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to

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On page 36, line 12 from the top of page,
change "guest" to "quest"

**NAVAL WAR COLLEGE
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CONFLICTING POLITICAL AND ECONOMIC SYSTEMS

A lecture delivered
at the Naval War College
on 23 September 1959 by
Professor E. B. Ader

Good morning, gentlemen. The title of the talk this morning, "Conflicting Political and Economic Systems," suggests a survey of such systems from the beginning of recorded history. Obviously, I am going to be unable to do anything of that sort in the time allotted. There is bound to be a certain amount of selectivity, and I will confine my remarks essentially to some of the most significant political and economic systems of the contemporary scene.

In order not to compromise my Dale Carnegie oath, I suppose I should begin this talk with some sort of an anecdote, and I believe there is an antiquated story which will fit the occasion. It relates to the experience of an American who was visiting the Soviet Union some years ago in the pre-Sputnik era. He was being given the grand tour, and he was eventually taken to the Moscow subway, where, as you are all aware, the decor is quite impressive. After having admired the surroundings for some time the American noted that during his presence on the platform no trains had come by. So out of curiosity he asked his guide, "Where are the trains?" The guide, astonished, looked at him and said, "Trains, what about the Negro problem in the south?" This, I think, is the underlying implication in the title of this lecture. There is an undeniable implication that these different systems generate antagonism and that possibly this conflict may become overt. I will have a few remarks to make about that shortly.

I will attempt to give you in the remaining time some analyses of communism, socialism, fascism, and democratic capitalism. In order to examine where the systems conflict, or where they might conflict, it is necessary, I think, to outline first of all the theory and practice of these systems, at least in a superficial manner.

In examining the communist system, and I think you all recognize that communism is essentially an economic system with governmental overtones, the key to understanding is the concept of dialectical materialism. The dialectical as a process of analysis used by Marx postulates that every movement or tendency in history — which Marx called a thesis — in the course of its development produces an opposing tendency or antithesis, and that this antithesis in time modifies or destroys the original thesis, producing what is called a synthesis, or in reality a new thesis. Applying this concept to capitalism as a movement in history, we can see that the analysis which Marx makes is that capitalism, in the course of its evolution, produces an antithesis — the proletariat — which will eventually destroy the system. Note especially that this lends the force of historical imperative to the analysis which Marx makes. The destruction of capitalism is not merely desirable, it is historically inevitable, and this, of course, is fine for morale building if you happen to be a communist.

Against the background and within the framework of this dialectic Marx then proceeds to analyze the forces of history. He sees these forces as stemming from man's attempt to wrest a living from the soil. Man is a being seeking to perpetuate himself. He toils to gain a living for himself and his family, and it is this toil which leads to the relationships among human beings. Social classes, Marx says, develop in relation to the economic status of the individuals in society. In other words, as the society evolves because of man's particular actions to support himself, the economic classes which result shade over into the social arena as well. To put it in another way, according to the Marxist, economics color the entire social structure.

The political organization, says Marx, represents the attitudes and the thinking of the dominant economic class, whatever that happens to be. In the capitalist society the dominant economic class is, of course, the capitalist. The various classes, as exemplified in capitalism, are antagonistic and self-seeking. They are each seeking to obtain for themselves a larger share of the goods and services produced. Since this is the case, and since the political state

represents the attitudes of the dominant economic class, as the struggle for goods and services moves from the economic to the political area there is the inevitable need for the working class to seize power from the dominant class by force, since this class obviously is unwilling to surrender its position of dominance peacefully.

In addition to prescribing this line of procedure for the attainment of desired ends, Marx and his associates also suggest that there are a number of shortcomings within the capitalist system which make the end even more easily achievable — that capitalism's inadequacies will contribute to its downfall. Among these are, first of all, the boom and bust of the business cycle in which over-production and lack of purchasing power on the part of the workers lead to depression despite credit selling, intricate financing, or the search for new markets. Another criticism of capitalism which Marx brings out is that labor is exploited and that surplus value is created to which the worker is entitled, but which is denied him. The theory of surplus value in essence simply means that the value which labor produces by its efforts is greater than the amount received by labor in compensation for its efforts. This surplus value is taken by the capitalists in the form of interest or profits. A third criticism which Marx makes of capitalist society is that competition, which is supposed to be the lifeblood of the system, actually gives way to monopoly with its attendant evils. A fourth criticism is that, eventually, competition for foreign markets among capitalist powers leads to imperialist war in which the capitalists will fight among themselves. In view of all of these shortcomings, says Marx, the capitalist system must tend to fall of its own weight, and the workers are there to give it a helping hand.

Now what happens when this fall occurs? What are the characteristics of the communist or socialist economic structure which will replace it? Again I think you are generally familiar with these characteristics, but let me enumerate them briefly: common ownership of the means of production and distribution, and their operation by representatives of the people; no economic classes —

no exploiters, no exploited — all are to be workers; no surplus value; the economic factors of society will be organized on a planned basis under governmental supervision; work is to be available for all; there is to be no unemployment, society will function on the principle “from each according to his ability — to each according to his needs.”

Turning from the economic to the governmental aspects of this structure, the communists foresee that after the attack upon the dominant economic class and the overthrow of existing government, there must be established a temporary dictatorship of the proletariat to install the new system and to prevent counter-revolution, this despite the fact that their aim in theory is greater democracy and greater freedom for the workers. (You might note in passing that this “temporary” state of affairs has now persisted in the Soviet Union for over forty years). Eventually, say the communists, this temporary dictatorship of the proletariat will vanish, and, more than this, the political state as we know it today will wither away — it will disappear, leaving only some kind of skeletal structure of administrative agencies to carry on the work of the economy. I don’t know if you share with me the difficulty of envisioning Mr. Khrushchev and others withering away.

I might digress for a moment to note Lenin’s concept of the proletarian revolution. Lenin, instead of concurring with Marx that this is to be a spontaneous revolution of the working classes, suggests that really the core of this revolution, the leaders, must be professional revolutionaries. He says that the working classes, if left to themselves, have only a trade union mentality, that this is about as far as they go in thinking of their own improvement. If they are going to be led to revolutionary activity they must have a hard core of professional leaders. Strangely enough, this leadership tends to come, says Lenin, from the bourgeoisie, from the very group which the communists aim to overthrow. It is rather interesting to speculate that if the bourgeoisie is to contribute to the leadership of the hard core of professional revolutionaries, this represents a kind of political opportunism which hardly suggests

complete dedication to the principles of communism. The communist party then becomes a self-selected and self-perpetuating elite.

The actualities of government as represented by the Soviet Union I think you all recognize. Instead of the democratic principles which they advertise, totalitarian dictatorship or oligarchy prevails. Despite whatever relaxation of controls has taken place in recent months, the regime is essentially restrictive and repressive. We are familiar with the propaganda and purges which occur periodically.

Nevertheless, the Soviet Union maintains a facade of democracy which may help to sell communism to the people of many nations throughout the world. The Soviet Union has a constitution; there is a bill of rights; there are, and I use the words loosely, periodic elections.

Another anecdote that I might use here to illustrate this facade of democracy is a story which was circulated about one of the satellite countries in which there was to be an election under a communist regime. On election day one of the older citizens went to the polls hoping perhaps there would be some remnant of the typical democratic process with which he was familiar. He walked up to the election official seeking a ballot, but he was handed instead a sealed envelope. He inquired as to whether he would get a chance to mark the ballot, but was told, "No, you must take this envelope and put it into the box over there." So he shrugged his shoulders and ambled toward the box. On the way he decided to do something a little bit different. He held the envelope up to the light, and, as he did so, one of the soldiers who was guarding the premises said, "What are you doing?" The citizen said, "I am trying to see how I voted." "Never mind," the soldier said, "drop the envelope in the box; here we have secret ballot." This, I think, indicates some of the perversion of good, logical democratic terms which occur under communist society, and which tends to mislead the gullible.

Leaving communism now and going on to socialism, I would emphasize that socialism, too, is essentially an economic doctrine rather than a governmental one, but it does have, as does communism, certain governmental ramifications. Socialism is a little more

difficult to define than communism. It is a term of varying connotations and any specific definition may be an oversimplification. Its origins are somewhat diverse and its development dissimilar. As an economic system, however, and as the term is generally used today, socialism, like theoretical communism, aims at a more equitable distribution of wealth and avoidance of economic crises in a society. It is critical of capitalism. It envisions nationalization of at least a segment of the economy. To put it in a slightly different way, socialism expresses the belief that economic decisions must be made by the community rather than by individuals, that public ownership must supplant private ownership.

However, despite this similarity to theoretical communism, there are a number of dissimilarities which I think are quite significant. In the first place, socialism seems to be tinged, at least in its origin, with certain religious and moral overtones, whereas communism is rigorously materialistic and scientific. Men like Robert Owen, Saint-Simon, Francois Fourier, and Pierre Proudhon, nineteenth century advocates of socialism, were not so much concerned with governmental ownership and/or direction of the economy as were later socialists. They were concerned with man's relation to society and in some instances they urged the formation of small societal groupings in which a more communal type of existence could be practiced. But these societies did not dedicate themselves to the concept of rigorous materialism which communism represents. Even modern socialism seems to be more honestly concerned with the individual — his dignity, his worth, his freedom.

Socialism is evolutionary and constitutional in character, advocating legitimate methods for the attainment of its purposes, whereas communism is revolutionary. Socialists would advocate the formation of socialist parties and the winning of elections so that socialist policies may be put into effect according to legitimate constitutional processes of the state in which they operate. Socialism emphasizes gradualism and the piecemeal nationalization of certain segments of the economy, based on empirically verified criteria. Communism, on the other hand, insists on a sudden transition and almost complete socialization. For example, the socialist

would argue but those segments of the economy should be nationalized or socialized which are natural monopolies, or which are "sick" industries, or which are critical for national defense. Now, I am not suggesting to you, of course, that this represents a scientific measurement of whether or not a segment of the economy should be socialized. I am simply noting that there is a difference of degree here in terms of gradualism, in terms of the amount of socialization, and in terms of how it is to be accomplished. Socialists also tend to believe in the exercise of the power of eminent domain, and just compensation for property socialized. Communists, of course, favor expropriation without compensation.

Because of the ramifications for American foreign policy today in the existing global atmosphere I think it should be especially noted that socialism as an economic doctrine is not incompatible with political democracy. I call your attention to the situation in Great Britain where a socialistically inclined economy does not prevent the change of those in political power from Conservative to Labor and back, or even the de-nationalization of a nationalized industry.

The point is this. If we are attempting to woo uncommitted nations to our side, it may be an error on our part to urge the adoption of a free enterprise economy when their traditions or their particular economic circumstances at that time may make such a system unacceptable. Rather, we might do well to assist them in their own brand of economic development and help to foster political democracy and the advantages which it provides.

Fascism, as we have viewed it in Italy, in Germany, and in Japan tends to develop in areas of socio-economic dissatisfaction. Fascism typically develops in countries which have had some democratic experience, because it needs, generally speaking, the mass enthusiasm which democracy generates. It also tends to develop in countries with some degree of industrial experience.

Fascist doctrine is characterized, I would say, by the following principles. First, seizure or consolidation of power by force. Second, fascism is irrational and emotional. I think if you examine

the doctrine or read some of the fascist writings, you will be struck quite forcibly with the recognition that the appeals are not to reason. They are to emotion. Unfortunately, there is in each of us this conflict between emotion and reason in reaching decisions, and I am not at all convinced that even at this stage of our development, it is reason which is always dominant. Therefore the fascist in appealing to the emotions of the human being, particularly in a period of socio-economic distress, can well be expected to make converts. Inequality, to the fascist, is an ideal. We in a democratic society talk about the equality of men. The fascists say that inequality is really the best state of affairs, because then the superior types in the population, benefiting from the labor of the masses, can turn their minds to more important things. Fascism prescribes government by the elite and the leadership principle. There tends to develop about the leader an aura of infallibility; he can make no mistakes; he has mystical insights which the normal human being does not possess. Therefore, one can do no better than to hitch one's wagon to his star and be pulled along to Utopia. The individual under fascism is significant only as a cog in that total machine. It is the destiny of the state which must be pursued, and the individual's highest destiny is to serve the state in whatever capacity the leadership thinks is best. Fascism tends to be totalitarian. One party alone is tolerated, and control of the society is total. Lies and violence are the tools of the fascist trade.

Racialism and ultra-nationalism are a major part of the fascist doctrine. We all recall the Hitler emphasis on the Aryan race and I think you can visualize for a moment the Nazi propagandist telling the German people, "You are superior!" Nobody argues with this. If someone confronts you and says, "You know, I am firmly convinced you are the superior type," you don't deny it. You say to yourself, "Well, this fellow has fine insight; he was able to recognize my superior qualities." So the selling of racialism is not nearly as difficult as it might on the surface appear to be. Coupled with this racialism, the ultra-nationalism suggests that if a race is superior why then should it confine itself to the limited territory in which it finds itself. Further, if the fascists convince themselves

they are superior, naturally they would question the legitimacy of adhering to international laws made by those whom they consider inferior. They are a law unto themselves. Their destiny is all significant, therefore they launch an imperialist campaign of the type with which you are all familiar.

Economically, fascism is closer in some respects to our own capitalist society in that private ownership of the means of production and distribution tends to remain. However, as exemplified by the situation in Italy, workers, employers, and the professions are organized into groups or syndicates which are monopolistic in their own fields, and these groups are controlled by the government through an administrative agency.

The chief characteristics of capitalism are: private ownership by the means of production; free enterprise; specialization of labor; and a free market economy. By this we mean that price is a reflection of supply and demand, that there is freedom of production, choice of work, choice of investment, and consumer sovereignty. Actually, we have not had in this country a totally free-market economy. We have not had free enterprise quite to the extent that we sometimes lead ourselves into believing we have. But, nonetheless, on balance and on a comparative basis, I think we would agree that this is part of the philosophy and practice of the system.

Capitalism is further characterized by the profit motive and risk taking. The risk, of course, is the basis for the profits. Capitalism with its element of competition, emphasizes individualism and freedom, initiative, self-reliance, incentive, ingenuity and inventiveness. It also tends to develop a sense of responsibility though this is not always the case.

We have certainly noted in our experience certain shortcomings in the capitalist system — the business cycle, the monopolistic curtailment of competition and the regulation of prices, low wages, long hours, and poor working conditions at certain stages of our history. These shortcomings led to certain developments which I think must also be considered as part of capitalism today;

unionization and political organization — the movement of labor and farmers to protect themselves against the shortcomings; the paternalism of the welfare state which would include government control and planning by indirection; anti-trust laws; minimum wage and maximum hour legislation; interest rate and other financial manipulation by government designed to minimize the likelihood of depression or recession.

Despite this development of paternalism and despite this government control by indirection, my own belief is that the essential characteristics of capitalism which I outlined a moment ago still remain the dominant theme in America today, economically speaking. This, of course, is open to debate.

Going from capitalism's economic system to constitutional democracy I would like first of all to outline what I think are the precepts of constitutional democracy as a way of life, as something broader than simply a political process. You will note as I run very quickly through these, that the characteristics are somewhat opposing, that one, in a sense, seems to contradict another. This to me is the central theme of constitutional democracy. It is a system of balance, a system of moderation, a system of give and take, and I think these characteristics will illustrate that.

First, there is faith in fundamental law, faith in a belief that there are eternal verities — that there are concepts of right and wrong which are applicable in all situations. We express this faith in fundamental law, in part at least, in our written constitutions. This faith in fundamental law has been buttressed in our own evolution by the religious aspects of Calvinistic determinism. A second element is individualism, which immediately appears to contradict faith in fundamental law. Individualism suggests that man is master of his own destiny, that he is not buffeted by the winds of fate, that he is not held in a strait jacket, that he can forward his own well being. Yet paternalism, as I have described it, is, in turn, a check on individualism in the economic sphere.

Another characteristic is optimism on which I will not comment too much except to say that our frontier spirit and our frontier

development in the United States has tended to preserve the spirit of optimism in this country.

Then there is tolerance. I say this despite Little Rock and other incidents to which you can refer. By tolerance I mean tolerance in a broader sense as well as in a specific sense — the tolerance of difference of opinion. Unless you have such a tolerance it seems to me that democracy is impossible. Unless you are willing to let issues be settled by ballots rather than bullets you cannot have a constitutional democratic system.

Nationalism and internationalism are both characteristics of the American constitutional thought today. Nationalism, our allegiance to the country in which we live and our pride in its accomplishment — even to the extent of chauvinism, is balanced today by internationalism, a recognition that we cannot exist alone in a world of this kind. I think our current course of affairs in today's world indicates very clearly our shift from an isolation type nationalism to internationalism.

Finally, there is the idea of political democracy. Political democracy to me means two things: first majority rule or popular sovereignty, and second, limited government and the protection of minority rights. The tenet of majority rule does not give to the majority the right of persecuting the minority, and the precept of protection of minority rights does not give to the minority the right to stymie the decisions of the majority. The process of balancing these two somewhat opposing concepts is written into the constitution and woven into our political practice. I do not have the time to elaborate on that, but I think you are aware of such things as congressional action, the role of political parties, pressure groups, judicial review, the bill of rights, etc., which all play a role in balancing these two opposing themes which make up political democracy.

Having outlined what I consider to be the basic themes of these four ways of life or ideologies, let me turn to the potential areas of conflict between the systems. Mr. Dulles in November of 1959 said, "We oppose international communism for its creed and practices as irreconcilable with the principles of our faith." My con-

cluding comments may raise some question about that statement, and you may subscribe to whichever point of view you wish.

The following points indicate what I think Mr. Dulles was talking about when he made his statement. For the importance of economic factors — the materialism of communism, democratic capitalism avows that economic factors are only part of society's influences; religion, ideals, personal leaders, or other factors may also influence society's development. For communism's class antagonism, American democracy substitutes class cooperation. For the revolutionary tendencies of communism, democratic capitalism prescribes democratic, evolutionary change. For communism's public ownership, private ownership is the opposing capitalist view; for a rigidly planned communist economy, democratic capitalism urges instead a free economy with, perhaps, certain moderate controls. For the totalitarian dictatorship of the communist state, we have political democracy; for the repression and restraint of the communist regime we insist on the preservation of individual liberty.

In comparing democratic capitalism and socialism we might say that the conflict is essentially between the ideas of public and private ownership — between rigid planning on the one hand and control of the economy by indirection on the other. Beyond that we might note that there are certain possible criticisms of socialism from the capitalist viewpoint. These criticisms would include the possible loss of initiative under a socialist society; the potential inefficiency of public operation; bureaucratic domination and despotism if socialism becomes too prevalent; the loss of freedom because of the regimentation necessary to make economic plans effective; the increased taxation necessary to support public enterprise; and the illusory nature of a classless society as advocated by some socialists.

In contrasting democratic capitalism with fascism, we may note the following contradictions. Under fascism there is seizure and maintenance of power by force; under democratic capitalism democratic processes are provided. Irrationalism and emotionalism predominate on the one hand, rationalism and empiricism on the other. Fascist inequality as an ideal is opposed by democracy's be-

belief in equality before the law and equality of opportunity. Under fascism the state is all important; under democracy the state exists for the individual. Fascism's theory of government by a self-constituted elite is opposed by the democratic concept of a republican form of government. Totalitarianism on the part of fascism is opposed by limited government and party competition in the democratic society. Racialism and ultra-nationalism are opposed by tolerance and intelligent nationalism. Imperialism and opposition to international law are opposed by the belief in adherence to law. A corporation in economics is opposed by the idea of the mixed economy — a combination of free enterprise and paternalism.

In concluding this evaluation I would like to suggest a couple of ideas with which you may not totally agree. To my mind the potential and/or actual differences which I have just described do not necessarily make overt conflict or hostilities inevitable between these different systems. Even the communistic theme of world revolution or fascism's imperialistic tendencies may be neutralized or held in check when confronted with strength and determination. It should further be noted that in spite of these differences the United States has not totally shied away from peaceful dealing and relations with communist, fascist, or socialist states. We may disagree with them, but we deal with them out of practical political necessity. My point is that the differences do not lead inevitably to overt conflict. What is really at stake in international relations are matters of national self-interest and national self-preservation, and ideological differences need not affect these directly. But since nations are in a state of anarchy toward one another and each is the other's potential enemy, then ideological differences in the field of economics or politics may increase existing suspicions and animosities and make settlement of differences among states more difficult. Ideology is important in one other respect in the current global situation. In the attempt to appeal to peoples to follow one or another set of leadership, that of the western democracy or the eastern dictatorship, unless we can demonstrate and sell the superiority of our system, not only in theory but in practice, we may well fall behind and lose these people to the other leadership. Thank you.

BIOGRAPHIC SKETCH

Professor Emile B. Ader

Professor Ader received his A.B. and M.A. degrees from Tulane University, and his Ph.D. from the University of California. Following his duty with the U. S. Army in the European Theatre, he was an instructor in political science at Tulane University, and a teaching assistant in political science at the University of California. Since 1948, he has become a Professor of Political Science at the University of Tulsa.

Professor Ader has additionally served as an educational consultant to the Standard Oil and Gas Company, as Secretary of the Tulsa Committee on Foreign Relations, as Chairman of the Tulsa Committee for the United Nations, and as Cultural Affairs Officer to the United States Information Agency. He has also lectured to numerous civic and professional groups throughout the United States on matters concerning foreign affairs.

He is the author of *Students Workbook in American Government*, *American Government — National, State, Local*, and *The American Government Study Guide*. He has written many articles for educational, civic and professional publications.

At present, Professor Ader is on leave of absence from the University of Tulsa while serving as the Consultant in International Relations at the Naval War College.