With Engels, the dominant strain of the socialist movement came to identify “socialism” with the large-scale, centralized organization of production, state ownership and state planning.

Even Engels, however, considered these things only necessary conditions for socialism, not sufficient conditions. In *Anti-Duhring*, he took a dialectical approach to the nationalization of industry and central planning. Those were measures that the capitalists might take, acting through the state, to promote their own ends. The “Junker socialism” of Bismarck was essentially a case of capitalists acting through the state to manage capitalism and make it more profitable for themselves—another version of Gabriel Kolko’s “political capitalism.” Such measures would become genuinely socialist only if the workers seized political and economic power and directed production themselves. Even for Engels, socialism was still defined primarily by the economic and political power of the working class, not by any particular form of organization.

Mises, in *Socialism*, took it a step further and treated “socialism” as directly equivalent to state ownership and central planning. This
usage has become the dominant one; for example, a right-wing for-
mer coworker of mine, an organic farmer who hates big business,
once described the cartelization of agriculture under the control of
ADM and Monsanto as “socialism.”

But Larry Gambone, in “The Myth of Socialism as Statism,” at-
ttempts to recover the lost original meaning of socialism that has
been buried under all those anachronistic accretions. Consider
these examples:

- Thomas Spence – farm land and industry owned by
  join stock companies, all farmers and workers as voting
  shareholders.

- St. Simon – a system of voluntary corporations

- Ricardian Socialists – worker coops

- Owen – industrial coops and cooperative intentional com-
  munities

- Fourier – the Phlanistery – an intentional community

- Cabet – industry owned by the municipality (“commune” in
  French, hence commune-ism)

- Flora Tristan – worker coops

- Proudhon – worker coops financed by Peoples Bank – a kind
  of credit union that issued money.

- Greene – mutualist banking system allowing farmers and
  workers to own means of production.

- Lasalle – worker coops financed by the state – for which he
  was excoriated by Marx as a “state socialist”

- Marx – a “national system of cooperative production”
• Tucker — mutualist banking system allowing farmers and workers to own means of production.

• Dietzgen – cooperative production

• Knights of Labor – worker coops

• Parsons – workers ownership and control of production

• Vanderveldt – socialist society as a ‘giant cooperative”

• Socialist Labor Party – industry owned and run democratically thru the Socialist Industrial Unions

• Socialist Party USA – until late 1920’s emphasized workers control of production.

• CGT France, 1919 Program — mixed economy with large industry owned by stakeholder coops.

• IWW – democratically run through the industrial unions.

• Socialist Party of Canada, Socialist Party of Great Britain, 1904–05 program – common ownership, democratically run – both parties, to this very day, bitterly opposed to nationalization.

• SDP – Erfurt Program 1892 – Minimum program includes a mixed economy of state, cooperative and municipal industries. While often considered a state socialist document, in reality it does not give predominance to state ownership.

Marx is a mixed bag, certainly, but I always thought there was something suspiciously Proudhonian about somebody who could write The Civil War in France, or keep referring in the Communist Manifesto to the “associated producers.” How petty bourgeois can you get? But in any case, even into the early twentieth century, a
large section of the socialist movement viewed nationalization of
the economy as simply a political umbrella under which the pri-
mary task of organizing the economy by the workers (through co-
operatives, workers’ factory committees, syndicates, and the like)
would take place.

The state did play a role in the Marxist parties of the
Second International. But its role was not to nation-
alize industry and create a vast bureaucratic state
socialist economy. Put simply, the workers parties
were to be elected to the national government, and
backed by the trade unions, cooperative movement
and other popular organizations, would expropriate
the big capitalist enterprises. Three things would then
happen: 1. The expropriated enterprises handed over
to the workers organizations, coops and municipal-
ties. 2. The army and police disbanded and replaced
by worker and municipal militias. 3. Political power
decentralized to the cantonal and municipal level and
direct democracy and federalism introduced. These
three aspects are the famous “withering away of the
state” that Marx and Engels talked about.

Even within the most stereotypically “syndicalist” movements,
like the French CGT, there were large elements of small-scale co-
operative production and market exchange. See, for example, Gam-
bone’s pamphlet “Reform and Revolution: Moderates and Revolu-
tionaries in the French CGT.”

As he sees it, the main reason for the increasingly statist em-
phasis of twentieth century “social democracy” was the politics of
parliamentary compromise and cooption by state capitalist inter-
ests: the Swopes and Rockefellers of the world, who were more
than willing to work through the managerial state to stabilize cap-
itality, and guarantee the workers a better standard of living in
exchange for industrial serfdom.

The first problem with this scenario was that the
workers parties never got a majority in parliament. So
they began to water-down their program and adopt
a lot of the statist reformism of the liberal reformers.
Due to the Iron Law of Oligarchy the parties them-
selves became sclerotic and conservative. Then WW1
intervened, splitting the workers parties into hostile
factions. Finally, under the baleful influence of the
Fabians, the Bolsheviks and the “success” of state
capitalism in the belligerent nations, the definition of
socialism began to change from one of democratic and
worker ownership and control to nationalization and
statism. The new post-war social democracy began to
pretend that state ownership/control was economic
democracy since the state was democratic. This, as
we see from the list above, was not anything like
the economic democracy envisaged by the previous
generations of socialists and labor militants.