none felt socially more secure in his native *kraal*, has been transformed into a human variety of half-domesticated animal dressed in the "unrelated, the filthy, the unsightly rags that not the most degenerated white man would wear,"² a nondescript being, without self-respect or standards, veritable human refuse. The description recalls the portrait Robert Owen drew of his own work people,

² Millin, Mrs. S. G., *The South Africans*, 1926.

when addressing them in New Lanark, telling them to their faces, coolly and objectively as a social researcher might record the facts, why they had become the degraded rabble which they were; and the true cause of their degradation could not be more aptly described than by their existing in a "cultural vacuum"—the term used by an anthropologist³ to describe the cause of the cultural debasement of some of the valiant black tribes of Africa under the influence of contact with white civilization. Their crafts have decayed, the political and social conditions of their existence have been destroyed, they are dying from boredom, in Rivers' famous phrase, or wasting their lives and substance in dissipation. While their own culture offers them no longer any objectives worthy of effort or sacrifice, racial snobbishness and prejudice bar the way to their adequate participation in the culture of the white intruders.⁴ Substitute social bar for color bar and the Two Nations of the 1840's emerge, the Kaffir having been appropriately replaced by the shambling slum dweller of Kingsley's novels.

Some who would readily agree that life in a cultural void is no life at all nevertheless seem to expect that economic needs would automatically fill that void and make life appear livable under whatever conditions. This assumption is sharply contradicted by the result of anthropological research. "The goals for which individuals will work are culturally determined, and are not a response of the organism to an external culturally undefined situation, like a simple scarcity of food," says Dr. Mead. "The process by which a group of savages is converted into gold miners or ship's crew or merely robbed of all incentive to effort and left to die painlessly beside streams still filled with fish, may seem so bizarre, so alien to the nature of society and its normal functioning as to be pathological," yet, she adds, "precisely this will, as a rule, happen to a people in the midst of violent externally introduced, or at least externally produced change. . . ." She concludes: "This rude contact, this uprooting of simple peoples from their *mores*, is too frequent to be undeserving of serious attention on the part of the social historian."

However, the social historian fails to take the hint. He still refuses to see that the elemental force of culture contact, which is now revolutionizing the colonial world, is the same which, a century ago, created the dismal scenes of early capitalism. An anthropologist⁵ drew the

³ Goldenweiser, A., *Anthropology*, 1937.

⁴ Goldenweiser, A., *ibid.*

⁵ Thurnwald, R. C., *Black and White in East Africa; The Fabric of a New Civilization*, 1935.

general inference: "In spite of numerous divergencies there are at the bottom the same predicaments among the exotic peoples today as there were among us decades or centuries ago. The new technical devices, the new knowledge, the new forms of wealth and power enhanced the social mobility, *i.e.*, migration of individuals, rise and fall of families, differentiation of groups, new forms of leadership, new models of life, different valuations." Thurnwald's penetrating mind recognized that the cultural catastrophe of black society today is closely analogous to that of a large part of white society in the early days of capitalism. The social historian alone still misses the point of the analogy.

Nothing obscures our social vision as effectively as the economic prejudice. So persistently has exploitation been put into the forefront of the colonial problem that the point deserves special attention. Also, exploitation in a humanly obvious sense has been perpetrated so often, so persistently, and with such ruthlessness on the backward peoples of the world by the white man that it would seem to argue utter insensibility not to accord it pride of place in any discussion of the colonial problem. Yet, it is precisely this emphasis put on exploitation which tends to hide from our view the even greater issue of cultural degeneration. If exploitation is defined in strictly economic terms as a permanent inadequacy of ratios of exchange, it is doubtful whether, as a matter of fact, there was exploitation. The catastrophe of the native community is a direct result of the rapid and violent disruption of the basic institutions of the victim (whether force is used in the process or not does not seem altogether relevant). These institutions are disrupted by the very fact that a market economy is foisted upon an entirely differently organized community; labor and land are made into commodities, which, again, is only a short formula for the liquidation of every and any cultural institution in an organic society. Changes in income and population figures are evidently incommensurable with such a process. Who, for instance, would care to deny that a formerly free people dragged into slavery was exploited, though their standard of life, in some artificial sense, may have been improved in the country to which they were sold as compared with what it was in their native bush? And yet nothing would be altered if we assumed that the conquered natives had been left free and not even been made to overpay the cheap cotton goods thrust upon them, and that their starvation was "merely" caused by the disruption of their social institutions.

To cite the famous instance of India. Indian masses in the second half of the nineteenth century did not die of hunger because they were exploited by Lancashire; they perished in large numbers because the

Indian village community had been demolished. That this was brought about by forces of economic competition, namely, the permanent underselling of hand-woven *chaddar* by machine-made piece goods, is doubtless true; but it proves the opposite of economic exploitation, since dumping implies the reverse of surcharge. The actual source of famines in the last fifty years was the free marketing of grain combined with local failure of incomes. Failure of crops was, of course, part of the picture, but despatch of grain by rail made it possible to send relief to the threatened areas; the trouble was that the people were unable to buy the corn at rocketing prices, which on a free but incompletely organized market were bound to be the reaction to a shortage. In former times small local stores had been held against harvest failure, but these had been now discontinued or swept away into the big market. Famine prevention for this reason now usually took the form of public works to enable the population to buy at enhanced prices. The three or four large famines that decimated India under British rule since the Rebellion were thus neither a consequence of the elements, nor of exploitation, but simply of the new market organization of labor and land which broke up the old village without actually resolving its problems. While under the regime of feudalism and of the village community, *noblesse oblige*, clan solidarity, and regulation of the corn market checked famines, under the rule of the market the people could not be prevented from starving according to the rules of the game. The term "exploitation" describes but ill a situation which became really grave only after the East India Company's ruthless monopoly was abolished and free trade was introduced into India. Under the monopolists the situation had been fairly kept in hand with the help of the archaic organization of the countryside, including free distribution of corn, while under free and equal exchange Indians perished by the millions. Economically, India may have been—and, in the long run, certainly was—benefited, but socially she was disorganized and thus thrown a prey to misery and degradation.

In some cases at least, the opposite of exploitation, if we may say so, started the disintegrating culture contact. The forced land allotment to the North American Indians, in 1887, benefited them individually, according to our financial scale of reckoning. Yet the measure all but destroyed the race in its physical existence—the outstanding case of cultural degeneration on record. The moral genius of a John Collier retrieved the position almost half a century later by insisting on the need for a return to tribal landholdings: today the North American

Indian's is in some places, at least, a live community again—and not economic betterment, but *social restoration* wrought the miracle. The shock of a devastating culture contact was recorded by the pathetic birth of the famous Ghost Dance version of the Pawnee Hand Game about 1890, exactly at the time when improving economic conditions made the aboriginal culture of these Red Indians anachronistic. Furthermore, the fact that not even an increasing population—the other economic index—need exclude a cultural catastrophe is equally borne out by anthropological research. Natural rates of increase of population may actually be an index either of cultural vitality or of cultural degradation. The original meaning of the word “proletarian,” linking fertility and mendicity, is a striking expression of this ambivalence.

Economistic prejudice was the source both of the crude exploitation theory of early capitalism and of the no less crude, though more scholarly, misapprehension which later denied the existence of a social catastrophe. The significant implication of this latter and more recent interpretation of history was the rehabilitation of *laissez-faire* economy. For if liberal economics did *not* cause disaster, then protectionism, which robbed the world of the benefits of free markets, was a wanton crime. The very term “Industrial Revolution” was now frowned upon as conveying an exaggerated idea of what was essentially a slow process of change. No more had happened, these scholars insisted, than that a gradual unfolding of the forces of technological progress transformed the lives of the people; undoubtedly, many suffered in the course of the change but on the whole the story was one of continuous improvement. This happy outcome was the result of the almost unconscious working of economic forces which did their beneficial work in spite of the interference of impatient parties who exaggerated the unavoidable difficulties of the time. The inference was no less than a denial that danger had threatened society from the new economy. Had the revised history of the Industrial Revolution been true to fact, the protectionist movement would have lacked all objective justification and *laissez-faire* would have been vindicated. The materialistic fallacy in regard to the nature of social and cultural catastrophe thus bolstered the legend that all the ills of the time had been caused by our lapse from economic liberalism.

Briefly, not single groups or classes were the source of the so-called collectivist movement, though the outcome was decisively influenced by the character of the class interests involved. Ultimately, what made

things happen were the interests of society as a whole, though their defense fell primarily to one section of the population in preference to another. It appears reasonable to group our account of the protective movement not around class interests but around the social substances imperiled by the market.

The danger points were given by the main directions of the attack. The competitive labor market hit the bearer of labor power, namely, man. International free trade was primarily a threat to the largest industry dependent upon nature, namely, agriculture. The gold standard imperiled productive organizations depending for their functioning on the relative movement of prices. In each of these fields markets were developed, which implied a latent threat to society in some vital aspects of its existence.

Markets for labor, land, and money are easy to distinguish; but it is not so easy to distinguish those parts of a culture the nucleus of which is formed by human beings, their natural surroundings, and productive organizations, respectively. Man and nature are practically *one* in the cultural sphere; and the money aspect of productive enterprise enters only into one socially vital interest, namely, the unity and cohesion of the nation. Thus, while the markets for the fictitious commodities labor, land, and money were distinct and separate, the threats to society which they involved were not always strictly separable.

In spite of this an outline of the institutional development of Western society during the critical eighty years (1834-1914) might refer to each of these danger points in similar terms. For whether man, nature, or productive organization was concerned, market organization grew into a peril, and definite groups or classes pressed for protection. In each case the considerable time lag between English, Continental, and American development had important bearings, and yet by the turn of the century the protectionist countermove had created an analogous situation in all Western countries.

Accordingly, we will deal separately with the defense of man, nature, and productive organization—a movement of self-preservation as the result of which a more closely knit type of society emerged, yet one which stood in danger of total disruption.