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A MIKE WALLACE INTERVIEW WITH MORTIMER J. ADLER

This is one of a series of Mike Wallace interviews, produced by the American Broadcasting Company in association with the Fund for the Republic for the purpose of stimulating public discussion on the basic issues of survival and freedom in America today.

WALLACE: Dr. Adler, since our interest tonight will center around production, industry, and money, I wonder if you'd tell me this: As a result of your studies, what kind of economic system in your opinion is most compatible with a free society?

ADLER: Let me begin by answering your question, Mr. Wallace, in terms of the meanings of freedom before I come to the economic substructure of a free society. In the studies we've made at the Institute for Philosophical Research in San Francisco, we have found that there are five major

conceptions of freedom, only one of which is relative to our present concern. Two conceptions of freedom are concerned with the kind of freedom that men would have in any society—under tyranny and despotism—under the worst conditions. And two conceptions are anti-political or unpolitical—they are notions that freedom is doing what one pleases, freedom without government, even opposed to government. Only one conception of freedom—that of political liberty—is the truly political conception, and it defines freedom as consisting in the participation in one's own government—that is, having a voice in one's own affairs—through the status of citizenship and suffrage. This kind of freedom, the political liberty of a citizen, which in a free society is the right of every man, can be economically sustained only by the widest diffusion in the ownership of the means of production—the kind of thing that our founding fathers, Hamilton, Adams, Jefferson, meant when they said that you couldn't make men citizens if they were dependent on the arbitrary will of other men for their subsistence. They envisaged a larger and larger class of small property-owners, a large middle class, with economic leverage against the powers of government as the essential bulwark of a republic. I think that must be restored today.

WALLACE: What might be called, then, a “purer” capitalism than the capitalism that we have?

ADLER: I would say capitalism as it does not exist and has never existed so far.

WALLACE: Attacks on the so-called socialization of the United States usually come from the political right wing in America. This right wing generally favors extensive Congressional investigations of alleged subversives, they favor some restrictions on the right of free speech for Communists, and so on. You say that we are going socialistic. Do you identify yourself with this militant right wing that I've just described?

ADLER: Heaven forbid! I regard that right wing as the most reactionary and subversive force of good government you could have in this country. That right wing would want to restore us to the kind of primitive, unjust, laissez-faire capitalism—the kind of robber-baron capitalism of each man for himself, devil take the hindmost—which does not conform to the idea of political liberty in the good life, in the good

society. On the contrary, the kind of capitalism I'm talking about is even more revolutionary than communism. It aims at all the good human results, the dignities of life, the de-cencies for all men, with one difference—it wants these things and freedom, too. Whereas the idealistic Commu-nist—the Utopian Communist—is looking for the condi-tions of the good life but can't understand how to get them without sacrificing individual freedom.

WALLACE: Who is leading us down the road to this socialism? You have said that our leading economists are doing it, that many of the policies of both political parties, Republican and Democratic, are increasingly socialistic. But this is a country of big business, of huge corporations, which are ostensibly defenders of free private enterprise. So on what do you base your charge that we are advancing toward a socialist state?

ADLER: Let me answer that question in two jumps. In 1848 Karl Marx outlined a program for bringing about socialism pro-gressively and peacefully, before the last violent stages of revolution. He talked about it as progressive inroads into the rights of property. He enumerated a set of steps and policies. Two or three years ago, John Strachey, the leading English Marxist, said Marx made only one error. He didn't see that this socialistic program could be brought about by due process of law and peacefully in both England and the United States, without any violence at all. According to Strachey's calculation, we're two-thirds along the way to a completely socialized economy.

Let me illustrate this another way. There was a time in the history of this country—in the history of all our Western republics—when taxation was strictly for the support of the government; that is, tax levels were adjusted to the cost of the government. No one would have thought of using taxa-tion and similar devices as a means of redistributing wealth. But you and I now live in a society in which taxation is largely not for the support of government but for the pur-poses of redistribution of wealth. We're living in an econ-omy in which the policy of full employment, the policy of unemployment insurance, and so on are benefits conferred upon people in order to give them the kind of economic se-curity that is necessary to keep the economy running, as well as to give them some measure of political liberty. These are the good aspects of the thing. What's wrong with

it is that by this socialization of our economy we are achieving, I think, the maintenance of some vestiges of private-property capitalism, though with increasing power on the part of the government.

WALLACE: We'll come to that in just a moment. Another of your key criticisms of the present economic system is the way wages are determined—what you call a “laboristic” distribution of wealth. What do you mean and what's so bad about it?

ADLER: Let me explain that by saying we're living in a technologically advanced—ever more advanced—industrial society. In that society the capital instruments are the major facts in the production of wealth. I would say, roughly, that capital is responsible for 90 percent of the wealth produced and labor for 10, or perhaps less than that, even. Yet 70 percent of the total annual wealth is distributed to labor in the form of wages and 30 percent goes back to capital. Capital's actual earnings are much less than what capital produces; labor's actual earnings are much more than labor actually produces. Human labor, manpower, and human skill are relatively constant things, and the increasing productiveness of our society is not due to the increasing productiveness of labor at all. It's due to the increasing power and productiveness of the major capital instruments.

WALLACE: Are you saying: “Labor is being paid too much”?

ADLER: Yes.

WALLACE: Who will buy the goods unless labor is paid?

ADLER: You are quite right, Mr. Wallace. That is precisely how we got into the jam, at the time of the New Deal, at the time of the various socializing legislations. In order to prevent Karl Marx's prediction from coming true—that a cycle of depressions would finally make capitalism collapse of its own weight—we had to adopt measures to increase purchasing power. We did it by policies of full employment and rises in the real wages of labor. Any economy with the increasing productiveness of our industrial society must have some way of seeing its purchasing power widely distributed because if purchasing power is distributed in the hands of a few wealthy persons, you simply have overproduction and underconsumption. Any economist has to see

widely diffused purchasing power. But shall it be produced—shall it be achieved—by wage levels beyond what labor earns or by having more and more families get larger and larger shares of their incomes not from wages but from the dividends on equity shares of capital that they own? What I want to see is a continually improved standard of living and a widely distributed purchasing power through the diffusion of the ownership of capital, not through artificially bolstered wage levels.

WALLACE: When Walter Reuther came up with a profit-sharing plan for labor just a few months ago, what was your reaction to it?

ADLER: I thought he didn't go far enough. Instead of asking for profit-sharing—which by the way is somewhat unjust, to ask for profit-sharing without the risks of capital—he should have asked properly for equity shares, for equity-sharing.

WALLACE: Isn't that what the Ford Motor Company offered the worker?

ADLER: It did, two years ago at the time Reuther was negotiating for a guaranteed annual wage. It offered him, as an alternative, shares of Ford stock before the stock went on the public market. Reuther turned it down. I've never been able to figure out why but I'm sorry to say that my guess is not complimentary to Reuther. My guess is—and I think this is true of many labor leaders—that they're afraid of increased ownership on the part of labor because it reduces the class struggle. Eventually the kind of capitalism I'm talking about would gradually liquidate all labor unions. Labor unions were necessary only when capitalism was in its primitive condition—labor had to fight for sound conditions of life. But in a good society you wouldn't have labor unions. In a classless society of capitalists you wouldn't need labor unions.

WALLACE: Is a classless society possible?

ADLER: I firmly believe it's the only free society. And let me say why I think so. In any society in which you have basic factions, particularly economic factions, you will have—as our Federalists saw—either a tyranny of the minority or a tyranny of the majority. This isn't much choice—they're both

tyrannies. You can only avoid the tyranny of the minority or the majority in the classless society.

WALLACE: But in a dynamic society isn't tyranny inevitable eventually?

ADLER: No. I don't think so.

WALLACE: Of course big business depends upon certain socialistic devices, too—government regulation of various industries.

ADLER: Sure, subsidy handouts. The handouts to capital are almost as bad as the handouts to labor.

WALLACE: Dr. Adler, are you simply recording history when you say what is happening—or are you recording history and then reacting to what is going on? What in your estimation is bad about all this? I wonder how many people watching us tonight, for instance, really worry about the so-called trend toward socialization. For instance, last month Congress voted a 7 percent rise in Social Security. Some people would call this a socialistic measure. Now do you think that you're ever going to convince a man who's worked all his life for a small income that increased Social Security is a *bad* thing for him when he retires?

ADLER: Not unless you give him something better. I agree with you. Certainly the large mass of working people in this country are much better off in 1958 than they were in 1928 or 1908 or 1898. And since they can't see how their present economic security and welfare can be achieved except through such socialistic measures, they're going to continue to vote them in. The problem is one of education. The problem is one of having them see that security can be achieved by their ceasing to be workers. This will have to happen anyway, because no matter what anyone tries to do we can't maintain full employment very much longer without an absolutely destructive inflation. We've got to realize that labor—I'm talking particularly about mechanical labor—in the major industries has to be gradually retired. We have to have an economy in which the people's incomes are achieved from other sources. Hence I think we have to have the people of the country understand that all the good things they've fought for and gained through the socializing of the economy during the last thirty-five or forty years

have to be retained and solidified by other means. And those means I would call the capitalistic means. Let me say one other thing, Mr. Wallace. Madison Avenue, you know, has a big hullabaloo about people's capitalism. The phrase is good for foreign consumption but actually, of course, we don't have people's capitalism in the United States. The idea behind the phrase—which was stolen from the Russian phrase, "people's democracy"—is a society in which, to use a slogan, "Every man is a capitalist." I think this is the ideal.

WALLACE: That's *your* ideal.

ADLER: Let me say why it's my ideal. Being a citizen and being a property owner go together. This has always been the case. The greatest of political theorists in the past understood that the kind of economic independence that men have through being owners of property is an indispensable condition or qualification of their being good citizens. We are the first society to extend its suffrage way beyond the diffusion of property. We've done it by securing the equivalents of property, which is all of our social security measures, all of our labor legislation.

WALLACE: This is property in itself.

ADLER: No, it's not property. It's power. In other words, the benefits are secured by power, not by property and by right. And you say what's wrong with that? The whole problem of freedom is one of the proper control of power.

WALLACE: Let's grant that we are moving away from absolutely free capitalism. It would appear that this is being done because the majority of our citizens want it that way. Now isn't there a concept of a kind of collective freedom, a social freedom, in which all the citizens vote freely and then the majority rules? And the minority of individuals have to accept this majority rule?

ADLER: The process by which we have moved away from what you call free capitalism—and what I call the wrong-minded laissez-faire capitalism of the nineteenth century—is a perfectly legitimate process. It is the process of democratic government majority rule, yes. The question is: Can the majority be mistaken in its own aims? Do men ever make the mistake of choosing the wrong means for the right

goal? I say our country, proceeding peacefully and by due process of law, is making a wrong choice, that the people are making a wrong choice for themselves.

WALLACE: What you complain about are injustices, and violations, and invasions of the rights of private property. When you attack socialistic measures, aren't you saying that these are incompatible with a free society, that they are based upon compulsion—government compulsion, mainly?

ADLER: Although I wouldn't deny that there is some compulsion involved, I think freedom is more endangered by the concentration of power that results. Let me use Russia as an example for a moment. In Russia you have the greatest possible concentration of economic and political power in the same hands. The managers of the economy are also the managers of the political machinery of the state. This to my mind is most inimical, most incompatible with individual freedom and individual right. Now in this country we haven't lost our freedom yet. I'm not seeing any bugaboos and scareheads around the corner at the moment. We have socialized our economy and still maintained our political freedom, as has England. The only thing I want to be clear about is that if the socializing trend continues, if (what I think is worse) the built-in inflation and the inevitable overproduction in our society continues, I think you will have reached the end of the road, and perhaps no longer than fifty years from now America will have a socialism that's as complete as in Russia. In which case, I think freedom will be lost.

WALLACE: Here is where you would seem, possibly, to contradict yourself. You claim to be a champion of capitalism and free enterprise, but you say in your book that the only way to achieve this free enterprise is with a series of powerful government controls. To list a few: greatly expanded use of present corporate income taxes, government regulation of business corporations, heavy gift and estate taxes in many cases, even a sharply progressive income tax. It seems to me that this is a certain kind of socialism over again. Is it not self-defeating?

ADLER: No, no. I've thought about this particular question. You heard me say three or four times that capitalism must not be confused with laissez-faire. The capitalist society is not one in which you have no government regulation. There are two

differences. One is the difference between government *regulation* of the economy, like government regulation of traffic, and government *operation* of the economy. The government should not be engaged in the production of wealth or in the distribution of wealth, but it should regulate—in terms of the principles of justice—the ownership, production, and distribution of wealth. Secondly, government regulation can produce either socialism or capitalism. I say that if in the transition—and I'm talking about a revolutionary transition—towards the kind of capitalism I have written about, you have government regulation, it tends to liquidate itself, because at the end of the line, when you have capitalism in existence with a large, almost universal ownership of the means of production, you have a John Adams and Alexander Hamilton picture of a society in which you have not a large middle class but a whole middle class, a single middle class, if you will, of property-owners, who have extraordinary independence of government by the very rights of property. In other words, government regulation for the sake of promoting capitalism is government regulation for the sake of freedom.

WALLACE: Recently, George Romney, who is the head of American Motors, called for legislation that would prohibit any corporation from capturing more than 35 percent of a given market in its particular field. This, says Mr. Romney, would encourage free enterprise and competition. Would you agree with this kind of regulation—not the 35 percent part, necessarily, but the principle?

ADLER: I would certainly agree with the principle. In fact, government regulation is absolutely necessary to maintain freely competitive markets. You remove government regulation and you get monopoly within ten years. You can't maintain free and competitive markets except by regulation, by the prevention of monopolies of all kinds.

WALLACE: But a man makes a better brand of motor car, a better brand of toothpaste or television set and the public flocks to him of their own free will. You are saying that if he gets too much of that market, knock the public off—don't let him get more than 35 percent. Certainly this is no freedom.

ADLER: I'll tell you why it is—but let me leave out the 35 percent, though, because that's a figure I can't be sure I understand. I think perhaps the difference between you and me at

the moment is that by freedom I don't mean unlimited freedom; I don't mean license; I don't mean doing what you please. By freedom I mean freedom within the framework of justice and of rights. That is, I do not believe freedom should permit anyone to get anything he can get unlimitedly. For example, *The Capitalist Manifesto*, which Louis Kelso and I wrote, holds very firmly to the proposition that there should be some limitations on the concentrations of capital ownership. Why? Because every man has a right to earn a viable income for himself and his family by the industrial means of our society. If you have a highly concentrated ownership of capital resources, that right is infringed. I'm quite willing to limit the freedom of a man to become a multi-billionaire in order to see that human rights are protected, and I do not think this is really an infringement of freedom at all, unless one means by freedom the right to do anything one pleases. And to me this is a false meaning of freedom, or certainly a false meaning of political liberty.

WALLACE: There are some people in this country who take a much stronger stand than you do. They say that government has no right to interfere with anybody's private property for any reason, that the only function of government should be to protect its citizens from aggression.

ADLER: I think the whole function of government is to do justice—in the words of the Declaration, “to secure these rights.” The function of government, when you understand what man's natural rights are, is to secure these rights.

WALLACE: I think you would agree that capitalism is a competitive, aggressive system which considers material benefits and progress as important to mankind. Can any system accept capitalism which also accepts Christianity?

ADLER: That's an interesting and difficult question, Mr. Wallace. I would think that capitalism and socialism both, insofar as they are organizations in an industrial economy, are, shall I say, inconsistent with the spirit of Christianity. Or put it another way: the ideal Christian life is more difficult to live in a modern industrial society than it was in a less affluent, less opulent, less materially well-off society. I don't think it makes much difference really whether that modern industrial society, with an abundance of wealth—affluent in the sense in which Kenneth Galbraith uses the word in his book, *The Affluent Society*—is organized in a capitalistic or

a socialistic fashion. Christianity is a more difficult life, a more difficult preachment in our modern world than it was in conditions of poverty and hardship. I don't mean it's impossible, by the way. Let me say one other thing. I think capitalism, as I understand it, is quite compatible with the pagan ideal of a virtuous and good life and less compatible with the Christian ideal of a virtuous and good life, because the pagan ideal was based upon worldly goods and worldly achievements.

WALLACE: You are not suggesting that you are anti-Christian?

ADLER: No. I just think there's a problem here.

WALLACE: You're giving lip service to justice . . .

ADLER: Lip service? Why do you say I pay lip service to justice? I pay service to justice.

WALLACE: All right. You pay lip service and service and actual service to justice in your writing. So indeed does Christianity pay lip service and service to justice and yet you find yourself at odds with Christianity to some small extent.

ADLER: May I distinguish here? The basic principle of Christianity is not justice but charity. Charity—real charity in the sense in which St. Paul says “Faith, Hope and Charity . . . and the greatest of these is Charity”—is outside the secular order. It is a theological virtue, a spiritual virtue, and in my understanding of Christian theology not possessed by any one without God's grace. This is beyond the province of political and economic organization. Justice is a rational matter, a rational principle. Even if there were no God and no religion, even if man were a purely natural thing with no Creator or supernatural order, there would still be principles of justice. But there would be no principles of charity without God. It is only, in some sense, through God's love and man's love of his fellow-man through God that one has charity, and that's the essence of the Christian life, not justice.

WALLACE: What do you believe is the wave-of-the-future political economy?

ADLER: I have believed for many years that de Tocqueville's prophecy is right—that the future belongs to the classless

society of men living under conditions of both economic and political equality, the free and classless society that could be brought about by economic and political democracy. I really feel the future belongs to democracy as an ideal which will be progressively achieved in the next hundreds of thousands of years.


WALLACE: What kind of democracy do you talk about?

ADLER: A democracy which involves constitutional government, government by law, the universal suffrage of giving each man the equal dignities of citizenship, the political liberty that goes with it, and—added now—the economic independence of property.

WALLACE: How do you account, then, for this momentary aberration in the other direction?

ADLER: Because we have seen in the last hundred years the most extraordinary revolution in the conditions of our life through industrialization. Neither socialism nor capitalism could possibly have existed over a hundred years ago. The revolutions of our time ultimately take their origins from technological changes, the changes in the actual means and conditions of production. We are living in the first society where there is enough wealth to be distributed. We are living in the first society where it is possible to say that every man can be a capitalist.

WALLACE: And so we haven't really learned how to use . . .

ADLER: We haven't begun to solve the problem our society creates for us. 

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The Fund's Study of the Free Society

The major program of the Fund for the Republic is a study of the basic issues underlying a free society. This study is directed at clarifying fundamental questions concerning freedom and justice that emerge when the forms and principles developed by eighteenth century America meet the ideas

and practices of today's highly developed industrial society. One of the aims of the study is to widen the circles of public discussion of these questions. It is for this reason that the Fund is assisting in the presentation of the Mike Wallace Interviews.

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