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SOCIALISM: THEN AND NOW.¹
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In 1920 my grandmother, Hattie Kruger, ran on the Socialist Party ticket for Treasurer for the State of New York. In 1917 she was arrested by then President Wilson for protesting the War and also for protesting the Women's failure to have the vote. In 1916 she was the Socialist Party candidate for US Senate from New York, a predecessor of Hillary Clinton. My mother was born in 1919 and my grandmother stepped down from politics shortly thereafter. Yet growing up the Sunday dinner conversation was the contrast of my grandmother's German Atheistic Socialism and my Fathers Irish-Dutch Catholic Conservatism. It can be said I learned Socialism at my grandmother's knee.



My grandmother, Hattie Kruger, third from the right above, just before being arrested in Washington, DC².

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² See: [http://memory.loc.gov/cgi-bin/query/S?ammem/mnwp:@FIELD\(SUBJ+@od1\(+kruger,+hattie+\)\)](http://memory.loc.gov/cgi-bin/query/S?ammem/mnwp:@FIELD(SUBJ+@od1(+kruger,+hattie+))) some of the picket line of Nov. 10, 1917. Left to right: Mrs. Catherine Martinette, Eagle Grove, Iowa. Mrs. William Kent, Kentfield, California. Miss Mary Bartlett Dixon, Easton, Md. Mrs. C.T. Robertson, Salt Lake City, Utah. Miss Cora Week, New York City. Miss Amy Juengling, Buffalo, N.Y. Miss Hattie Kruger, Buffalo, N.Y. Miss Belle Sheinberg, N.Y.C. Miss Julia Emory, Baltimore, Md. **1917 Nov. 10 Summary:** Photograph of nine suffrage pickets standing single file along a tall lattice fence, with suffrage banners. Left to R: Catherine Martinette, Elizabeth Kent, Mary Bartlett Dixon, C. T. Robertson, Cora Week, Amy Jungling, Hattie Kruger, Belle Sheinberg, Julia Emory. Title transcribed from item. Cropped version of the photograph published in The Suffragist, 5, no. 95 (Nov. 17, 1917):

THE 1920 NEW YORK PLATFORM

The Socialist Party of New York met in 1920 to select a slate for the State offices. It was at this meeting that Hattie Kruger was nominated as Party candidate for New York State Treasurer. The platform of the Part at that time included the following³:

"1. Laws which empower municipalities to acquire land, construct dwellings, and rent them at rates adequate for upkeep and replacement but with no profit to eliminate the current housing shortage.

2. Establish a comprehensive system by which the State in conjunction with the municipalities can co-operative societies shall deal on a large scale in food and other necessities of life, buying directly from the producers and selling directly to the consumers at cost, thus eliminating the capitalist middlemen, stimulating production and diminishing the cost of living.

3. The rapid extension of State and municipal ownership and operation of transportation and storage plants of lighting and other so called public utilities and of industrial establishments beginning with those which are already most largely monopolized and those which have to do with the production of the prime necessities of life.

4. The conservation by the States of the forests, mineral deposits and sources of water power which it still owns, the reclamation of such as have been voted away and the exploitation of these resources by the State, not for profit, but for the production of raw materials and power to be sold at cost.

5. Legislation which will clearly exempt labor unions and farmer associations from prosecution under the so-called anti-trust laws, and will assure them the right of collective bargaining in the sale of their labor power and their farm produce respectively⁴.

6. Legislation guaranteeing labor the right to organize and strike, free from interference by the courts through the power of injunctions.

7. Repeal of the war emergency laws concerning military service and military training in the schools and repeal of the so-called criminal anarchy law, which has been demonstrated to be in practice a law for the suppression of free speech and for the promotion of spies and provocators (sic).

8. Amendment of the State Constitution and all of the laws of the governing municipalities in such a manner as to introduce the principal of occupational as well as

³ Taken from the New York Times, July 5, 1920.

⁴ There is a Marxian construct here regarding the sale of labor, as a unit of production. It seems that these socialists did not fully extent the issue of labor being the ultimate in all including profits. In fact they seem to want to eliminate profits totally.

geographical representation in legislative bodies and administrative boards; to introduce the referendum and power of recall, and to take away from the courts the power to declare laws unconstitutional."

In addition to the above seven points the Party also put positions out on the following:

1. Pledge the moral and financial support for the Jews suffering under pogroms in Poland, Ukraine, Hungary and Romania and calling upon the workers of America to do all in their power to prevent further persecution of the Jews.
2. Sympathy with and for the workers of Mexico and denounced the "attempts of American capitalists to force intervention.
3. Congress should affect an international conference to affect the freedom and recognition of the independence of Ireland, Haiti, Egypt and the Philippines. They specifically called for the immediate recognition of the Irish Free State.
4. Lift the blockade against Russia and the immediate recognition of the then current representative of the Communists as the legal representative of the Russian Socialist Federal Republic⁵.

To summarize, the Socialist Party in New York in 1920 had as the basis of its platform the following:

1. Ownership by the people the principle means of production including but not limited to food, utilities of all forms, housing, finance, and the like.
2. Empowerment of Unions to the maximum degree.
3. A strong anti-war position and also a strong anti-military position.
4. A strong natural resources conservation and management position where the State takes the principal role.
5. Once the new laws are passed, the Courts should be stripped of their powers to modify them.

As to foreign policy, the additional positions can be seen to say:

1. Support oppressed people everywhere.
2. Move rapidly to recognize and support newly independent governments, especially those opposing entrenched capitalist or otherwise oppressive overlords and/or occupiers⁶.

⁵ The Russian Socialist Federal Republic was the official name of what is now Russia under the USSR structure.

3. Recognize and support the Soviet Union.

4. Reduce or eliminate the international presence of the US military.

As we try to clarify the positions of the 1920 Socialist Party we can see with some clarity that it starts to look more contemporary. Although there were no set policies regarding education, taxation and income re-distribution, or health care, they were inferentially addressed by means of general statements as to improving the welfare of the workers and the control of all means of production by the state.

Unlike the Communists, there was no single philosophy as that of Marx for the Socialists, and it appears that each time they met, there was extensive discussion regarding the many issues.

CURRENT POLITICAL VIEWS

The current view of what socialism is can at times be confusing, again, because unlike Marxist Communism, there is not codex written and left unquestioned. It is a fluid ideology but has some underpinnings.

The best view of the various forms of government is provided in the late 1940s by Schumpeter. Schumpeter defines socialism as follows⁷:

"By socialist society we shall designate an institutional pattern in which the control over the means of production and over production itself is vested in a central authority - or as we may say, in which, as a matter of principle, the economic affairs of society belong to the public and not to the private sphere."

The essence of this is central control and that the sphere of influence over the means of production, whatever they may be, is in the public sphere not the private.

From a late twentieth century main line socialists we see a critiques of some of the many pre-conceptions. This is from Irving Howe. Howe has addressed three classic assumptions of Socialism and discusses how they are in error⁸. These are three key point and we state them as follows⁹:

⁶ One should remember that the Philippines was controlled and occupied by the United States at that time, Ireland and Egypt similarly by Britain and Haiti was also controlled and occupied by the US from 1915 thru 1934.

⁷ See Schumpeter, J. A., *Capitalism, Socialism and Democracy*, Harper (New York), 1975. p. 167.

⁸ Howe was born in New York and educated at CCNY. Since his CCNY days, Howe was committed to left-wing politics. He was a member of the Young People's Socialist League and then Max Shachtman's Workers Party, where Shachtman made Howe his understudy. After 1948, he joined the Independent Socialist League, where he was a central leader. He left the ISL in the early 1950s. As the request of his friend Michael Harrington, he helped co-found the Democratic Socialist Organizing Committee in the early 1970s. DSOC merged into the Democratic Socialists of America in 1982, with Howe as a vice-chair. He was a vociferous opponent of both Soviet totalitarianism and McCarthyism,

"1. The assumption that the proletariat would serve as the leading agency of social transformation. History has vetoed this idea....

2. the assumption that nationalization of industry would, if accompanied by a socialist winning in office, smooth the way for a new society. Significant socialist text can be readily cited that make it clear that nationalization is not necessarily to be taken as an equivalent or even pre condition of socialism...Serious problems have arisen in the operation of such industries, some of them due to the inherent difficulties of functioning by a calculus of profit while trying within an economy still largely capitalist to satisfy social goals.

3. the assumption that economic planning is a unique aspect or virtue of a socialist society, ensuring both justice and orderliness in economic affairs, such as unplanned economies are not likely to match. By now we have learned otherwise. Planning does not necessarily offer an encompassing method for the solution of socio-economic problems."

The third false assumption as Howe states it is an interesting one. He wrote this in 1977 and revised it in the mid 1980s. Thus in many ways it is reflective of the post 1960s radicalism and is also reflective of the generation of the teachers of the Baby Boomer generation, namely the initial indoctrinators. In contrast is the strong pro-central-planning ethos as advocated by Galbraith in his New Industrial State.

Now Galbraith states in his New Industrial State¹⁰:

"For most socialists the purpose of socialism is the control of productive enterprises by the society. For democratic socialists this means the legislature. None, or not many, seek socialism so that power can be exercised by an autonomous authority. Yet this is where power must reside."

Galbraith then goes on to analyze British Socialism post World War II and seek out its most favorable characteristics.

In the biography of Galbraith by Parker, the author presents clearly the major Theses of The New Industrial State. They are¹¹:

"Thesis 1: The giant corporation...is the characteristic organization of modern capitalism..."

called into question standard Marxist doctrine, and came into conflict with the New Left after criticizing their unmitigated radicalism. See http://en.wikipedia.org/wiki/Irving_Howe

⁹ See Howe, Irving, *Socialism and America*, HBJ (New York) 1985, pp 188-191.

¹⁰ See Galbraith, J. K., *The New Industrial State*, Signet (NY) 1967, p. 111.

¹¹ See Parker, R., *John Kenneth Galbraith*, Univ Chicago Press (Chicago) 2005, pp. 439-441.

Thesis 2: Shareholders, the nominal owners of the corporation, have little power over corporate decision-making...members of the "technostructure" ...have the power to shape culture, goals, and behavior...

Thesis 3: The members of the technostructure ... do not own blocks of stock themselves and disliking uncertainty....seek to reduce risks by giving up classic "profit maximizing" principles...in favor of growth with predictable profits...

Thesis 4: In lieu of classic "profit maximizing" the giant corporations pursue their ends of survival and independence by concentrating on steady but maximal sales growth, consistently predictable earnings...and insulation from ...interference (though not assistance) from government...

Thesis 5: Advertising...may serve the giant corporation, but it misdirects the collective energies and attention of citizens from the truth that the United States for the most part is already awash in affluence...

Thesis 6: The key resource of the modern economy....is the capacity to mobilize organized intelligence..."

The Galbraithian view, although it has taken many criticisms over the years, has certain merit. It also has insight into how we as an economy have gotten to where we are now and perhaps as to how we would progress forward. Let me make several observations regarding these six Theses.

1. The large corporations do indeed control certain sectors. Yet they have all too often become a partner with Government rather than its adversary. There is less of an arm's length between the corporations and Government than ever before. One can paraphrase Marcuse, and call this the One Dimensional Corporation; its interests are no longer necessarily orthogonal to Governments. One need look at the recent automotive bail out attempts, the Government financing of the banks, the financing of insurance companies, the closeness of regulators with the incumbent telephone companies and the like. In many cases this closeness is driven by campaign financing, by the strength and presence of the lobbyist, by the desire to seek and obtain mutual favors between Government and the incumbent industries. Thus in many ways the interests align and the controlling mechanism no longer functions.

2. Shareholders have no power. It all depends on which shareholders. In a large publicly held company, say like a Verizon or even a GM, and GE, shareholders are so diluted that they indeed have no power individually. In fact one would not want to have shareholders take any part in the decision making; corporations were set up legally to hire managers to do that exact task. However shareholders have some rights.

3. The financial motivations of large corporations are all too frequently directed a profit maximizing for management. Galbraith did not see the explosive growth in senior management compensation in the mid 60s. At that time compensation was rational, options were not given away so freely and the like. Then again the tax rates were confiscatory. In today's world the management does what it has to do to

maximize its own profit, and it does so with de minimis risk, at least the risk it can control.

4. The construct of all sales and growth being driven by advertising was an extension to the 50s book by Galbraith, *The Affluent Society*. This in many ways is consistent with the Marcuse view in *One Dimensional Man* that "repressive tolerance is generated by an economy based on planned obsolescence, an economy committed to the production of waste."¹² Like Galbraith, Marcuse sees that advertising generates false needs while suppressing the true needs, the needs that only the individual themselves could understand if only they were not bombarded by advertising.

POLITICS AND TELECOM

The Obama Presidency has proposed what it calls new positions in Telecommunications. We will look at them and use them as a platform to investigate the overall trend in the philosophical underpinnings.

The Obama positions have been stated as follows¹³:

"III. Deploy a Modern Communications Infrastructure

To realize Barack Obama's vision of an interconnected democracy, the nation deserves the finest and most modern communications infrastructure in the world. The technology sector has helped keep the United States at the center of innovation and the job growth and wealth creation that has accompanied it. However, while the United States once led the world in Internet deployment, the Bush administration has surrendered that leadership through its indifference to technology and its lack of understanding of the 21st century economy. By rededicating our nation to ensuring that all Americans have access to broadband and the skills to use it effectively, Barack Obama will position our citizens, particularly our young people, to compete and succeed in an increasingly technology-rich, knowledge-based economy.

Deploy Next-Generation Broadband: Barack Obama believes that America should lead the world in broadband penetration and Internet access. As a country, we have ensured that every American has access to telephone service and electricity, regardless of economic status, and Obama will do likewise for broadband Internet access. Full broadband penetration can enrich democratic discourse, enhance competition, provide economic growth, and bring significant consumer benefits.

¹² See Marcuse, H., *One Dimensional Man*, Beacon (Boston) 1964, pp3-12, 49-52. Also see Eidelberg, P., *The Temptation of Herbert Marcuse*, *Review of Politics*, Vol 31 No 4 October 1969, pp442-458. Eidelberg argues that it was with the publication of the *One Dimensional Man* by Marcuse that he became the voice for the New Left, the establishment of a new socialism but with a philosophy that there are no absolute and common standards and that everything is subjective and that the capitalist society denies people their needs.

¹³

See http://www.barackobama.com/pdf/issues/technology/Fact_Sheet_Innovation_and_Technology.pdf

Moreover, improving our infrastructure will foster competitive markets for Internet access and services that ride on that infrastructure. Obama believes we can get true broadband to every community in America through a combination of reform of the Universal Service Fund, better use of the nation's wireless spectrum, promotion of next-generation facilities, technologies and applications, and new tax and loan incentives. Specifically, Obama proposes the following policies to restore America's world leadership in this arena:

- *Redefine "broadband:" The Federal Communications Commission today defines "broadband" as an astonishingly low 200 kbps. This distorts federal policy and hamstring efforts to broaden broadband access. Obama will define "broadband" for purposes of national policy at speeds demanded by 21st century business and communications.*

- *Universal Service Reform: Obama will establish a multi-year plan with a date certain to change the Universal Service Fund program from one that supports voice communications to one that supports affordable broadband, with a specific focus on reaching previously un-served communities.*

- *Unleashing the Wireless Spectrum: Obama will confront the entrenched Washington interests that have kept our public airwaves from being maximized for the public's interest. Obama will demand a review of existing uses of our wireless spectrum. He will create incentives for smarter, more efficient and more imaginative use of government spectrum and new standards for commercial spectrum to bring affordable broadband to rural communities that previously lacked it. He will ensure that we have enough spectra for police, ambulances and other public safety purposes.*

- *Bringing Broadband to our Schools, Libraries, Households and Hospitals: Obama will recommit America to ensuring that our schools, libraries, households and hospitals have access to next generation broadband networks. He will also make sure that there are adequate training and other supplementary resources to allow every school, library and hospital to take full advantage of the broadband connectivity.*

- *Encourage Public/Private Partnerships: Obama will encourage innovation at the local level through federal support of public/private partnerships that deliver real broadband to communities that currently lack it. "*

The Obama plan, frankly in many ways see in parts in other Administrations, does raise a few key issues:

1. Universal Service: Universal Services is the mandate to provide services by any carrier to any person not individually financially able to obtain the service in the area in which they inhabit. The issues of political philosophy may seem a far cry from wireless communications but it is clearly in the middle of it. Any process which provides a service which the government is in the middle of will perforce have a political element and in turn an overriding political philosophy. We consider two philosophies and their implications. The first is the Rawls philosophy of John Rawls. His philosophy has three elements. The first is his concept of an Original Position. The

Original Position is that all governments are based on a “contract” between its citizens and that the ideal contract is one developed in a consensus between all its citizens that allow it and them to agreement on principles of government. This is like Rousseau and the Social Contract. It is a contract amongst and between the citizens and the government, one and indistinguishable. From this follows the two Rawls principles of justice; First Principle, each person shall have equal rights to the most extensive total system of equal basic liberties with a similar system of liberty for all, and Second Principle, social and economic inequalities are to be arranged so that they both, (i) provide the greatest benefit to the least advantaged, and (ii) attached to offices and positions open to all under conditions of fair equality of opportunity.¹⁴

One may say what this has to do with the Internet. Simply stated this philosophy controls access prices and who “must have” access. As to access prices, this is reflected in the Baumol-Willig theorem of access pricing. They have used the concept of Ramsey pricing, also known as second best pricing. This is a sub-optimal version of Pareto pricing. Pareto pricing is a pricing mechanism in the market whereby any change in one person to increase their welfare will not diminish the welfare of any other person. Thus something is Pareto optimal if I give you one more candy bar, that increase your welfare or happiness, and that their result of doing so does not upset anyone else. Hardly a reasonable assumption but a key basis of economic. The Ramsey scheme tries to balance welfare and profit. The Baumol Willig theorem states that we want to maximize the welfare of the populace while keeping the profits of the monopolies high. This is a classical example of an ad hoc propiter hoc theorem. Clearly the result is that we tax the people and subsidize the monopoly.

The other issue is how we measure welfare. If we are a Rawlsian then we measure welfare as the welfare of the least of us and not the average welfare. Rawls states that if we maximize average welfare then we disadvantage the least of us and this is not just. Thus as a Rawlsian we demand Universal Service. We must insist that all people have access to all service elements, whether it makes economic senses or not, we do so via wealth transfer.

Hopefully, this political theory should now not seem too foreign. Rawlsians favor the implementation of access fees and the implementation of Universal Service. Indeed, the true Rawlsian would impute Universal Service to even computer terminals as has been stated by Vice President Gore.

In contrast to the Rawlsian world is the classic liberal, now called libertarian view. It is more a combination of minimal government involvement and maximizing utility to the consumer. This is the philosophy of the utilitarian. Here we assume that government has a de minimis role and that the market follows of its own accord and that the market, in an Adam Smith fashion, will clear any inefficiency of distribution and pricing mechanisms. It assumes that each business should stand on its own stead and that utility is maximized on average. The result from the libertarian school, as opposed to the contractarians or Rawlsians, is the elimination of access fees and the elimination of universal Service.

¹⁴See Kukathas, Rawls, Stanford University Press.

2. Administrative Law Control - Socializing Private Corporations via Regulation: It is interesting to note that the classic course of studies in law schools consists of civil law and criminal law. There is an elective in the third year for Administrative law. Administrative law is that rapidly expanding body of law which consists of; (i) Congress enacting a law and (ii) a Federal Agency, such as the FCC, writing the regulations. The adjudication in an Administrative dispute had two avenue, they run sequentially. First one seeks a remedy in front of an Administrative Law Judge, sand jury, and if that does not work then one seeks to overthrow the whole Administrative Code in the DC Circuit Court, a costly procedure, but often viable. This when one deals with the world of Administrative Law control one can only do so as a well financed incumbent. This also creates an interesting dynamic or dialectic, namely the incumbents will seek to influence the writing of the law and the code, and then the incumbents, in an ersatz partnership with the Government use the Administrative Law process as barriers to entry for any entrepreneurial competitor. In effect the Government is part not only of the oversight of the company but can actually take part in the management and decision making.

3. Public Control and Operation over Business: As we have argued under the rubric of Administrative law, the Government in many cases takes de factor control over many business decisions, and furthermore strengths the dominance by incumbents, it also drives our innovation. The Government also seeks to set standards and set policy as we have discussed in an earlier White Paper.

4. Income Redistribution Via Taxation and Public Entities: The use of Universal Service to deploy broadband to rural or otherwise 'underserved" areas, with a service level that is "world class" is clearly a taxation and further it is in essence a form of income re-distribution.

ANALYSIS AND IMPLICATIONS

We have looked at a set of divers issues in this White Paper, Starting with early 20th Century Socialism, we then moved to the mid to late part of the century, and then began to bring this to the nexus of our capitalist system and corporate America. We then introduced the Obama Telecom plan, brief as it may be, but in so doing touched upon the issue of Universal Service and the expansion of Government power through Administrative law and outright execution of the business functions.

The following Table looks at a few key markers to determine Socialist positions. We have laid out general Socialist positions and then have listed the 1920 position and then the actions of the Bush and anticipate actions of the Obama administrations. It is clear that no one administration is to be accused solely, both appear to facilitat6e of will facilitate a strong list of positions almost resonant with most if not all of the 1920 positions.

<i>Principle</i>	<i>1920</i>	<i>2008</i>
Ownership by the People	Ownership by the people the principle means of production including but not limited to food, utilities of all forms, housing, finance, and the like.	Investments and ownership of: 1. Banks 2. Investment Banks 3. Insurance Companies 4. Auto Companies 5. Municipal Broadband 6. National Power (TVA, local power companies) 7. etc
Support of Workers and Unions	Empowerment of Unions to the maximum degree.	Non secret ballots to Unions, bailout of UAW in auto companies.
Low Level Defense and Military Support	A strong anti-war position and also a strong anti-military position. They opposed WW I and were jailed by Wilson.	Reduction in DoD Budgets. Opposed the Iraq War.
Support Conservation and the Environment	A strong natural resources conservation and management position where the State takes the principal role.	Actively support Global warming initiatives like Kyoto as well as increasing the EPA oversight and Administrative controls.
Provide for Health and Welfare of the People	Establish public housing and public food distribution as well as public health facilities. Health provided by State run neighborhood clinics.	National Healthcare system
Avoid Court Overrides of Legislation	Once the new laws are passed, the Courts should be stripped of their powers to modify them.	Select appointees to Supreme Court and lower Courts to match Legislative agenda. Use litmus tests.
Non threatening and supportive foreign policy	Support oppressed people everywhere. Move rapidly to recognize and support newly independent governments, especially those opposing entrenched capitalist or otherwise oppressive overlords and/or occupiers ¹⁵ . Recognize and support the Soviet Union.	Agree to meet and talk, work with national players, abandon pre-emptive war option (Bush Doctrine).
Foreign Military Presence	Reduce or eliminate the international presence of the US military. Includes leaving Haiti and Philippines.	Reduce or eliminate the international presence of the US military. Includes leaving Iraq.

¹⁵ One should remember that the Philippines was controlled and occupied by the United States at that time, Ireland and Egypt similarly by Britain and Haiti was also controlled and occupied by the US from 1915 thru 1934.