

# The Theory and Practice of Democratic Socialism

Gerry Stahl

October 19, 1976

The theory of democratic socialism begins with Karl Marx. There were anticipations of his orientation and ideas throughout history and there were social movements heading in this direction already around before Marx published anything. However, it can scarcely be disputed that Karl Marx carried out the definitive analysis of capitalist society in a way that lay the basis for a theory of a post-capitalist (or a socialist) society.

Marx made two central points that I would like to talk about tonight: (1) Capitalist society is not ideally harmonious; rather, it is fundamentally contradictory. (2) Capitalist society is ideological; that is, it hides its true (contradictory) nature. These two characteristics of our society make the topic of theory and practice very complicated. The practice whose goal is democratic socialism aims at overcoming the contradictory nature of capitalism, retaining its progressive features while eliminating such features as inequality, poverty and racism. This practical task requires the aid of a theory because capitalism hides its own nature in such a way that it is not clear what changes must be made or how they are possible. Conversely, the theory that is required is also complicated because it cannot just summarize the way things appear to be in capitalist society. The theory must uncover what has been hidden. This can only be done from the perspective of a practice that wants to change the way things are.

Another source of complexity in our topic is the torturous history of socialist practice and Marxist theory since Marx: in Russia and China, in the welfare states, in America under McCarthyism, etc. I would like to ignore all these distorted versions of Marx's theory for a few minutes and ask you to forget all you've heard about Marx and socialism elsewhere. Then, after I am able to outline my interpretation of Marx's theory it will be important for us to come back and discuss informally these other interpretations. But it doesn't make sense to raise too many issues before I lay out some ideas that can provide a common basis for discussion.

I'll try to simplify my job further, without ignoring the topic's inherent complexity, by focusing on one moment of socialist theory, namely Chapter I of Marx's *Das Kapital* and one moment of socialist practice, namely that required by America at the present.

## Marx' Theory

Now, Marx's book is entitled *Capital* (that's the English translation for the German, *Das Kapital*), not Socialism. The theory it develops is an analysis of capitalist society. Yet, it is far and away the most important statement of socialist theory and is, in fact, avoided like the work of Satan by true capitalist believers. This confusing situation is due to the fact that for Marx social theory is the critical self-awareness of the members of a society. Marx's theoretical masterpiece is therefore simply an analysis of existing capitalist society, but from a perspective

that uncovers the shortcomings of that society. By showing how the real achievements of capitalism (the overcoming of feudalism, the industrial revolution and political democracy) could be carried much further than they have been, *Das Kapital* presented the theoretical foundation for a post-capitalist society—that is, a socialist society.

In the hundred years since *Das Kapital* appeared, capitalist society has gone through many changes. This has not, I would argue, altered its most basic structures; rather, it has obscured them more. The vastly increased state intervention into the economy has softened the effects of exploitation with public welfare and shifted the forms of corporate power. Meanwhile, monopolies have all but eliminated family-scale business from the realms of manufacture. At the same time, popular culture spread through the mass media has transformed the ways people view their lives and their society. Socialist theory has not kept pace with these changes. In America, in the welfare states of Western Europe and in the bureaucratic states of eastern Europe, theory has become simplistic, dogmatic and narrow-mindedly pragmatic. It is all but useless and it has failed to inspire real progress toward democratic socialism.

More than ever, socialist practice now calls for the development of serious capitalist analysis. Whatever changes the capitalist system has undergone from free enterprise to multinational corporations—and we can only fully appreciate the extent of these changes on the basis of a theory of capitalism—it seems to me that one key concept of a contemporary theory must be the “commodity”, as Marx analyzed it in Chapter I of *Das Kapital*. So I am recommending that—as a necessary part of our own socialist practice—we return to at least sections of *Das Kapital*. But, of course, we must do this theoretical work from the perspective of our practical position as members of advanced industrial society and as people struggling against the many oppressive features of our society. As a first step in developing a theory for today, let us follow Marx’s analysis of the basic social relation of capitalist society: the commodity relation.

## **The commodity relation**

A capitalist society is an exchange society, a market society. In all previous societies, exchange took place on the periphery of social life. The market occupied a secondary role in the prevailing economy. Previous societies were predominantly agricultural and the family, clan, tribe or whatever grew and built for itself most of what it needed without ever having to specialize and exchange. Gradually, during the feudal period in Europe, certain things like spices from the Orient and products of the guild crafts were traded for surplus food. Once begun, trade grew more and more important until today exchange predominates throughout our society. When things are produced for exchange, we call them “commodities”.

The predominance of exchange should be taken quite literally: all aspects of our social life are dominated by the consequences of commodity exchange. Karl Marx arrived at the conclusion that this fact is the essential starting point for any analysis of the logic of capitalism after years of intense and brilliant research. He therefore began his systematic presentation of capitalist society with a rigorous analysis of exchange in the opening chapter of *Das Kapital*. I would like to summarize that analysis now. To lay my cards on the table first, I’ll state the conclusion I’m aiming at, namely that Marx’s analysis of exchange yields the two central characteristics of capitalism: (1) production is socialized, it takes on a universal quality, while ownership is not

socialized, but remains private, and (2) social relations are hidden, or “fetishized”, they appear in a form which distorts their nature.

Let us return with Marx for a moment to the imaginary or logical origins of capitalism. Suppose you and I are private farmers in a pre-capitalist society. We are each self-sufficient, but in addition during the winter months I make some extra coats and you produce several hats and we agree before hand to exchange one coat for two hats. Then the value of my coat to me would be two of your hats: “1 coat is worth 2 hats.” Now, there are two senses of "worth" or "value" at work here. The coat’s value is in giving warmth; the hat’s is in protecting its wearer from rain, sun and wind. This we can call their “use value”. When I decide what to grow and make for myself, I set my priorities in accordance with the use values of the various possible products.

When I make my own coat, my goal is that coat’s use value. But, when I make a coat to sell to you for two hats, my goal is the use value of your two hats. In this second case, the value of my coat is determined relative to your hats. This value, which is realized through the process of exchanging the coat for the hats, we can call the “exchange value” of the coat.

In producing a coat for exchange rather than for my own use, something peculiar has taken place. The value of my coat is no longer its own use value, but the use value of your two hats. Conversely, from your vantage point, the value of the hats you produced is given by the use value of my coat, not by their own use value. Thus, we have: “1 coat is worth 2 hats” and “2 hats are worth 1 coat.” Of course, I can trade my surplus coats for anything that someone else has available for trade. Thus, in a market situation, we have such equations as: "1 coat is worth a pair of shoes," "1 coat is worth 3 chickens," "1 coat is worth an ounce of gold," etc.

Just as the first equation was reversed, yielding "2 hats are worth 1 coat", so can all these new equations be taken in the reverse order. Thereby, the values of shoes, chickens, gold, etc. can all be represented by the use value of coats. The coat would then be the universal medium of value. Shoes, chickens, gold and all other commodities that can possibly be exchanged on the market are equated to each other through their relationship to coats. The equations of exchange equate all commodities as embodiments of abstract exchange value. In our society, money plays the universal role that coats did in my little story. All commodities have an exchange value that can be stated in dollars and cents. They are all equated to each other in various quantitative proportions. Their various natural qualities, which were so important for their use value, are unimportant for commodities considered as abstract exchange values.

## **Capitalist society**

The model of exchange I have just outlined has several layers of significance. It reflects the general historical development of the international commodity market. It sets the stage for a critique of the ideology of free enterprise. And it provides a starting point for the conceptual analysis of the logic of the capitalist economic and social system in terms of use value and exchange value. In Marx's approach these three levels are intimately related.

We can already see what I stated as the two central characteristics of capitalism emerging as consequences of the analysis of exchange: production becomes universalized and social relations become hidden. In the process of exchange all commodities—no matter how different in physical qualities and use values—are made universally equivalent by having their value

determined by the same thing: money (or coats). This universal equivalence of all possible products of human labor, which may at this point seem to you to be merely a debater's trick, corresponds in fact to the division of labor in society.

Because all production has become equivalent, I need not produce a little of everything I need, but I can specialize in producing coats and exchange them for everything I personally need. Of course, the "choice" to specialize was rarely a matter of personal preference historically. When the feudal serfs were thrown off their land, they had little choice but to go into the cities and get specialized jobs. Through a whole series of developments and at a rate varying from country to country, a transformation took place from self-sufficient economic units (family, tribe, clan, estate) to specialized producers who were dependent upon exchange. By today, the division of labor has made production so interdependent and universal that my very technical work at the office enables me on my break to drink coffee grown in South America out of a European cup set on a place mat woven in Asia.

The division of labor based on exchange means that production is socialized. My own productivity at the office is only meaningful, only has use value, as part of the production of society as a whole. Its value to me is embodied in my coffee, cup and place mat which have use value to me, but which are related to my actual labor only through the total economic process of society.

What this in effect means is that we are all working for each other, all relying on each other for the necessities and luxuries of life. The original deal between the hat maker and the coat producer was, perhaps, a matter of convenience; now exchange is absolutely basic. Then, the makers of hats and coat recognized each other as human beings cooperating with each other. Now, however, the universal cooperation is hidden from our consciousness. This is the second characteristic of capitalist relations, in addition to their equating of all labor and all commodities. The problem is that the relation of use value to exchange value has been obscured. In that original, simple trade, we already caught a glimpse of the beginning of a confusion. The value of my coat was given in terms of the use value of your hats. By the time we get to the situation today, things appear in quite different terms. I have to get a job in order to earn money to buy the commodities I need and desire. It is not apparent that I am producing for other people's needs and they for mine. I relate only to my boss, who I must obey to keep my job and get a raise.

If I want to understand the relation of my work to my needs, my boss and other people, I will need a theory because these relations are hidden by the nature of capitalist exchange. The theory will have to analyze society as a totality because society has become an integrated totality as a result of the universalizing of labor and the equating of all commodities. The two characteristics of capitalism thus determine the nature of an adequate theory of capitalism such as the one Marx formulated.

## **The ideology of free enterprise**

The ideology of free enterprise is an alternative theory of capitalism. It does not, however, theorize society as a totality, nor does it conceive of capitalism as an historical result. It justifies, legitimizes or apologizes for the relation of worker to boss in terms of an exchange of equivalents. The worker supposedly exchanges his labor for its equivalent value in wages.

Marx criticizes this ideology by drawing upon the analysis of use value and exchange value. The boss (or capitalist) pays the worker at the exchange value of his labor, which is generally the subsistence level necessary to keep workers alive and productive. The capitalist gets in exchange the use value of the worker's labor: however much the worker can produce. Thus the exchange is not truly an exchange of equivalents. The difference between the exchange value and the use value of labor accounts for the capitalist's profit. The history and dynamic of capitalism centers on increasing this difference, both by holding down wage levels and by raising the productivity of labor through scientific knowledge, technical innovation, efficiency and repression.

To the guy on the street, getting a job seems as much a natural necessity of life as breathing. In Marx's theory, however, the economic relations of capitalism are a matter of historical development, not of natural or logical or moral necessity. Further, they are contradictory. The central contradiction of capitalism, hidden because capitalism hides relations and distorts appearances, is this: production is organized socially, but owned privately. A worker produces commodities neither for himself nor for a particular other person, but for society at large. His own needs are satisfied neither by himself nor by any particular group, but by society as a totality. Yet, the mechanism by which this all takes place is determined privately with the goal of maximizing private profits.

Let us take a hypothetical example. Suppose that our society has a housing shortage but it already has a surplus of bombers. And suppose that a corporation has money to invest in a new business, to hire workers and to purchase equipment for producing something. Now it just so happens that labor is much more productive in building over-priced bombers than in putting up houses that working people can afford. Clearly, the corporation will see that it can make more profit from bombers and it will lobby for a juicy military contract while ignoring the crying social need. So the priorities for deciding what will be produced for society are not directly related to social needs. Social exchange value may be very different from social use value.

## **The socialist alternative**

A socialist analysis of modern American society, based on the categories of Marx's critical theory approaches the problems of housing, energy, food, etc. in terms of the fundamental contradiction of capitalism's private ownership of public production. The decisions that affect the whole society are made on the basis of considerations of private profit. The crises of the cities and the environment, the wastefulness of the military and space projects, the reinforcement of racism and poverty, the continuance of unemployment and inflation can all be related to the conflict between the public and the private which defines capitalism.

"Socialism" means socializing the decisions that direct the social process of production, bringing these decisions into line with the process of production, which has already been socialized by means of the division of labor. This would be to carry out the potential already developed by capitalism and the industrial revolution, at the same time purging it of the conflict that distorts its appearances and its consequences. If decisions of production were based directly on social needs, social use values, then the relation of workers to society would become clarified. Further, workers could contribute directly to society according to their abilities and receive from society as a whole in accordance with their real needs. The difference between a worker's use value and his exchange value would cease to be significant. That would mean an end to the history of

exploitation. Further, there would no longer be the encouragement of false needs of consumers and of society at large, which presently promotes waste for the sake of abstract profits.

"Democratic socialism" means the democratic determination of production decisions to insure the meeting of social needs, which are agreed upon by public consensus. This does not involve nation-wide elections on every item in every factory budget. For one thing, decentralization of many decision-making processes would have to take place. Rather, I should think, an informed public would have to reach a general consensus as to social priorities. This would clearly necessitate a transformation in the role of the mass media, which already provide the required technology for communication. Then institutions would have to be established which truly enforced the interests of the public. Here formal democracy, extended throughout the economic realm and the productive process would provide the basis. By eliminating the conflict between private profit and social needs, much of the tendency to corruption would be eliminated.

## **Community and theory**

A post-capitalist society of a democratic socialist nature would differ from our society in innumerable and unimaginable ways. I will just suggest two ways I can imagine. (1) The universality of production will become a motivation and basis for community. (2) The democratic planning of society will entail a high degree of theoretical understanding of social problems and social relations. Today such possibilities are hard to imagine because they are so thoroughly blocked by the dominance of private profit, which privatizes interests through competition and atomizes the individual's self-consciousness into that of a passive consumer rather than a social agent.

These two necessary characteristics of a democratic socialist society are also required for bringing about the change from a capitalist society to such a post-capitalist social form. Community and theory are prerequisites for socialist change. A sense of community and an eagerness to work, live, study and struggle together are needed to overcome the self-centered attitudes instilled by capitalist social relations. A coherent mass movement is ultimately the only guarantee that leaders and representatives will act in the real interests of the majority. A theory that can guide the movement's understanding of the root causes of social ills and its awareness of forces which might co-opt reforms is also of obvious importance.

I would like to conclude by suggesting that, given the present circumstances of American politics, corporate power, ideological culture and sectarian leftism, the most immediate needs are for community and theory. The community and theory I have in mind are open, personal and alive, not repressive or dogmatic. They must incorporate much that is of irreplaceable value in the heritage of the past and relate it to a vision of the future that is firmly rooted in the actual present. I hope it is clear that this community and this theory can only arise out of a political engagement that confronts the capitalist reality with socialist ideals. But before there can be any question of assuming any form of political power, a long process of self-development must take place within the dimensions of community and theory. This process is the context in which I view this course at LaSalle.

Tonight I have tried to help you take a first step in the theory of socialism. Marx's analysis of commodity exchange stands at the start of *Das Kapital*, his theoretical masterpiece, yet it is

rarely discussed because it is so abstract. I hope my presentation can help you get through the difficult opening of *Das Kapital*. The rest of the book is filled with wit and historical illustration as well as theoretical brilliance and social insight. I hope that some of you will be encouraged to struggle with Marx's work, for I am convinced that it is still necessary for people interested in socialist alternatives to come to terms with Marx's analysis. In preparing for tonight, I have convinced myself to deepen my knowledge of Marx's theory. Perhaps we can work together on this in the future.

The other sessions in our course here will discuss possibilities for action in today's social and political scene. Working for social change in the kinds of ways to be discussed will either develop both serious theory and a sense of community or—and this is my point for tonight—or it can accomplish nothing toward bringing about a democratic socialist practice.

*[This was the first lecture in a course on democratic socialism taught by Gerry Stahl at LaSalle University in Philadelphia under the auspices of the Democratic Socialist Organizing Committee (DSOC).]*