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Keynesian Socialism

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Keynesian Socialism.

Keynes was not a Socialist. Nevertheless his economics have profound implications for Socialists. Keynes showed that if Capitalism is to be successful, it has to be managed: the "market", if left to its own devices will breed great depressions and widespread impoverishment. But once ^{it is determined that} ~~market~~ Capitalism ^{is well} ~~is well~~ ^{well} managed, the question of how and for whom ^{it is to be managed} ~~comes~~ ^{comes} to the fore.

We are now in an era when privatization is a meaningful and legitimate political movement. Under Reagan and Thatcher, and to a somewhat lesser extent in other countries, movements to get ~~the~~ ~~govern~~ diminish the government's involvement in the economy are potent political forces. The public involvement in ~~the~~ capitalist economy ^{seems} to be inefficient and many of the involvements have lost their reason for being.

A serious Socialist of the last part of the Twentieth Century has to accept ~~assimilate~~ the failures of the economic system put into place by Lenin and Stalin as well as the qualified success of the interventionist

Keynesian Socialism

(2)

capitalist economies over the last years since World War II ended. This means that Socialists have to return to the roots of Socialism, before there was an in place economy that was called Socialist, and ask what ~~that~~ a Socialist economy is to look like. ✓

The roots of Socialism as a philosophy and a political movement are in the democratic and egalitarian movements of the 18th and 19th century. The smashing of the systems of privilege and status, which disenfranchised and debased workers and women, was a prime objective. That property and property rights were part of the system of abuse, meant that inheritance of status and wealth was a barrier that had to be overcome. The new legal and organizational structure of the 19th and early 20th century, ^{the corporation} gave Socialists a problem ~~to solve~~, for while promoting the concentration of capital the corporation also seemed like it could be a model for the organization of a Socialist economy.

In the political arena, the Socialist parties often sought alliances with the small and independent business

men. In the United States, which had a significant and interesting socialist movement before World War I, the promotion of family farms and independent business was part of the Socialist program. Socialism did not have had a free before the Russia

not have only a homogeneous collectivist and command economy before World War I. In today's case, when we understand the ~~see~~ strengths and weaknesses of both market and non-market ways of organizing economies better than in earlier eras, we can start ~~with a~~ ~~new~~ ~~leaf~~

with ^{the} recognition that a socialist ~~state~~ economy will combine planning and markets, will have public and private enterprises ~~but~~ and is distinguished more by the ~~substantive~~ social and political ~~ends~~ ends it seeks than by the mechanical details of ownership of property.

Keynes, who was born in 1883, reached his maturity during the era when the liberal Whig establishment - to whom he succeeded as a young man - looked forward to and welcomed the spread of Democracy, the franchising of trade-union rights and enlightened legislation to protect workers. Poverty was to be eliminated by Prudence and enlightened legislation would one by one remove the barriers to democracy and equality. The first World War and the Great Depression that soon followed, threw that benign view into the dustbin. Harsh realities of war and depression - of new waves of repression - and of the clear sight of the tyranny of Stalin served to concentrate the mind: out of this dream of illusion and delusion ~~the General Theory was born~~

Keynes' General Theory was born. This was a theory that demonstrated the truth that capitalism naturally and normally would generate Great Depression; 1929-33 was not an anomaly and (2) that the process can be averted by a proper system of intervention and control

The essential element in the Keynesian system of intervention and control is the positive use of government spending and taxing to assure that sufficient

demand is generated so that a close approximation to full employment is achieved. When George Orwell, after his disillusionment in Catalonia and his recognition of the tyranny that Stalin had erected, explained why he remained a Socialist he wrote of the "hunting fear of unemployment" - "that is the lot of the working man. Keynes ~~is~~ the program that followed from the analysis of the General Theory believed that ~~to~~ it would lift this hunting fear, and therefore liberate the working class from the tyranny of Capitalism.

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In the Concluding Notes (Chapter 19) to The General Theory of Employment, Interest and Money, Keynes noted that his theory "was moderately conservative in its implications" - "for unless we succeed in establishing an aggregate volume of output corresponding to full employment as nearly as is practicable - then there is no objection to be raised against the classical analysis of the manner in which private self interest will determine what is produced, in what proportions the factors of production will be combined to produce it, and how the value of the final product will be distributed between them" [p 378-379 of GT]