

Some Capitalist "Plans" Examined

by Jay Lovestone

Marx once said:

"Even a blind sow can find an acorn, and even a bourgeois economist can sometimes speak the truth."

Some bourgeois economists have a conception of the present crisis scarcely more profound than that of a blind sow. Yet, in looking for "prosperity plans," they have more or less stumbled on some painful truths regarding the capitalist system.

AN EPIDEMIC OF "PLANS"

There has been proposed a large number of plans to save capitalism from collapse. It will suffice, at this moment, merely to mention some of the principal plans for capitalist prosperity. They are the Chase plan, the Beard plan, the Dean Donham proposals, the LaFollette bill, the Swope plan, the Farm Board and its grain and cotton stabilization ventures, Woll's proposal for a Business Council, the McGraw-Hill American plan. Irving Fisher demands a stabilized dollar. Foster and Catchings insist on government control of purchasing power. Then, the proposal is made for vast public works enterprises "as a possible solution of cyclical fluctuations." Finally, Franklin D. Roosevelt put in his lick in the mess when he recently told the Conference of Small Industries that:

"What has been lacking is planning, is the kind of planning which will prevent and not stimulate overproduction."

TYPES OF PLANS

All of the "plans" and proposals fall into four main categories:—

A. The Stock Exchange itself is an outstanding example of capitalist "planning and regulating" of production and exchange. This institution has been repeatedly hailed by the bourgeois economists as a sort of a "governor" for the whole capitalist engine of production, as a sort of regulator, as a stabilizer, as a source of guidance for planning production and exchange.

B. Then, we have efforts at regulation, at "planning," made by private individuals or corporate organizations. We have what is known as "scientific planning" in certain industries in order to overcome the chaos of capitalist production.

C. There are also to be noted increasing efforts by the capitalists to "stabilize" prices, to prevent the fall of prices of certain commodities by utilizing various state capitalist enterprises like the Federal Farm Board.

D. But the highest point reached by the American "stabilizers" of capitalism came in the Hoover Conference of 1929 and its formation of the National Business Council.

Most of the "plans" now being pushed are blueprints for such an institution. Let us look into the outstanding plans thus proposed:

1. Stuart Chase's "Way Out."

Mr. Chase proposes the establishment of a "Peace Industries Board", patterned after the War Industries Board. This Board, operating on a ten-year plan, would strive to co-ordinate the various industries supplying raw materials, the prime essentials, and reasonable comforts, so that the minimum income per family would be \$5,000 by 1943. Mr. Chase set these figures before the collapse of the British pound. Judging by what's happening to sterling, it's hard to tell what Chase's \$5,000 would be worth in 1943—assuming even that capitalism will be in a position by then to do any planning at all.

The "Peace Industries Board" is to consist of not more than ten members representing "Government," "Labor," "Industry," the "Farmer," and the "Professions," including at least one engineer—preferably as chairman. This Board is to take over the powers of the Federal Trade Commission, Federal Reserve Board, Federal Power Commission, Interstate Commerce Commission and all bureaus now gathering industrial statistics. In short, here is a tremendous concentration of state capitalist power. The "Peace Industries Board" is to "co-operate" with the U. S. Chamber of Commerce, National Industrial Conference Board, and other such employers organizations, as well as the A. F. of L.

All anti-trust laws are to be replaced, profits are to be regulated by "a more equitable" distribution of income and an excess profits tax. Front-page newspaper publicity of the findings of the referee will be used against all business men violating rules and decisions of the Peace Industries Board. Bigger and better statistics play an important part in Chase's panacea. An international conference on economic disarmament, the Stable Money Association to prepare a "bold" program for the revision of the credit structure, slum-raising and home-building to fulfill the role once played by the now-declining auto industry, the abolition of stock exchange gambling, no wage-cuts, shortening of hours, and unemployment insurance until slack ends, are among the other features of the Chase plan.

2. "A Platform for American Business".

The McGraw-Hill Publishing Company, Inc., in its plan, emphasizes that: "The business depression of 1930 was no mere passing episode." This plan is less pretentious than Mr. Chase's. These are: maintenance of established standards of living, stabilization of future business growth, promotion of international business co-operation, and encouragement of private initiative and responsibility. These objectives are to be carried out first in each individual, private business; then, thru co-operation with trade associations in the industry, local, national and international Chambers of Commerce and banking and financial institutions. Each business is to "plan" for three years. It

is to maintain wage scales, "equalize employment by adjustment of hours" (the stagger plan of **disemployment**, really), maintain stable prices, build surpluses to pay dividends in slack times, and "nationalize" industry. "Labor" is to cooperate with business in keeping the government from assuming social responsibilities or regulating business and to arbitrate all differences with employers so as to promote stabilization.

This plan only suggests a broader cooperation thru existing business organization, and aggressive action by the government to maintain private industry at home and extend capitalist trade abroad.

3. Beard's Five-Year Plan.

Beard also wants a National Economic Council under authorization of Congress "to represent" the fundamental industries of the country", including agriculture, wholesaling and retailing, labor, etc. to achieve co-ordination. The Sherman and Clayton anti-trust laws are to be repealed. All industries affiliated with the Council and others approaching a high degree of concentration are to be declared public service enterprises, "subject to the principles of prudent investment and fair returns." A Board of Strategy and Planning is to be formed to survey the resources and productive capacities of the country.

Profits are to be limited. Surpluses arising due to unexpected efficiencies are to be divided into two parts: one to go to bonuses, and the other to a "contingency reserve" to be used for accident, crop, unemployment insurance, and machinery and capital replacement. Dividends are to be guaranteed on the basis of efficiency in operation and distributed among the directors, managers and employees of the corporations. A syndicate of exporting and importing corporations is to be formed.

This plan is, on the whole, among the most utopian and fanciful of all—being a hodge-podge of all species of schemes of class-collaboration, profit sharing, etc.

4. Woll Wants Capitalist Stability

In the name of the notorious open-shop organization, the National Civic Federation, Matthew Woll has proposed to organize an Industrial Congress to adopt a ten-year plan to balance output and to end the existing chaos. The "Congress" is to aim for "the creation of a democratic structure comparable to our democratic political structure." It is to be composed of representatives of all forms and characters of industrial organizations.

This body is to ascertain and evaluate all essential economic and industrial factors, to estimate the probable and normal industrial and commercial growth for the next ten years, to seek co-ordination for the promotion of industrial balance, to direct the tendency of new fields of industrial activity and changes "within our present scheme of things", and to outline legal enactments necessary and convenient to remove obstacles and to facilitate the operation of such a program.

In explaining his "plan," Woll concluded with a denunciation of the Russian Bolsheviks whom he charged with having "vitiated and perverted the idea of economic planning . . . and turned it into despotic planlessness."

5. Donham's Plan for Capitalist Foresight

Dean Donham of the Harvard School of Business has received considerable publicity for his plan. Its main proposals are: The government is to establish employment agencies co-operatively maintained by Federal and State governments, to get information on unemployment, to start public works to take up the slack, to establish a minimum wage so as to remove "the incentive to loaf." Wages on public works are to be substantially less than could be obtained in industry. The Sherman anti-trust act is to be dropped.

Donham would divide the world into economic groups to work out a plan for "co-ordination and leadership in economic affairs." Mr. Donham is against expanding the American foreign export

trade and proposes rather to concentrate on the domestic market. He fears that an aggressive foreign trade policy by the United States would ruin Germany and England in the world market competition and thus drive them and all Europe to Bolshevism. Tariffs are, for this reason, to be generally lowered. Exports should primarily be limited to those commodities which the United States makes most efficiently—capital, management and technical service. Donham says: "I believe acceptance of a considerable limitation of our business to our own market is the only way to maintain our profits, the only way to maintain our standards of living, and the only way to give other great industrial nations a chance."

Professor Donham doesn't offer any suggestion how to meet the ever-widening gap between the productive capacities and marketing possibilities. Instead he proposes to limit still further the American marketing possibilities by strictly limiting exports.

6. Swope Proposes a New Set-Up

Of all the "plans", the one proposed by Gerard Swope, president of the General Electric Company, has received the strongest approval in Wall Street. Mr. Swope thus recently outlined his plan at a dinner of electrical manufacturers in New York: Every company dealing in articles of interstate commerce and employing more than fifty workers is legally bound to join the trade group in its own industry. Each industrial group is to have a dictator or czar to rule the industry. Each industry is to have its own supervisory commission to gather statistics on employment, production, consumption, prices, etc., to be made available to a government commission. All of this activity is to be under Federal supervision. This Federal supervisory body would be charged with testing the soundness of rules and practices of the trade associations which are to submit quarterly and annual financial statements. All implicit and explicit restrictions now placed upon industrial integration by the Sherman anti-trust law are to be replaced. Thru this terrific concentration of industry and the mass fusion of its apparatus with the machinery of government, price-fixing will be established and maintained.

The company union now in force in the General Electric Company, and for years condemned by organized labor, is to serve as the model for the "industrial democracy" on a national scale in all industries. Limited unemployment insurance and pensions are to be enforced and the workers and bosses are to contribute equally towards this fund. Insurance paid is to be up to a maximum of \$20 per week. In order to stimulate foreign trade, exporters are to deduct from their Federal income taxes certain amounts in proportion to their export sales.

In putting forward his plan, Swope frankly says that he has done so in order to forestall legislation "threatening the fundamental structure of American business and the cherished ideals of American society." Generally, Wall Street bankers have hailed this "plan" as "a step in the right direction." And Mr. Swope has swept aside all Wall Street doubts about his proposal with a declaration that: "It is utterly different, of course, from the state planning system in Russia . . . For its basic idea I took our own American development of the trade association." To allay the fears of the petty bourgeoisie that his plan means more absolute control by big capital, Mr. Swope asks: "What, in a democracy, with the U. S. government still functioning!" Mr. Swope meant to be serious here—for the "public".

All in all, these examined six plans are the best known and most complete and contain all the essential features of all the planning proposals put forward by the "best minds" of capitalism in the United States in order to secure "economic equilibrium and stability" in the present economic system, the system of capitalist chaos.

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