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CAPITALIST EVOLUTION IN THE LIGHT OF KEYNESIAN ECONOMICS[1]

By NICHOLAS KALDOR

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It was a great pleasure for me to receive an invitation to give a lecture to the Ecomics Faculty of the University of Peking. I feel greatly honoured by this invitation, which provides an opportunity for me to contribute to furthering the free communication of ideas among the different parts of the world. I am on a sabbatical year's leave from the University of Cambridge and since leaving England have already given a series of lectures at the University of Delhi and also lectures at some other Universities. After leaving China I shall deliver some lectures at the Waseda University of Tokyo, and before I return to Cambridge I shall also fulfil lecturing engagements at the Universities of Columbia and Harvard in the United States. The very variety of the ideologies prevailing in these different Universities provides a challenge to attempt to reduce differences in modes of thought by the common intellectual process of logical reasoning.

Nothing brings home to one so much the need for mutual understanding between different peoples as a journey around the globe by air. It shows how small our planet has become on which we all live. It is inevitable that for a long time to come the world shall be divided between two political systems, or two ways of life, of the Communist countries and of the capitalist countries, of the "old" and of the "new" democracies, or whichever other expression we may prefer to employ in this connection.

Nothing but good can come from attempts to learn to know and to understand each other's points of view. Whatever the differences, we simply cannot afford to be ignorant of each other's thoughts, ideas or situations. For it is a basic trait in the human character that ignorance breeds fear, and that fear breeds hostility. I am very grateful therefore to have been given this opportunity to promote the free communication of ideas. I am very fortunate also in having found such an admirable interpreter in Professor Hsu, a friend and a graduate of my own University. As an interpreter he may have to explain to you ideas with which he may not be in agreement. If so I hope he will express his own views in the subsequent discussion.

Considering how near we are to each other geographically it is remarkable how ignorant we are as regards each other's situation and prospects. In my own country there are many people who sincerely believe that the people of China labour under a sense of frustration and oppression, and live under extremely harsh economic conditions. Although I have only been here for a short time it did not take long to discover that all this is nonsense. Even if one cannot speak the language one can look into people's eyes; one can observe how people work, how they move around and how they behave generally; and it seems evident to me

[1] A lecture delivered at the University of Peking on 11th May, 1956.

The author is indebted to the Dean of the Department of Political Economy of Peking University for permission to reprint this lecture.

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that the people of China do not feel oppressed and miserable — on the contrary, they are experiencing a great outburst of national energy and vitality, and they set about the task of economic development with zeal and enthusiasm. In fact, as far as I can see, nothing can stop China from becoming in a generation or so, one of the greatest powers, and from developing her human and material resources to the point where the standard of living of her 600 million inhavitants — who by that time will more likely number 1,000 millions — will approximate to that of the most advanced countries of the world.

My purpose here today however is not to talk about China but about the capitalist countries. For my feeling is that the misconceptions prevalent among you concerning the state of affairs in capitalist countries are of the same order as those which exist in the capitalist countries concerning China. I may be wrong, but I certainly received the impression since I arrived here that it is widely believed that in capitalist countries there is stagnation (or worse) and not progress; that the standard of living of the masses is falling and not rising, and that the capitalist countries are inevitably heading for some tremendous economic crisis —that the capitalist system of the Western countries must inevitably collapse sooner or later under the weight of its own inherent contradictions.

If these views are held, I am sure that they are false. In the successful capitalist countries of Western Europe and North America — in the countries that is to say, where the capitalist system has successfully replaced the precapitalistic modes of production—the total level of production, the general standard of living of the workers is rising year by year, and has been rising for at least the last hundred years or so. In fact the rate of improvement of the last decade was at least as great, if not greater, than the average rate of improvement in the previous nine decades. It is true that in a capitalist economy economic progress though continuous, does not occur in a smooth manner from year to year—it is subject to fits and starts, to periodic fluctuations known as the trade cycle. But the most important feature of capitalism which distinguishes it from pre-capitalistic societies is its technical dynamism, the continuous improvement in methods of production as against the unchanging techniques of peasant cultivation and handicraft production. Not all countries experience this process of a successful capitalist evolution—in many areas of the world, like South-East Europe, the Middle East, most of Asia and the greater part of Africa and Latin America, capitalist development has never got properly going and the capitalist sector remained confined to a small segment of the economy. It is certainly a most intriguing subject for inquiry (but one which cannot be gone into here) just why the capitalist mode of production spread so fast in some societies and not in others.

It is true that even in countries where the stage of capitalism has successfully established itself, capitalism does not necessarily secure the full employment of labour, even though it does tend to raise the earnings of workers in proportion to the rise in output per man. In fact the proportionate rise in productivity and in real wages, the historical constancy of the relative shares of capital and labour, is one of the remarkable features of capitalist evolution. Contrary to Marx's own analysis, in developed capitalist societies the real earnings of workers tend to rise automatically with output per head. This rise in the standard of living of the working classes does not in itself imply a reduction in economic inequality: for the richesse of the biggest capitalists rises at least as much as the general standard of living. There is no automatic tendency towards a more equal distribution in the ownership of property in the course of economic progress.

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Unemployment, fluctuations, and growing concentration in the ownership of property, are not, however, in my opinion, inevitable features of capitalist evolution. Thanks to the work of some economists and notably to Keynes, we know far more about the mechanics of capitalist evolution than we did even a decade or two ago; and we are now in a position to mould it, by suitable public controls, according to a desired pattern. Western Socialists like myself believe that men can control the endogenous forces of human society in much the same way as through science we can control the forces of nature. We believe that with suitable controls we can secure continuing full employment, a steady development of productive forces and the gradual reduction in economic inequality at the same time—without any sudden or revolutionary change in social and political institutions which could be viewed as a liquidation of capitalism.

The view that the progress of capitalism involves ever widening economic crises and that the system must finally collapse was not of course derived from empirical observation—it could not have been. It is based on the theoretical analysis of the workings of capitalism by Marx, which was elaborated mainly in the sixties and seventies of the last century. Perhaps I ought to make it clear at the start that I myself regard Marx's economic theory—which itself was a further development of Ricardo's model — as an extremely powerful tool for analyzing the mechanics of capitalism at the stage of transition from a pre-capitalist to a capitalist society. Where Marx and I differ—if I may use such an expression without undue irreverence — concerns the latter evolution of capitalism, after the transition from the pre-capitalist to the capitalist stage had been completed. In my view Marx's predictions concerning this were mistaken in some very important respects. It is true that one of his predictions—concerning the increasing concentration of production in the hands of a few large concerns—proved accurate. But his associated prediction that this process involved the steady crystallization of society between a small class of exploiters and the vast mass of the exploited, accompanied by the steady worsening of the living conditions of the working classes – the so-called "immiseration of the proletariat"—proved wholly inaccurate. The standard of living of the proletariat in the course of capitalist evolution has not fallen but has substantially risen. In countries like the United States or Britain, or the Scandinavian countries it has trebled or even quadrupled since Marx's day — especially if hours of work as well as earnings are taken into account. It is no accident that the revolution leading to the dictatorship of the proletariat has come about not, as Marx predicted, in the countries of the most advanced stage of capitalism, but in countries where the capitalist mode of production has not properly established itself. On Marx's theory it should have been inevitable that the proletarian revolution should first arise in the countries of Western Europe and North America, and not in Russia or China.

Just what is the explanation for these developments ? It is not sufficient to appeal to historical facts in order to refute a theoretical scheme. We want to know why things happen in a certain way and why they do not happen in some other way—in the way in which Marx predicted them. Without a theoretical scheme which is capable of explaining historical developments we are merely groping in the dark; and are unable to assess the true significance of the factual criticisms that can be brought against the Marxian analysis.

My purpose in this lecture therefore is not to criticize Marx but to present to you an alternative theoretical scheme concerning the laws of evolution of capitalism which is based on Keynesian economics. In order to show just where the important difference between

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the two kinds of theory lies, it is best, I think, to start with the Marxian scheme with which you are already familiar and to focus attention on the precise points at which the two theories part company.

Let me therefore start with a resumé of Marxian theory. I think the three most important features of Marx's theory of capitalism are as follows :

(i) that the wages of labour are determined by the cost of reproduction of labour—the necessary minimum subsistence of the labourer—while the surplus of production over this minimum or subsistence-consumption accrues to the capitalist in the form of profit. Profit is thus a residue between output per man and minimum consumption per man;

(ii) that the supply of wage labour in the market always exceeds the demand for wage labour; the excess being the reserve army of labour which is essential to the functioning of capitalism;

(iii) that as a matter of competitive necessity (at any rate in the competitive stage of capitalism) the profits of the capitalist are largely re-invested or devoted to accumulation for a capitalist who does not continually re-invest his profits and thereby expand the scale of his business, will fall by the wayside in the competitive struggle.

The share of profits in output is thus determined by "surplus value"— the difference between the product of labour and the cost of labour. Thus if a worker required four hours work to provide for his own subsistence and the length of the working day is 10 hours, the ratio of profits to wages is as 6 : 4. Or, writing P for profits, Y for total income (or production), C for the subsistence cost of the labourer, L for the labour force, and SV for surplus value,

$$SV = Y - CL$$

$$\frac{P}{Y} = \frac{SV}{SV+CL} \quad \ldots \quad (1)$$

CL being identical with the "variable capital" of the community.

Marx regarded the co-existence of (ii) and (iii) as one of the basic contradictions of the capitalist system—the search for more profit destroying the basis on which the profit system is built. This is because the demand for wage labour depends on the accumulation of capital. As capitalist enterprise expands through accumulation, both the demand for labour and the supply of wage labour expands, the latter on account of the break-up of pre-capitalistic units of production. But in time as accumulation proceeds faster and faster, the demand for wage-labour must also increase faster and faster; hence it must sooner or later over-take the increase in supply, and thereby extinguish the "reserve army". When this happens, wages rise and profits fall since the factor which previously tied wages to the subsistence level—the excess of job-seekers over the number of jobs available—is no longer present. When the capitalists are obliged to bid against one another in order to obtain labour, wages rise and profits are wiped out. This causes a crisis which goes on until the reserve army is restored again through the adoption of more labour-saving methods of production —through a "higher organic composition" of capital. The existence of a reserve army is thus essential to the preservation of profits. If the demand for labour exceeds the supply

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of wage labour there is nothing in Marx's theory to prevent wages from rising until profits are wiped out altogether[1].

It is at this point that Keynes' analysis leads to fundamentally different conclusions. Granted that in times of labour scarcity—and particularly when different employers are in keen competition with one another—wages must rise in money terms, this does not mean that they will rise in *real* terms—in other words, that the rise in money wages means an equivalent reduction in profits. It is, in my view, one of the chief merits of Keynes' analysis to have shown that money wages and real wages (or wages expressed in terms of the product, or as a share of the product) are determined by fundamentally different conditions. It is only the level of money wages which is directly influenced by the relative scarcity or abundance of labour in the labour market. The level of *real* wages is determined by quite different forces and in times of labour scarcity (or full employment) it must be determined by the condition that the total demand for commodities of all kinds must neither exceed nor fall short of the total supply of commodities of all kinds. Or, to put the same proposition in different words: real wages must be such as to make total expenditure of both the capitalists and the workers neither greater nor less than the total supply of goods available to meet that expenditure. In a sense capitalists and workers compete for the available commodities; but while the workers' expenditure is mostly on consumption, the capitalists' expenditure is partly on consumption and partly on business investment, or accumulation. Capitalists are in an advantageous position in that they posses purchasing power which is large relative to their expenditure in a period, whereas the workers' reserve of purchasing power is small or non-existent. The capitalists' expenditure may therfore be entirely independent of their current receipts or earning—at any rate the connection between the two is far less rigid or direct than is the case with the income and expenditure of the workers. Workers always spend more if they earn more, and vice-versa, are forced to spend less when they earn less. Hence when wages rise in real terms (and profits correspondingly fall) the total demand for goods rises— since the workers increase their *real* expenditure side by side with the increase in their income, whilst the capitalists' expenditure is not automatically reduced with the fall in their real earnings. Similarly when wages fall in real terms and profits rise, the total demand for goods in *real* terms is reduced since the reduction in the workers' demand for commodities is not automatically compensated by an equivalent increase of the capitalist's demand for goods — since the latter was in any case not confined or limited by their current earnings. It can be easily seen therefore, that in any given situation there must be some division of the product between wages and profits which makes the total demand for commodities equal to the total supply. If wages are higher than is indicated by this division, demand will exceed the supply, and prices will inevitably rise in relation to wages, and thereby reduce wages as a share of output or income. Similarly if wages were lower than this, the demand would be short of supply, prices would tend to fall and the share of wages in output would rise. Under conditions of full employment the relation of prices and wages must always be such as to prevent either an excess or a deficiency of total demand over total supply. Another way of putting the same proposition is to say that since capitalists' ependiture is (relatively) independent of their current earnings whilst the worker's expenditure depends on them, capitalists as a class will in fact earn what they spend, whilst the workers spend what they earn.

[1] Adam Smith in the *Wealth of Nations* came near to stating an essentially similar conclusion. Cf. Book I, Ch. VIII.

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The capitalist's expenditure as mentioned before is of two kinds: expenditure on investment (for purposes of business expansion) and expenditure on personal consumption. Keynes' analysis of the multiplier has shown total income as the outcome of two factors, investment outlay and the propensity to save. The same analysis can be applied to the determination of total or real income and output if the distribution of income between wages and profits is treated as given, or to the distribution of income between wages andp rofits, if total real income or output is treated as given. If we assume for simplicity that the working classes' expenditure is equal to their income (i.e., that they neither accumulate property through current savings nor draw on past savings to supplement their expenditure on consumption out of current earnings) the determination of the share of wages reduces to the simple formula:

$$\frac{P}{Y} = \frac{1}{1-c}\,\frac{I}{Y} \qquad \ldots \quad (2)$$

where the terms : P Y and I stand for profits, income and investment expenditure respectively and c for the proportion of income spent on consumption. Since the sum of consumption and saving equals income, this formula can also be written in the simpler form.

$$\frac{P}{Y} = \frac{1}{s}\,\frac{I}{Y} \qquad \ldots \quad (2a)$$

where s stands for the proportion if income saved.[1]

On this analysis the share of profits (and thus the share of wages) in income is determined once the ratio of investment to output, and the capitalists' propensity to consume (i.e., capitalists' consumption as a proportion of their income), are known. For the ratio of investment to output we have however yet another equation :

$$\frac{I}{Y} = Gv \qquad \ldots \quad (3)$$

where G stands for the (average) expected rate of market expansion (of businessmen) and v stands for the ratio of capital to output, i.e., the amount of investment required per unit of output capacity, expressed as a multiple of annual output.

[1] If the workers' savings are not zero, but are either positive or negative the formula is more complicated without however making any essential difference to the analysis so long as the savings of workers, expressed as a percentage of wages are small in relation to capitalists' savings as a percentage of profits. I use the terms "profits" and "wages" in an inclusive sense, to embrace all forms of income from property and from work, respectively. There are some forms of income from property which are not the profits of enterprise (such as interest and rent) and which are best treated as a deduction from the total profits of enterprises. Similarly not all incomes from work are wages: there are, e.g. the salaries of the executive personnel and professional earnings. So long however as the category of mixed incomes (where the element of income from work and from property is of equal weight) is relatively unimportant, no significant error is introduced by the simplification of regarding all incomes as belonging to one of these two categories. (From the point of view of the particular theory that we are discussing the most important difference between property incomes and wage incomes lies in the fact that in the one case the total purchasing power at a person's command is greatly in excess of his total expenditure in a particular period, whilst in the other case it is not.)

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In other words assuming that the technical relationship between the value of capital and output— the amount of capital required per unit of output— and the average rate of expansion of markets which businesses expect are known, the ratio of investment to output is also determined. This theory therefore asserts that the share of profits depends fundamentally on three things: on how much investment is required in order to expand output capacity by any given amount (v) ; the expectations of entrepreneurs concerning the growth of sales (or markets) which govern the planned rate of expansion of output capacity (G); and finally on the propensity of consumption of capitalists (c) which governs their consumption in relation to their income, and hence ultimately to their investment expenditure. Thus if $v = 4$ (i.e., the capital investment required to produce output is four times the annual output), and if $G = 3$ per cent per annum (i.e., the average expectation of entrepreneurs is that the markets expand at the rate of 3 per cent per annum), and if $c = 50$ per cent (if capitalists, on the average, consume one-half of their profits) I will be 12 per cent ($4 \times 3\%$), and P according to equation (2) above, 24 per cent. If we assume that $c = 66\ 2/3$ per cent, (i.e., capitalists consume two-thirds of their profits), P (the share of profits) would become 36 per cent ($3 \times 12\%$) and the share of wages 64 per cent.

The main factor which requires further explanation in this theoretical scheme is the expected rate of expansion of markets, G. We know that quite apart from expectations, there is in any given situation a certain maximum potential rate of expansion of production, determined by the growth of working population and the rate of increase in productivity per worker. Let us call this expansion rate, G' as determined by the formula:

$$G' = t+p \qquad \dots \quad (4)$$

where t stands for technical progress, as measured by the annual increase in productivity per man and p for the increase in population, also expressed as an annual percentage[1]. The condition of a smoothly developing economy is that :

$$G = G'$$

hence

$$\frac{I}{Y} = Gv = (t+p)v \qquad \dots \quad (5)$$

There is no necessity of course for this equality to prevail over short periods, though the two tend to approximate over long periods through long term adjustments of G' to G, as well as adjustments of G to G'.

As the relations here are rather complicated let me assume to start with that t and p are constant factors determined independently of the endogenous forces of the economy. In that case the condition of a successfully developing capitalist economy is that

$$G \geqslant G'$$

In other words that entrepreneurs should expect markets to expand by at least as high a rate or some higher rate than the maximum technically possible rate of expansion of the economy If G exceeds G' (which we may regard as the normal feature of successful capitalist economies)

[1] The formula $G' = t+p$ is only an approximation. Th exact formula is $G' = (1+t)(1+p)$, which is approximately equal to $t+p$ when t and p are small fractions.

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investment will tend to be excessive in the sense that the capacity to produce output will tend to expand faster than output itself—leading sooner or later to the appearance of excess capacity, which in turn leads to a temporary interruption of the investment process. This I regard as the main reason why economic progress should proceed in fits and starts (through cyclical fluctuations of "booms" and "slumps") in capitalist societies.[1]

If on the other hand $G < G'$, the economy will not succeed in growing at its natural rate over longer periods, but the actual growth will be insufficient to prevent growing unemployment. If $G = 0$, the economy will relapse into a state of complete stagnation.

A capitalist economy is therefore exposed to two different hazards. If G exceeds G' (especially if it exceeds it by a considerable margin) the economy will be subject to violent booms and slumps, with all the economic and social instability which this entails. If on the other hand G falls short of G' (especially if it does so by a considerable margin) the economy will relapse into stagnation which must ultimately bring down t and p, and thus G'.

And here I would like to introduce a further complication. Whilst over shorter periods it is G which tends to adjust itself to G' (through the relative length of booms and slumps) over longer periods it tends to be the other way round: technical progress and population growth both tend to be accelerated, or slowed down (as the case may be) by the endogenous forces of expansion in the economic system. When G is large, capital accumulates at a faster rate than the working population, a situation of labour-scarcity must sooner or later be reached, which stimulates the introduction of labour-saving techniques; at the same time the rapid growth in the supply of consumer goods also stimulates the growth in population. The opposite happens when G is small—which may lead to a state where both G and G' tend towards zero.

There is therefore no inevitability about economic progress in a capitalist economy (or for that matter, in a socialist economy) it all depends on whether those in charge of production have the incentives and the will to pursue a vigorous expansion of output capacity. It is this expansion of output capacity which through its indirect consequences on the demand for labour and on the supply of consumable goods stimulates both t and p, and thus brings about the basic conditions for a sustained expansion over longer periods.

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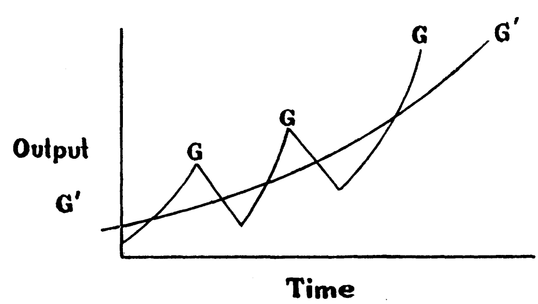
[1] If G' is given, the expansion rate G' can be indicated by a logarithmic curve, in a diagram showing time horizontally and output on the vertical axis. If $G > G'$, then the slope of the segment of the logarithmic curve indicating G must exceed, at any given time, the slope of the curve indicating G'. Since however, the economy cannot, over longer periods exceed the rate of expansion G', the actual progress of the economy must proceed by jerks, as shown in the diagram below.



G' is also part of a single logarithmic growth curve but it is discontinuous due to the necessity to keep the actual expansion in harmony with G.

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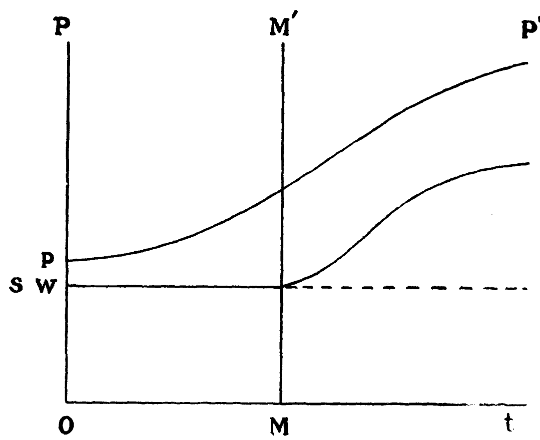
It remains to show how these two theoretical models, the Marxian and the Keynesian, are related to each other. It can be shown that either may be operative, depending on circumstances. Thus if the share of profit in output as indicated by the Keynes formula (equation (2) above) is higher (and the share of wages lower) than that indicated by the Marx formula (equation (1) above), the Marxian formula will be operative and the Keynesian inoperative, and vice-versa. Thus the Marxian formula indicates the minimum limit below which the share of wages cannot fall, irrespective of output per head, and the Keynes formula indicates the maximum above which the share of wages cannot rise irrespective of the scarcity or superabundance of labour. In general that particular formula will operate which yields higher real wages per head.

Thus supposing, as before that the length of the working day is 10 hours, and the share of profits indicated by the Keynes formula is 50 per cent (as would be the case if we assumed, e.g., that $v = 5$, $G = 2.5\%$ per annum and $c = 80\%$) so that the wages indicated by the formula are the equivalent of 5 hours of work. If the amount of labour necessary for the worker's subsistence is 6 hours, and in consequence, the surplus value is only 4 hours, profits will be compressed below the amount indicated by the Keynes formula, i.e., to 40 per cent. But if on the other hand, the product-equivalent of the workers' cost of subsistence takes only 4 hours of work, and the surplus value is 6 hours, profits will still be only 50 per cent, as indicated by the Keynes formula, and the real wage of the workers will exceed the cost of reproduction of labour by the equivalent of 1 hours' work —i.e., the capitalists will only get 5/6 of the surplus value, and the workers will get 1/6.

In the early stages of capitalist development, when productivity per man is relatively low, the surplus value is likely to be considerably less than that necessary to satisfy equation (2). During that period the Marxian scheme operates: wages remain at subsistence levels, despite rising productivity per man. But as productivity and surplus value rise, a point must be reached sooner or later, when the surplus value equals or exceeds the profit indicated by the Keynes formula: from then onwards the share of profits ceases to rise and real wages begin to rise, pari passu with the rise in productivity, as shown in the following diagram :



Measuring time along Ot, the product and the wage along OP, the curve p-p' indicates the growth in productivity per man over time; S W indicates sub-sistence wages. At some critical point $(M-M')$ the product per man becomes high enough for the surplus value

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($=p-s\,w$) to equal or exceed the profits shown by equation (2). Henceforth real wages are no longer tied to the subsistence level; and, apart from changes reflecting changes in the variables in equations (2) and (3), the share of wages in output remains constant.

Thus the Marxian scheme is applicable in the early stages, and the Keynesian scheme in the later stages of capitalist development. This explains why in the early stages of development the wage earners obtain so little benefit from the growth in production whilst in the later stages real wages rise so much above the subsistence level and go on rising with further increases in productivity.

What I have said in this lecture has only been intended as the barest outline of a theory of capitalist economic development. There are numerous gaps to be filled in, and complications to be introduced which it is impossible to do in a single lecture. I should, however, draw attention to one important complication; equations (2) and (3) are to be interpreted as "long-run" equations, as the determinants of the "normal" share of profits and of wages. Short-period fluctuations in the variables G, v, c may not reflect themselves in corresponding variations in the share of wages and of profits, but either in fluctuations in output or in investment – rationing. This is because in the short period there are elements of resistance against downward revisions either in the share of profits or in the share of wages, and this tends to stabilize the shares around the customary level. Thus if there is a sudden fall in Gv, and hence $\frac{I}{Y}$ equation (2) tells us that the margin of profits on turnover is correspondingly reduced, and the fall in investment demand by entrepreneurs is compensated for through an equivalent induced increase in consumption demand by wage earners (due to the fall in prices relative to wages). In fact, however, profit margins may not be cut, or only tardily, with the result that aggregate real demand, and hence aggregate production, is reduced. In the opposite case where there is a sudden rise in Gv, and hence in $\frac{I}{Y}$, equation (2) indicates a rise in prices relative to wages which deprives the workers of purchasing power and thus reduces their consumption so as to release resources for the rise in investment demand. In fact however the workers resist this cut in their accustomed standard of living through demanding higher money wages, which in turn leads to further increases in prices and of money wages, (and thus to a process of inflation) until the Government takes steps (in order to protect the currency) to "ration" investment through monetary controls, or licenses, etc., and thereby cut $\frac{I}{Y}$ below Gv. These elements of resistance or inertia serve to reinforce the long-term stability in the shares of pofits and wages due to the factors mentioned earlier.

In conclusion I should like to emphasize again what I said at the beginning. There is no inherent necessity in a capitalist economy or any other economy of sustained evolution. There may be stagnation rather than development; progress may take the form of violent ups and downs, and not of a smooth or steady process; progress may be attended by a growing concentration of wealth and economic power in the hands of a few individuals. But none of these tendencies if they arise are either inevitable or unavoidable. They are all subject to social control once we understand the manner of operation of economic and social forces. It is my belief that in a progressive social democracy they could all be avoided.

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