

# THIRD WAYS

*How Bulgarian Greens, Swedish  
Housewives, and Beer-Swilling Englishmen  
Created Family-Centered Economies—and  
Why They Disappeared*

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canonpress   
Moscow, Idaho



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## PREFACE

The twentieth century witnessed a great contest between rival social, economic, and political systems: liberal capitalism versus communism. From the Bolshevik Revolution of 1917 to the disintegration of the Soviet Union in 1991, this conflict was especially intense. Capitalism's elevation of the individual, private property, and free markets contrasted with communism's emphasis on collective identity, state ownership of property, and central planning. Circumstances pushed individuals, and nations, to declare for one side or the other, especially during the Cold War era of 1946–91.

However, many balked at making this stark choice. During the 1920s and 1930s, some were lured by the siren songs of fascism and national socialism. The former promised, although never really delivered, an economy

resting on a renewal of the medieval guilds. The latter subordinated the economy, as all else, to the quest for racial empire. Through a strange sequence of events, the capitalist and Communist nations stumbled into shaky alliance during 1941–45 to battle and eventually crush these pretenders.

This volume examines a very different search among some Europeans and North Americans for a Third Way, a form of social and economic organization that in important respects would be neither capitalist nor Communist. Unlike the fascists and Nazis, these searchers were committed to the ideals of democracy—especially economic democracy—and pluralism. Unlike liberal capitalists, they refused to treat human labor and relationships as commodities. They also sought to protect and renew the “natural” communities of family, village, neighborhood, and parish. Unlike Communists, these searchers defended private property in land and capital goods and underscored the dignity and rights of individuals and families. Unlike both liberal capitalists and Communists, they treasured rural culture, family-scale farming, gender complementarity, and the vital household economy.

All the same, this quest for a Third Way never jelled into one course of united action. Instead, it would effervesce in different places and times. Sometimes it appeared as formal theory, rich in intellectual content.

Other times, it arose out of communities of interest or mass organization, expressing a common will and platform. Still other times, it became visible through practical political action. On all these occasions, the search bore fruit in events of brilliance and excitement, sometimes reaching fruition, only to fade again in the face of the two main contestants, capitalism and communism, or their curious joint offspring, the Servile State.

This book examines, sequentially, seven distinct episodes in this ill-fated search for a Third Way. The first chapter takes a fresh look at Distributism, the economic project advanced by English authors Hilaire Belloc and G. K. Chesterton that sought broad property ownership, small-scale production, and agrarian reform. It revises our understanding of this movement by outlining the real legacy of this program and the crucial contemporary import of Belloc's concept of the Servile State. Chapter 2 looks at a less theoretical, equally populist strategy to shelter marriages, homes, and children from the industrial principle: the family wage regime, which bent market signals and the structure of the labor force to reinforce family autonomy. It emphasizes the real results achieved, and the profound social costs when the system disintegrated.

Chapter 3 focuses on Alexander Chayanov, a Russian agricultural economist who fashioned a complex analysis of the "natural family economy" and a powerful argument for preservation of the peasant mode of production in

Russia. This analysis also gives attention to Chayanov's delightful novella, *The Land of Peasant Utopia*. The fourth chapter explores the goals and fates of peasant political parties that came to power in Bulgaria, Romania, and Poland after World War I. It sees real promise behind this "Green Rising" as a practical interwar alternative to fascism, finance capitalism, and communism, as well as the tragedy behind its failure.

The fifth chapter examines a curious phenomenon: the emergence of "socialist housewives" in Sweden as a genuine political and economic force that attempted to keep both collectivism and individualism out of working-class homes. This examination reveals that a distinctive ideology and successful political mobilization characterized this largely forgotten and poorly understood movement. Chapter 6 returns to the theoretical plane, looking at the theories of economic historian Karl Polanyi, particularly his concepts of the "economy without markets," the "great transformation," and "the always embedded market economy." This analysis underscores Polanyi's unease over *homo economicus* and other core liberal economic doctrines in addition to his defense of families, small property, and agrarian life.

The seventh chapter looks to the emergence of Christian Democracy as a distinctive economic program focused on social justice and the wellbeing of families and other organic communities. It emphasizes the influence



of economist Wilhelm Röpke and his concept of *homo religiosus* as the foundation of the moral economy. A concluding chapter draws the lessons from these seven episodes by asking several questions: Why did they all fail in the end? Was liberal capitalism the ultimate victor? Or did some other ideological construct actually win out?

All of these Third Way episodes shared a common grounding in true democracy, respect for the human person, allegiance to the natural communities of family and village, private property, reverence toward traditional ways, and family-scale economies. The usual result, however, was failure—sometimes deeply tragic in nature and scope. Looming over the whole story is wistful regret over lost opportunities, ones that might have spared tens of millions of lives and forestalled the blights of fascism, Stalinism, socialism, and the peculiar Servile State. And yet, out of this journey into largely forgotten history, one might also draw fresh hope for human possibilities and prospects in this our new century and millennium.

I owe thanks to a number of organizations and individuals for their help and encouragement. A research grant from the Earhart Foundation of Ann Arbor, Michigan, provided opportunities to visit several specialized archives and the time to draft the manuscript. My colleagues at The Howard Center for Family, Religion & Society—notably Bryce Christensen, Heidi Gee, John

Howard, Lawrence Jacobs, and George Marlin—lent special forms of help and support. Bill Kauffman, a gifted writer and able editor, gave detailed and valued editorial advice. The team at the Intercollegiate Studies Institute associated with this project—especially Jeremy Beer, Richard Brake, and Mark Henrie—made the project possible and shaped its contents for the better. Others who encouraged it in varied ways included Stellan Andersson, Arne Bengtsson, Father Ian Boyd, Alan Crippen II, Yvonne Hirdman, Paul Mero, and Douglas Minson. Finally, I thank the principals of the John Templeton Foundation for understanding that a truly competitive and humane economy must rest within a healthy culture and for their support of this special book series.

## CHAPTER 1

# **“CHESTERBELLOC” AND THE FAIRY TALE OF DISTRIBUTISM**

Biographers and historians have not been kind to Distributism, the economic program, jointly advanced by Hilaire Belloc and G. K. Chesterton, that focused on bringing about agrarian reform, encouraging small-scale production, and expanding the ownership of private property. Michael Mason, for example, blasts the very concept of “Chesterbelloc,” calling this shorthand label for Distributism—as invented by George Bernard Shaw—a “fabulous beast” that existed only in Shaw’s head. Belloc was a man of action, while his “unwilling partner” Chesterton was “content to live

in the imagination.” The differences between the two “were greater than the commonly held virtues of Catholicism, food, drink, conversation and laughter”; Distributism itself was fantastical.<sup>1</sup>

Canadian author Michael Coren is more scathing in his judgments. He labels Distributist arguments “ludicrous,” “arrogant,” and “naïve rather than unpleasant, relying on wishful thinking and ignorance of world affairs.” He notes the tendency “for reactionary views to creep” into Distributist analysis, so that “the nasty flavour of economic fascism...is strong indeed.” Overall, Distributism “smacks of one thing: extremism.”<sup>2</sup>

Even sympathetic writers reach negative conclusions. Examining the “classical period of Distributism” (1926–36), *Chesterton Review* editor Ian Boyd expresses surprise over “how little” this “large mass of material...tells one about the details of the programme.” There is “an extraordinarily limited amount of agreement” on common policy.<sup>3</sup> Ronald Knox underscores the chaos of Distributist writing: “it is not exactly a doctrine, or a philosophy, it is simply Chesterton’s reaction to life.”<sup>4</sup> Joseph Pearce sees Belloc’s rejection of both capitalism and communism as tempting him into the “treacherous waters” of proto-fascism.<sup>5</sup> A. N. Wilson finds the aims and principles of Distributism to be “childishly simple.”<sup>6</sup> Biographer Dudley Barker concludes that Chesterton propagated a theory “without any conception of the practice”:

## CHAPTER 2

# **THE WAGES OF KIN: BUILDING A SECULAR FAMILY-WAGE REGIME**

Reconciling children's needs and family liberty with the distinct roles of men and women in a competitive industrial economy has bedeviled political economists and policymakers for over two hundred years. One response was the effort by labor leaders and social theorists to construct a family-wage system, which would redirect market signals and the structure of the labor force to accommodate marriage, complementary gender roles, and the presence of children in the home. Over time, this Third Way project drew heavy critical fire from liberal economists who objected to its economic inefficiencies,

from Communists who denounced its interference with history, and from feminists who pointed to the systemic discrimination against women found in the family wage. All the same, it succeeded for a while in delivering prosperity, child well-being, and family autonomy.

### THE FAMILY WAGE, IN THEORY

Classical economic theory consistently stumbled over the status of the family. Writing in the late eighteenth century, Adam Smith might have adopted the laissez-faire argument that wages should be fixed where the supply of a given skill met the demand of producers for that skill, with marriage and the presence of offspring being irrelevant. Instead, Smith recognized the familial obligations of labor, declaring it “certain” that “in order to bring up a family, the labour of the husband and wife together *must*, even in the lowest species of common labour, be able to earn something more than what is precisely necessary for their own maintenance; but in what proportion...I shall not take upon me to determine.”<sup>1</sup> However, in his earlier work, *The Theory of Moral Sentiments* (1759), Smith had described “parental tenderness” as innate to the human species. Such affection, he implied, would command the respect of employers, who would adjust compensation accordingly.<sup>2</sup>

The more somber Thomas R. Malthus indirectly assumed the existence of a family wage. In his pamphlet condemning the child allowances paid to the indigent

## CHAPTER 3

# **ALEXANDER CHAYANOV AND THE THEORY OF PEASANT UTOPIA**

One of the great human tragedies of the disaster-ridden twentieth century was the destruction of the Russian and Ukrainian peasantries. In the whole Russian Empire of 1910, there were 135 million peasants (out of a total population of 158 million). In European Russia alone, 93 million peasants formed 84 percent of the population. These were not the brutish knuckle-draggers of caricature. For decades this great mass of family farmers had grown more self-aware. Romantic Slavophilism of the 1840s stressed the peasant virtues of the countryside.

Emancipation of the serfs in 1861 led to the creation of *zemstvos*, local peasant councils involving a form of rural democracy. The Populist Movement launched in the 1880s brought Russian intellectuals into the countryside, eager “to go to the people” and reconnect with nature. Peasant unrest in 1905 helped shepherd in a quasi-democratic national parliament. Then came the slaughter and privations of the Great War, the Bolshevik Revolution, the violence surrounding “war communism,” frequent purges, “de-Kulakization,” forced collectivization, and the vast disruptions of the Second World War. By 1945, as many as 40 million of the peasants were dead; the remainder had been forced off their land, many into the gulag, their way of life pulverized.

This historical sketch poses intriguing questions. In the absence of this cycle of violence, had there been relative peace, how would the Russian peasantry have evolved? What would this vast peasant majority have made out of a Russia experimenting with democracy and rapidly entering the industrial age?

One answer comes from the pen of the Russian economist Alexander V. Chayanov, who wrote under the pseudonym Ivan Kremnev. Published in 1920 and titled *The Journal of My Brother Alexei to the Land of Peasant Utopia*, his book presents a decentralized, oddly progressive, democratic Russian peasant state set in 1984.<sup>1</sup> This novella has a wonderfully light side to it. For example,



## CHAPTER 4

# **GREEN RISING: THE PROMISE AND TRAGEDY OF PEASANT RULE IN EASTERN EUROPE**

G. K. Chesterton could hardly contain his glee. Distributism, his economic project built on a “third way” between liberal capitalism and communism and involving a democratic redistribution of property, was finding concrete success in unlikely places. “[T]he great modern movement is Agrarian,” he wrote, “inspired by the elemental ethics of the field.” Throughout Eastern Europe and the Balkans, “[i]n a sort of awful silence the peasantries have fought one vast and voiceless pitched

battle with Bolshevism and its twin brother, which is Big Business, and the peasantries have won.” Chesterton compared this “Green Rising” to the Great War and underscored its historical significance:

It is a huge historical hinge and turning point, like the conversion of Constantine or the French Revolution.... [W]hat has happened in Europe since the war has been a vast victory for the peasant, and therefore a vast defeat both for the communists and the capitalists.<sup>1</sup>

Author and ruralist Helen Douglas-Irvine concurred: “It has been an effect of the revolution let loose by the Great War, that the strength of the peasant class has been revealed.”<sup>2</sup> Historians Robert Bideleux and Ian Jeffries describe an unprecedented “groundswell of peasant-based movements right across Europe, from Ireland and Scandinavia through Germany to the Slav world.”<sup>3</sup>

Indeed, this Green Rising saw agrarian parties and their radical program of land redistribution come to power in Bulgaria, Poland, Romania, Czechoslovakia, and Finland and strongly influence events in the Baltic states and Yugoslavia. To observers in the 1920s, the future of Eastern Europe seemed to lie with the peasant “Green,” not the Bolshevik “Red.” And yet, this remarkable episode in Third Way politics and economics was largely crushed by the early 1930s, and is now mostly

## CHAPTER 5

# LAST MARCH OF THE SWEDISH SOCIALIST HOUSEWIVES

The nation most often said to embody *The Middle Way* (an alternate iteration of the “Third Way”) in modern sociopolitical affairs is Sweden. In his popular 1936 book bearing this subtitle, journalist Marquis Childs describes a nation that had “avoided” the immoderations of both capitalism and socialism, one that had “evolved” between the extremes of both collectivism and individualism. He focuses primarily on the “coöperators,” Swedes who wished “to curb the excesses of capitalism—to check the rise of monopolies that imposed high prices.” This movement was in an informal alliance with the Swedish

Social Democrats, a political party that had by the early 1930s jettisoned some of the more onerous aspects of socialist doctrine, such as the nationalization of industry.<sup>1</sup>

The Childs book highlights the founding of *Koopertiva förbundet*, or the Coöperative Union, in 1899. In their battle against the corporate trusts, the coöperators sought “lower prices and higher quality” for common commodities, “to be obtained through distribution and, later, production for use instead of profit.” They showed “passionate hatred of monopoly control,” out-competed capitalist enterprises in fields ranging from grain-milling to galoshes, and generally battled for a fair economic playing field. Childs describes the system in action:

The Stockholm housewife comes to do her marketing [at *KONSUM*, the coöperators’ store] as she would in any private shop. She has read in her newspaper an advertisement listing the day’s prices.... If the housewife...is a member of the coöperative society, she presents her membership book to the clerk who enters in it the amount of her purchases.... On the total amount of purchases for the year...[she] receives a dividend of 3 percent.<sup>2</sup>

This chapter examines the ideal human type briefly featured by Childs in the above paragraph: the female coöperator, also known as the Swedish socialist housewife. While engaging the Third Way institution of the