

Why Capitalism Can't Plan

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“ECONOMIC plan” has become the current magic phrase. It is invoked as the answer to all current difficulties. It sanctifies all sorts of policies, no matter how insane. Of all the current talk about planning, about 99 percent can be classified as either (1) idle chatter, or (2) proposals for planned destruction, that is, a form of economic suicide.

Roosevelt's New Deal policies give the type of current “economic plan” which requires our evaluation. Mr. H. G. Wells, in his recent autobiography, expresses the current idea when he places the New Deal alongside the Five Year Plan of the Soviet Union, as the two outstanding examples of “planning.” How such a phantasy could gain mass currency is a tribute to the capacity for myth-making and uncritical faith that still exists. The slightest examination of the New Deal reveals such depth and sharpness of inner contradiction; such studied unrelatedness of its parts, to one another and to the whole; such complete absence of any unifying principle, or even viewpoint and approach, as to secure for the New Deal the rightful position, not as an example of social-economic planning, but rather of its antithesis.

This is true whether we approach the question from the point of view of production, that is, with a demand for the fullest possible utilization of the productive forces; or from the angle of distribution, that is, with a demand for a guaranteed minimum standard of decent living for the masses. The New Deal moves not a step toward either demand, but rather in the opposite direction.

The outstanding characteristic of the New Deal is its planned destruction of accumulated stocks, planned limitation of production, while simultaneously a big section of the population, from one-fourth to one-third, is excluded from economic life, continues to live only by grace of charity doles, which reduce living standards to a point hitherto associated only with Asiatic coolie labor.

Thus, the New Deal “planning” does not overcome the crisis, but only intensifies it. Where the spontaneous forces of the crisis destroy blindly, the New Deal tries to substitute planned destruction; that is a difference, but it is not a difference in direction or of fundamental quality. Along with this necessarily goes a systematic reduction, absolute and relative, of living standards of the masses. The New Deal does not plan to overcome the crisis, but tries only to give the crisis itself an organized character.

The New Deal is shot through and through

with contradictions. Roosevelt's right hand must not know what his left hand doeth. The N. R. A. cancels the results promised by the A. A. A. The R. F. C., P. W. A., C. W. A., etc., cancel the “economy program.” The inflation cancels the promised increase of mass purchasing power. Out of the conflicting policies emerges the net result of greater monopoly of riches at one pole, deeper poverty at the other; stronger organization of predatory finance capital, with deepening chaos and disintegration of economy as a whole; mounting volume of talk about cooperation of classes, of civil peace, but in life more and sharper class struggles.

Are these contradictions avoidable, or are they inevitable?

They are inevitable—so long as the premise is taken that the capitalist system must be maintained. They are avoidable—when the premise is taken of the full utilization of all productive forces, and the removal of all influences and controls which hinder this full utilization, that is, the removal of capitalist private property in the means of production. Not Roosevelt, nor any other, can overcome the contradictions while he remains within the limitations of capitalist property relations. Capitalist economy and planned economy are fundamentally in contradiction and mutually exclusive.

This explains why all the furore about planning, all the Brain Trusts, all the State Planning Commissions at work throughout the United States, all the books about planning, all the research of the higher institutions of learning—are all so singularly barren of results. It is not because all these brains

are of inferior quality, but because they have been given the impossible task of reconciling the irreconcilable.

In contrast with this barren chatter about a planned economy in the United States, stands the experience of scientific planning and the execution of these plans, in the Soviet Union. The first Five-Year Plan was really carried out; not only that, it was exceeded. The second Five Year Plan is already bringing “backward” Russia up to the front ranks of all industrial nations. There, alone of all countries, there is no crisis. There alone, all productive forces are fully utilized; there alone, therefore, do these productive forces grow—and at a rate never before seen in the world.

The planned economy of the Soviet Union is not some accidental discovery nor is it the result of national peculiarities of a momentary situation. It is the direct outcome of the best, most scientific thought of mankind. It was clearly projected as long ago as 1848. It is in the direct line of development from the *Communist Manifesto*, written by Karl Marx and Frederick Engels. It was further developed by V. I. Lenin and the modern Communist Party (Bolsheviks), and realized itself in the planned economy of the Soviet Union. It demonstrated its independence and virility by progressing even more rapidly, under the guiding hand of Joseph Stalin, during the period when the capitalist world fell into deepest crisis.

Surely it would seem that a serious approach to the problems of a planned economy would require mastery of those scientific theories which have actually produced the only example known to history.

The Necessity for Choosing Sides

Marx and Engels, as far back as 1848, foresaw the whole course of capitalism. The *Communist Manifesto*, written then, reads like a contemporary description of the present crisis. Allow me to quote:

Society suddenly finds itself put back into a state of elementary barbarism; it appears as if a famine, a universal war of devastation, had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed; and why? Because there is too much civilization, too much means of subsistence, too much industry, too much commerce. The productive forces at the disposal of society no longer tend to further the development of bourgeois property; on the contrary, they have become too powerful for these conditions by which they are confined, and as soon as they overcome these limitations, they bring disorder into the whole of bourgeois society, endanger the existence of bourgeois property. The conditions of bourgeois society are too narrow to comprise the wealth created by them.

Capitalist crisis, thus described in 1848 by Marx and Engels, finds its supreme example

in the present condition of the capitalist world. It can be solved only by destruction and violence. If the conditions of bourgeois property are to be maintained, this can only be accomplished by the destruction of the excess wealth and productive forces, and the most violent suppression of the suffering masses who have no interest in such property. If the productive forces and accumulated wealth of society are to be preserved and further developed, this can only be accomplished by the destruction of bourgeois property rights, and of the institutions by which they are maintained, with the necessary accompaniment of suppression of the exploiting minority and their agents.

Thus, some form of violence and destruction is unavoidable. This is not something to be chosen or rejected. The only choice is between the two sides of the struggle.

If bourgeois property wins the immediate fight, at the expense of the masses of the population and by destroying vast wealth and pro-

ductive forces, this by no means represents any permanent solution of the problem. It only reproduces the contradictions on a higher scale, with a more violent crisis ensuing. That is why the more successful are the immediate policies of Roosevelt, for example, the deeper grow the general difficulties, contradictions and antagonisms.

But if the progressive forces in society overcome bourgeois property, then history leaps forward to a new and higher stage. Then a planned utilization of the full productive possibilities once and for all releases humanity from the tyranny of man over man and of nature and things over man; mankind emerges into the era of freedom.

This is possible because today, as distinct from past revolutionary periods of history, the revolutionary class is the working class, which is itself the greatest productive force, which is the foundation of society, and which cannot free itself without freeing the whole human race. As Marx and Engels said:

Of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a really revolutionary class. The other classes decay and finally disappear in the face of modern in-

dustry; the proletariat is its special and essential product. . . .

All previous historical movements were movements of minorities or in the interest of minorities. The proletarian movement is the self-conscious, independent movement of the advanced majority. The proletariat, the lowest stratum of our present society, cannot stir, cannot raise itself up, without the whole superincumbent strata of official society being sprung into the air. . . .

The modern laborer . . . instead of rising with the progress of industry, sinks deeper and deeper below the existence of his own class. He becomes a pauper, and pauperism develops more rapidly than population and wealth. And here it becomes clear that the bourgeoisie is unfit any longer to be the ruling class in society, and to impose its conditions of existence upon society as an overriding law. It is unfit to rule, because it is incompetent to insure an existence to its slave within his slavery, because it cannot help letting him sink into such a state that it has to feed him, instead of being fed by him. Society can no longer live under this bourgeois; in other words, its existence is no longer compatible with society. . . . The development of modern industry therefore, cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products. What the bourgeoisie, therefore, produces above all, are its own grave-diggers. Its fall and the victory of the proletariat are equally inevitable.

The Bolsheviks and Planned Economy

What is the effect upon the productive forces of the overthrow of capitalist power, and the establishment of a working class government? Let us take the answer from the words of Engels, written in 1883, showing for how long have the leaders of the working class been studying the problem of social-economic planning:

With the seizing of the means of production by society, production of commodities is done away with and, simultaneously, the mastery of the product over the producer. *Anarchy in social production is replaced by systematic, definite organization.* The struggle for individual existence disappears. Then for the first time, man, in a certain sense, is finally marked off from the rest of the animal kingdom and emerges from mere animal conditions of existence into really human ones. . . . Man's own social organization, hitherto confronting him as a necessity imposed by nature and history, now becomes the result of his own free action. . . . Only from that time will man himself, more and more consciously, make his own history—only from that time will the social causes set in movement by him have in the main and in a constantly growing measure, the results intended by him. It is the ascent of man from the kingdom of necessity to the kingdom of freedom. (*Socialism, Utopian and Scientific*).

Shortly after Russian Czarism had been overthrown, and while the working class was preparing to take political power in its own hands, Lenin already indicated the road toward a planned economy which would be taken by the workers:

The proletariat, when victorious, will act thus: It will set the economists, engineers, agricultural experts and so on to work out a "plan" under the control of the workers' organizations, to test it, to seek means of saving labor by means of centralism, and of securing the most simple cheap, convenient, general control. We shall pay the economists, statisticians, technicians, good

money, but—but we shall not give them anything to eat unless they carry out this work honestly and entirely in the interests of the workers.

We are in favor of centralism and of a "plan," but it must be the centralism and the plan of the *proletarian state*,—the proletarian regulation of production and distribution in the interest of the poor, the laboring, the exploited, *against* the exploiters. (Lenin, *Toward the Seizure of Power*, Book II, p. 40.)

As soon as the Bolsheviks had secured political power, they turned to planned economy as their major interest. In the words of Lenin, uttered at the moment of the end of the civil war:

At the present time we are exercising our main influence on the international revolution by our economic policy. . . . The struggle on this field is now being waged on a world scale. If we solve this problem, then we shall have won on an international scale for certain and finally. That is why questions of economic construction assume absolutely exceptional significance for us. On this front we must win victory, by slow, gradual—it cannot be fast—but steadily increasing progress.

Lenin's policy was continued and developed under the leadership of Stalin. It came to its great victory in the first Five Year Plan, which covered approximately the first period of the world crisis in the capitalist lands. At a moment when the economically most advanced countries were falling into chaos, the Bolsheviks adopted a plan designed to transform their country, backward and in some respects medieval economically, into a country of the most advanced technique—to accomplish the task set by Lenin, to "overtake the advanced countries and surpass them also economically." While "plans" were crashing in all capitalist countries, and being changed every few months only to crash again, the

Bolshevik plan was fulfilled nine months ahead of schedule. Stalin was able to report:

We have done more than we expected. . . .

While the index number of the volume of industrial production in the U.S.S.R., at the end of 1932, rose to 334, taking the pre-war output at 100; the index number of the volume of industrial output in the U. S. A. dropped in the same period to 84, that of England to 75, that of Germany to 62. While the index number of the volume of industrial output in the U.S.S.R. at the end of 1932 rose to 219, taking 1928 at 100, the index number of the volume of industrial output in the U. S. A. during the same period dropped to 56, that in England to 80, Germany to 55, Poland to 54.

What do these figures show if not that the capitalist system of industry has not stood the test in contest with the Soviet system, that the Soviet system has all the advantages over the capitalist system.

It is clear that if a social-economic plan is to be discussed at all, this immediately takes us beyond the boundaries of capitalism. But it is still necessary to estimate those theories which, apparently, accept this fundamental truth, and which yet reject the revolutionary road to a planned society. For example, the theory of George Soule, which is essentially that of the international Social Democratic parties, holds that the development of engineering, of rationalization, the Taylor system, etc., will automatically carry over capitalism, step by step, to a socialist basis. This theory ignores the central fact, that the faster production and productivity increase, so much deeper becomes the crisis of capitalism, the more inextricable its contradictions. Crisis arises, not from lack of productivity, but from its excess above what can be contained within the relations of capitalist property. Any policy which leaves intact capitalist property, maintains thereby the cause of inevitable crisis.

Technocracy, a peculiar American product in social thought, rejects in words both capitalism and communism. But its criticism of capitalism is directed toward surface questions, problems of distribution, not of production. It finds all the evils of capitalism in "the price system," and thinks that a different superstructure can be built without touching the foundation of private property and production for profit. It further supplements the old fetishism of commodities with a new fetishism of mechanical energy, which it envisions as displacing the working class as the moving force in production. Its peculiar barrenness in the field of practical policy is only the necessary consequence of cutting itself off from the source of all life, the working class, the producers. Technocracy contributes nothing toward a solution of the problem of a planned society, it only exhibits another example of decay of capitalism and capitalist thought.

Upton Sinclair, with his EPIC plan, envisages the growth of a self-contained use economy within the general limitations of a profit economy, by putting the unemployed to work producing a subsistence for themselves. The same thought, less developed, is contained in the Roosevelt project for subsistence farming. But even less than it was possible for a

slave economy and modern capitalist economy to live side by side, is it now possible for a use-economy to grow up within the decayed profit system.

Such proposals, in practice, inevitably degenerate into schemes for lifting the burdens of unemployment relief off of the profits of the capitalists, by throwing the surplus population (the unemployed) back several centuries into pre-capitalist economic forms, into a sort of serfdom, of forced labor, as an auxiliary, unpaid, of profit production. It is an anticipation of fascist economic policy.

We have insisted upon the establishment of a working-class government, as the essential pre-condition to a planned economy. Does this mean, however, as many think, that we exclude other classes from participation in such socialist economy, or from the tasks of its construction? Not at all. On the contrary, the Communist program from its first enunciation has foreseen the enormous importance of allies of the working class, first of all the impoverished farmers (and oppressed colonial peoples) and second, sections of the middle classes and even of the ruling class, which desert their class and go over to the revolutionary working class. In the *Communist Manifesto*, of 1848, it is stated on this question:

Entire sections of the ruling class are, by the advance of industry, precipitated into the proletariat, or are at least threatened in their conditions of existence. These also supply the proletariat with fresh elements of enlightenment and progress.

The process of dissolution going on within the ruling class . . . assumes such a violent, glaring character that a small section of the ruling class cuts itself adrift and joins the revolutionary class, the class that holds the future in its hands . . . and in particular, a portion of the bourgeois ideologists, who have raised themselves to the level of comprehending theoretically the historical movement as a whole.

Lenin also, while emphasizing the leading role of the working class, stressed the need of winning the middle class:

In order to bring socialism into being, and afterwards to maintain it, the proletariat has a twofold task to perform. It must, by its heroism in the revolutionary fight against capitalism, carry with it the whole mass of the working and exploited people, organize them, and lead them to the overthrow of the bourgeoisie and the complete destruction of every kind of resistance. It must also lead the entire body of workers, as well as all the petit bourgeois strata of society, in breaking the ground for the economic reconstruction of society, while it creates a new bond of social union, a new discipline of labor, a new organization of work, which will avail itself of the latest discoveries of science and of the advantages of capitalist technique. In this way the masses of conscious workers, welded closely together, will carry through the work of socialist production on a large scale. (Lenin, *The Great Initiative*, pp. 18-19.)

Today, these words apply with special force to the technicians, the scientists, the engineers, the economists, etc. In these groups we have those who know most thoroughly the enormous productive capacities which are kept out of use from considerations of capitalist profit.

In these groups we also witness the greatest devastation from the crisis, the proportion of unemployment being higher than in any category of workers except perhaps in the building trades. These highly skilled technicians see the capitalist system discarding them and their skill as superfluous; they see their capacities being destroyed through non-use over many years. It is typical of this condition, to take a current local example, that engineers who designed and constructed the Eighth Avenue Subway are today working in the change-booths, exchanging nickels for dimes and quarters, for a wage of about twenty dollars for a sixty- to seventy-hour week, and glad to get the job.

On the other hand, our unemployed technicians, or those unproductively employed on a charity basis, have constantly before their eyes the spectacle of gigantic construction going on in the Soviet Union, with a largely new, relatively unskilled, cadre of technicians, who perform miracles because the chains of private property have been moved from their hands. It is impossible for our American technicians not to dream about what marvels they could accomplish in the United States, if they were simply called upon to bring into full exercise all the productive forces already existing without regard to profit and private-property considerations.

There is not the slightest reason why our

technicians should not continue to dream about this subject. Certainly, they have little else to occupy their minds of a constructive character. This should even be encouraged, all the more since a growing mass of workers already looking upon themselves as representing the future masters of society, are looking about for the initial cadres to help in the coming tasks of transforming American economy on a planned socialist basis.

What could be better than to organize our technicians, the best that can be found (and the very best are available), for the purpose of giving a scientific and detailed answer to the question, what could be done with the full employment of all workers and technicians, in the fullest possible exploitation of existing machinery and natural resources, with all capitalist limitations removed, toward raising the standards of life of the whole population at a progressively accelerated rate.

Certainly there would be a tremendous value in such a Workers' and Technicians' Plan for the United States, without regard to any differences of opinion that may exist among us on the questions as to how eventually such a plan will be brought into successful operation. Speaking for the revolutionary workers, I would issue this challenge to the technicians: Answer these questions for us, and we, the workers, will find the answer as to how to carry out this plan in life.

Two Poems

MECHANISM

What price
This mechanism, this device
Of man's immaculate inventiveness?
What fee
This splendid rhythmic symmetry,
This sinewed miracle that hands have
wrought
Out of imagining, this mighty thought
To which all human actions acquiesce!

Challenge the pistons in their impetus,
Question the turbines in their unison;
Certain, immediate, monotonous,
They chant the same long answer as they
run:
"You have endowed us with your gifts of
dower;
Your will is our will, and that will is
power!"

This dream
Made actual of steel and steam,
Conceived of human strength and laws of
nature—
This wheel
Has yet new wonders to reveal,
New beauty unsuspected and unsought,
New alchemy and magic to be caught
By wiser men with minds of greater stature!
We are the pistons in their impetus,
We are the turbines in their unison;

Constant, obedient, oblivious,
We function in them and our will is done:
This is our heritage, this is our dower—
We are this mechanism! We are this power!
CARL JOHN BOSTELMANN.

FOR MY MOTHER

(Who was a Social Democrat in the nineties, and might be a radical now, only sort of hopes the present system will last her day, but is planning to live twenty years longer.)

What's this from you, who drink and smoke
and bet
(The favorites to show), hold down a job
At—is it sixty-five?—and never yet
Gave way an inch to any canting mob?
Let tourists on the sinking steamer sit
Fatuus in the deck-chairs: sure, it's rough,
Maybe the life-boats will careen a bit,
But don't you pride yourself on being tough?

If on your Western acre, evil wholly
Seems to engulf the disappearing light
As the descending darkness gathers slowly,
Forget it. Leftward—look!—the land is
bright.

"This Profit System still might make it, if—"
Mother, I think you're betting on a stiff.

ROLFE HUMPHRIES.