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LEWIS L. LORWIN AND “THE PROMISE OF PLANNING”: CLASS, COLLECTIVISM,
AND EMPIRE IN U.S. ECONOMIC PLANNING DEBATES, 1931-1941

by

CLAUDE M. MISUKIEWICZ

Under the Co-Direction of Ian Christopher Fletcher, PhD and Christine M. Skwiot, PhD

ABSTRACT

This thesis follows debates about economic planning during the 1930s through the work of Lewis L. Lorwin; his organization, the National Economic Planning Association; and its journal, *Plan Age*, to recover a rich intellectual legacy. Economic historians have marginalized the economic planning movement, regarding it as an aberration and failure. Instead, the planners played a central role in many important transitions, including the shift from laissez faire to Keynesian economics, an essential ingredient in the U.S. ascendance to global power. Marxian class analysis is the method used to explore the contradictions of the economic planning movement, explain its successes and failures, and measure the extent and limits of its challenges to liberal economic and political theory, with special attention to the ways in which the movement simultaneously undermined and reinforced capitalism and imperialism. In the process new directions are suggest for contemporary critics and activists.

INDEX WORDS: Lewis L. Lorwin, Capitalism, Class Process, Collectivism, Economic Planning, Individualism, N.E.S.P.A., U.S. Imperialism

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Master of Arts

In the College of Arts and Sciences

Georgia State University

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Claude Michael Misukiewicz
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CLAUDE M. MISUKIEWICZ

Committee Chair: Ian Christopher Fletcher, PhD

Co-Director : Christine Skwiot, PhD

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Office of Graduate Studies

College of Arts and Sciences

Georgia State University

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INTRODUCTION:

“A CHANGE IN INTELLECTUAL AND MORAL CLIMATE”

Once it was universally held by respectable thinkers that the cycles of expansion, prosperity, explosion, contraction, and ruin were the fruits of natural law operating in the moral world—law as far beyond the reach of human will as the imperative of gravitation. Now there are signs of doubt, a positive conviction that, unless the intellect and will of man can prevent these calamities, the boasted progress of science and reason is a hopeless delusion.

This deep conviction, this constructive resolution is now possessed by leading citizens, by the representatives of great industrial corporations, by the official spokesmen of organized capital and labor ... This is something new under the sun, indicating a change in intellectual and moral climate ... And it may very well be that a century from now the historian will discover, in the faded papers recording the proposals advanced in 1931 by our directors of opinion, the beginnings of drastic changes in the economy, ethics, institutions, and the spirit of American democracy.

—Charles A. Beard

As American business failed to find either ideas or courage to move forward, there was a rapid shift in economic ideas. The nation turned again to the only other source of action—that of their own collective powers vested in the Government.

This rapid and spectacular conversion to a new faith in the powers and rationality of governmental and collective action formed the content of the Great Turn of 1930-32. At no time in American history were so many idols shattered in so short a time and such widespread demand made for new methods of social and economic action to bring bread and peace of mind.

—Lewis L. Lorwin

Planning is an omnibus word, and has been given different content by any number of its advocates, practitioners and opponents. In those days, however, its functional meaning was sufficiently clear to men who urged it ... It was used to denote opposition to those who advocated letting economic forces take their course.

—George H. Soule

In much of the world, the Great Depression of the 1930s called into question the legitimacy of capitalism and the efficacy of democracy, giving rise to movements of the right

and left that rejected one or both.¹ In the United States, the economic collapse diminished the prestige and authority of business, mocked orthodox economic theory, and mobilized labor, farmers, and the unemployed, often with leadership that grew increasingly competent and radical. But criticism went beyond national economic policy. The experience of the Great War, and the international tensions it spawned, left many so disillusioned with U.S. foreign policy, and critical of its imperial impulses, that they sought legislative remedies to check them. Ironically, only fifteen years later, the nation sat at the pinnacle of a capitalist empire that spanned most of the globe, and its prestige was unmatched. In large part, both the challenges to national legitimacy and its subsequent recuperation were enacted within the national debate about economic planning during 1931-41.

Planning, the direction of economic change through collective decisions rather than solely through market processes, was not a new idea. But suddenly in 1931, as the unprecedented severity of the economic collapse became evident, a chorus of diverse voices rang out from the nation's corporate boardrooms, universities, churches, and labor union halls, all calling for one solution: economic planning. If the notion that a broad cross section of Americans believed economic planning to be a viable solution to the international tensions and economic crises of the 1930s engenders skepticism among today's readers, it should be remembered that economic planning was one of Franklin D. Roosevelt's campaign promises, a prevalent theme of his 1933 book *Looking Forward*, and a central component of New Deal policy.

This thesis seeks to recover the rich, lost intellectual heritage of these debates for two main reasons. First, these debates contributed to the transformation of the United States during the 1930s, defining new roles for the U.S. government and setting its course to reconstitute

¹ Charles A. Beard, *America Faces the Future* (Boston: Houghton Mifflin, 1932), 5; Lewis L. Lorwin, *The Economic Consequences of the Second World War* (New York: Random House, 1941), 427; and George H. Soule, "Beard and the Concept of Planning," in *Charles A. Beard: An Appraisal*, ed. by Howard K. Beale (Lexington: University of Kentucky Press, 1954), 64.

postwar capitalism, nationally and globally. In general, historians have failed to integrate the national planning of the 1930s with the international planning of the following decade. These debates allow us to connect them and thus understand the creation of the postwar order in new ways. Second, many of the perspectives and ideas that contended in these debates remain relevant. They are part of contemporary discourse and continue to structure our thinking, often unconsciously. Today, as during the interwar period, a combination of crises—economic, environmental, and international—are leading to renewed questioning and criticism of our economic and political systems. It follows that intellectuals and activists working today for a more democratic economy and global order—arguably the planners’ contemporary counterparts—will be better equipped if they have a critical, historical understanding of these debates.²

That this period was a high water mark of anti-capitalist and anti-imperialist sentiment raises a central question of this thesis: Why were popular movements, including the planners, unable to go further to enact fundamental political and economic change? One part of that story can be read in the choices, theoretical and strategic, of intellectuals who advocated for economic planning. This thesis examines the interventions of Lewis L. Lorwin, one of the most prominent and persistent advocates of planning. Lorwin was very active during 1931-41. He was on the faculty of the Brookings Institution and was an affiliate of the Institute of Pacific Relations. In Washington he lent his expertise to the various national planning boards under President Roosevelt, Congress’s Temporary National Economic Committee, the Board of Economic Warfare, and the Commerce Department. Internationally, he served the International Labor Organization and the League of Nations and later was a member of the first U.S. delegation to

² This thesis refers to advocates of planning, as well as those performed planning functions in official positions, as planners.

the United Nations. Historians have tended to focus on the Brains Trust and others who reported directly to the President. Lorwin's role was instead to advise such persons and that may be why he has received scant attention. The details of Lorwin's service to Roosevelt administration, the federal government, and international bodies are not important to this thesis. They remind us, however, that Lorwin's expertise was much sought after. He was always in the thick of things and always connected to a large network of people who were similarly involved. He was an insider and in no way a marginal figure

Yet the focus of this thesis is on Lorwin's unique intervention as a public intellectual, a figure who crossed back and forth between the state and private, or civil, institutions. While there were many others who published in a variety of scholarly journals and popular periodicals, Lorwin played a unique role in initiating the organization of planners into a movement and network. He is remarkable for the sustained character of his advocacy of planning, which evolved over time in response to the events of the day. Finally, Lorwin's work is remarkable because of its international focus, which integrates national planning with the global economy. In Lorwin, all these factors combine to give us a unique view of the arch of the planning debates.

Louis Levitski Levine / Lewis L. Lorwin

Two historians, Thomas Wheatland and Landon R. Y. Storrs, offer vivid images of the man before, and after, our period of focus. Louis Levitzky Levine (1883-1970) was born near Kiev and came to the United States at the age of four. Wheatland tells us that he traveled extensively, attended schools in France, Russia, and Switzerland, and earned a doctorate at Columbia University in 1912. He experimented with careers in journalism, as a foreign correspondent and an investigative journalist, and academia before joining the Brookings

Institution's graduate school. It was Levine's travels through the Soviet Union during 1921 and 1922 for the *Chicago Daily News* that led to his "complete and thorough rejection of Russian Communism."³

In 1923, Levine was hired by the International Ladies Garment Workers Union to write a history of the organization. The product established his reputation as a labor historian and drew the notice of the Brookings Institution, then "an organization on the cutting edge of American Progressivism,"⁴ which hired him as a labor specialist. At about this time, Levine, already in his forties and with numerous publications, changed his name to Lewis L. Lorwin—a mellifluous and rare name with no discernible ethnicity. We are left to wonder whether it was Lorwin or the Brookings Institution that saw an advantage in obscuring his Jewish and Russian origins.

The combination of his knowledge of labor history and economics and his international background made Lorwin uniquely capable of producing two widely acclaimed works for Brookings, *Labor and Internationalism* (1929) and *Advisory Economic Councils* (1931). The former was a comprehensive, comparative survey of European labor movements and their various, ineffectual efforts to unite labor across borders, while the latter surveyed economic planning efforts underway throughout Europe. In each case Lorwin accomplished his research with extensive travel and meetings with other researchers and government and labor union officials, including those at the International Labour Organization and the Frankfurt Institute for Social Research, the seedbed of Marx-inspired critical theory. Wheatland tells us that the Frankfurt Institute cultivated a relationship with Lorwin and that he facilitated the migration of the Institute from its exile in Geneva to Columbia University.

³ Thomas Wheatland, "The Frankfurt School's Invitation from Columbia University," *German Politics and Society* 22, no. 3 (Fall 2004): 17..

⁴ Wheatland, "The Frankfurt School's Invitation from Columbia University," 18.

The affinity between Lorwin and the Institute was consistent with his critical engagement with European socialists and Soviet Marxists. He constructed his thinking by selectively appropriating elements of various doctrines while defining his ideas in comparison to them. His approach is mirrored in his description of the intellectual ferment of the 1930s as a process of synthesizing diverse, contradictory economic doctrines:

John Maynard Keynes and his followers in England, the so-called “Stockholm School” of economists in Sweden, a number of “New Deal” advocates in the United States—all contributed to the shaping of the newer theories ... The doctrines differ in many respects ... but it is justifiable to say that they tend to form a “school” which is in the process of reconciling some of the ideas of the neo-classical economists with what had long been regarded as the heresies of such men as J. A. Hobson, Henry Gesell, Thorstein Veblen and Karl Marx.⁵

By temperament, Lorwin preferred to integrate opposing points of view rather than engage in polarizing debate. In March 1948, however, he began to pay dearly for this eclecticism, which some saw as un-American. As Landon R. Y. Storrs tells us, Georgia Congressman E. E. Cox publicized a list of “Communist sympathizers, socialists, and collectivists”⁶ that had helped draft the proposed European Recovery Program, better known as the Marshall Plan, then before Congress. Conservatives attacked the plan as a leftist plot to subsidize socialist governments in Western Europe. As evidence of the planner’s disloyalty, Cox quoted selectively from Lorwin’s address to the 1931 World Social Economic Planning Congress at Amsterdam, which is examined in detail in Chapter 1. That the conference’s organizer, Mary Van Kleek, had emerged as an outspoken supporter of Soviet causes, weighed against Lorwin as well. Cox was right about one thing, Lorwin had proudly championed collectivism. But the contradictions of Cox’s position are clear. He enforced intellectual conformity by destroying the careers of critical, innovative thinkers—all, supposedly, in defense of individualism.

⁵ Lorwin, *The Economic Consequences of the Second World War*, 100.

⁶ Landon R. Y. Storrs, *The Second Red Scare and the Unmaking of the New Deal Left* (Princeton: Princeton University Press, 2013), 118.

Though Congress soon approved the Marshall Plan, the attacks on Lorwin continued unabated. Lorwin contested the charges for fifteen months but resigned his position as director of the Office of International Trade (OIT), when the Commerce Department found his loyalty to be in “reasonable doubt.”⁷ Thus, in December 1952, Lorwin’s years of service to the Roosevelt and Truman administrations ended in ignominy. Storrs argues that much more than Lorwin’s career was at stake. The use of disloyalty charges against the remnants of the New Deal Left “silenced discussion of the antidemocratic tendencies of capitalism” and blocked “policy initiatives that impinged upon American business prerogatives.”⁸

“Planning Is an Omnibus Word”

Among the most commonly cited reasons why economic planning was so popular are that it had been used to great effect during the nation’s previous major crisis, the Great War, and that many Americans were impressed and alarmed by the apparent successes of Soviet planning. In addition, there were no other clear alternatives. Economic historian Lester V. Chandler reminds us that there was no generally accepted theory explaining how national income and employment levels were determined and how they could be affected by government policy. Nor was there a consensus that the government should assume responsibility for maintaining economic stability. To the contrary, economists such as Lionel Robbins argued that the depression must be permitted to perform its necessary, beneficial functions without government interference. Known as *liquidationists*, they argued that renewed growth would ensue once the various bad debts,

⁷ Storrs, *The Second Red Scare and the Unmaking of the New Deal Left*, 211.

⁸ Storrs, *The Second Red Scare and the Unmaking of the New Deal Left*, 206.

unprofitable investments, and accumulated stocks of unsold goods had been liquidated through bankruptcies or other means.⁹

The widespread outcry for planning suggests a unanimity that did not exist. Upon closer inspection, *planning* referred to a wide variety of schemes. It encompassed a range of proposals: In General Electric President Gerald Swope's plan, corporate leaders, in collaboration with government, would collectively take the reins of the economy, promising a return to growth in exchange for the repeal of anti-trust laws. In contrast, historian Charles A. Beard's plan would turn large industries into publicly directed utilities, their stocks purchased by the government and redistributed among their directors, managers, and employees.¹⁰ Many plans included provisions for social insurance for the unemployed and elderly as well as for a national economic council composed of representatives of capital, labor, farmers, and others. The common element uniting them was the belief that decisions formerly made by atomized individuals in the markets should now be deliberately administered by a collective composed of business, government, and other groups.

“A Story of Proposals”

Several scholars have written about the origins of economic planning. The fact that none have surpassed Lewis L. Lorwin's 1932 article on the subject testifies to the quality of his historical self-consciousness.¹¹ Lorwin places the origins of economic planning within the history of industrial capitalism, and divides it into three periods. The first, 1815-1850, was marked by industrialization in Western Europe and the United States. The prevailing economic

⁹ See Lester V. Chandler, *American Monetary Policy, 1928-1941* (New York: Harper and Row, 1971), 116-128.

¹⁰ Charles A. Beard, “A ‘Five-Year Plan’ for America,” 117-140; and Gerard Swope, “Stabilization of Industry,” 160-185; in Charles A. Beard, ed., *America Faces the Future*, (Boston: Houghton Mifflin Company, 1932).

¹¹ Lewis L. Lorwin, “The Origins of Economic Planning,” *The Survey* 67, no. 9 (February 1932) 472-475, 512.

doctrine of the time was laissez-faire. But, as Lorwin explains, three contrary currents of thought emerged along with and in engagement with it: the socialist, social-reformist, and nationalistic economic doctrines. Each advocated a particular type of planning and each played a role in the debates of the 1930s. It is noteworthy that Lorwin credited the socialists and utopians with the idea of planning for social needs and for social justice. He is unique in acknowledging that the most radical North American labor organization, the Industrial Workers of the World (IWW), popularized the ideas of planning and of national economic councils. But Lorwin overlooks what distinguished their conception of planning from all of the others being debated—it was founded on a vision of worker self-management in which labor would ultimately assume most of the functions now performed by capitalists and the state.

The second period, 1850-1914, saw the expansion of industrialization and global trade. This period was characterized by the rise of corporate capitalism, large-scale enterprises, and paradoxically, “an intensification and ... a suppression of competition,”¹² as ruthless competition gave rise to monopolies and quasi monopolies. Simultaneously, other sectors of society were organizing themselves into “trade unions, granges, farmers’ societies, artisans’ associations, and similar organizations which in time decried ‘the evils of competition’ and brought into play new forms and methods of cooperative action.”¹³ Lorwin adds that the stress of these changes prompted western countries to take steps to combat monopolies, regulate public utilities, and offer some protection and security to labor.

Lorwin observes that while industrial capitalism became more international in practice it paradoxically became more nationalistic in form. In other words, governments responded to the expansion of capitalism with different doctrines and policies according to their circumstances

¹² Lorwin, “The Origins of Economic Planning,” 473.

¹³ Ibid.

and interests. Some governments, notably Japan and less successfully Russia, oversaw the industrialization of their countries. In contrast, Great Britain, already the world's industrial and financial leader, remained committed to laissez-faire. The United States, Germany, and France took positions somewhere in the middle. Lorwin observes that capitalism evolved by accommodating its critics during this period:

Capitalism absorbed and adapted to its needs many of the proposals made before 1850 by critics of laissez-faire. It took over the socialist program for giving the worker protection and security. It applied to a considerable degree the reformist idea of public control. And after a brief period during the 60's, when the doctrine of free trade was at its peak, it adopted, with the exception of Great Britain, the protectionist policy of nationalist economics.¹⁴

During the third period, beginning in 1914, the planning movement gained additional momentum from several sources: the experience of wartime planning, the development of business planning, and the example of the Soviet Union. Because military success depended upon industrial might, "the control of economic resources was taken out of the hands of individuals and corporations and concentrated in the hands of those in command of the national destiny."¹⁵ Planning was validated because these efforts "did result in an immense increase in productivity, in a great expansion of industrial plants, and in the maintenance of the intense economic activity necessary for military purposes."¹⁶ These measures also introduced economic planning in a new form, one "divorced from socialist speculation."¹⁷

The period of 1924-1929 was one of remarkable economic growth. This "capitalist expansion" was facilitated by the application of new techniques of management and business planning, including:

¹⁴ Lorwin, "The Origins of Economic Planning," 474.

¹⁵ Ibid.

¹⁶ Lorwin, "The Origins of Economic Planning," 475.

¹⁷ Ibid.

the world-wide application of the principles of technical planning within plants and single industries, scientific organization of work within separate plants, the simplification and standardization of processes, the application of psychology to the selection and training of personnel, the coordination of technical processes to eliminate loss of time and to increase output per man and per unit of capital.

Scientific management and rationalization became the dominant phases and were carried to unparalleled heights.¹⁸

In addition to scientific management and industrial standardization, Lorwin notes that the announcement of the Soviet Union's first Five-Year Plan in 1928 was a spur to the planning movement.

Another article on the historical roots of planning by Clifford J. Hynning, then an attorney on the staff of the Temporary National Economic Committee, traced planning to the first session of Congress to the conservation movement led by Theodore Roosevelt and further to wartime planning and up to the New Deal. He notes that President Hoover continued to consult with various participants in wartime planning, many of whom would go on to join the planning efforts of the Roosevelt administration. Hynning demonstrates continuities of approach and personnel from the wartime planning through the Hoover administration and the Roosevelt administration.

Published in the June 1939 issue of *Plan Age*, Hynning's essay begins and ends on a note that is very different from Lorwin's piece. Lorwin's narrative was teleological, and gave the impression that previous events all led up to planning's triumph. But Hynning's narrative, written late in the decade, is not so optimistic. As Hynning warns us at the start, "The story of the evolution of machinery for national planning in the United States is largely a story of proposals ... that have been introduced at various times, only to be successively rejected,

¹⁸ Lorwin, "The Origins of Economic Planning," 475.

ignored, or diverted into other channels.”¹⁹ Although Hynning’s article provides ample evidence of the robust support for national planning, the last sentences issue a warning that proved prophetic: “It is hoped that America will at long last find the machinery and technique for national planning. That the opportunity is there, few persons will deny. To hesitate too long, however, may decide the issue without awareness that the die has been cast.”²⁰ In retrospect, it seems that the moment of decision had passed by 1939.

Class, Collectivism, and Empire

Three concepts—class, collectivism, and empire—define the theoretical approach of this thesis. Of course, these words are present within the debates under study. But caution is in order because each has multiple meanings that were the subject of contention then, as they are today. Moreover, this thesis employs specific definitions of these concepts that differ from those used in the debates, and which may be unfamiliar to the reader. It is notable that each of these concepts is to some degree stigmatized and often dismissed as inapplicable to the United States. The use of these concepts also distinguishes this thesis from previous studies of the economic planning movement, which neglect its complex roles in class struggle and the construction of empire. It is through these concepts that the main questions and theses of this project are articulated.

Class

Lewis L. Lorwin, and the planners in general, emphasized the harmony of interests among classes. They viewed instances of overt hostility between classes, as when management refused to recognize labor organizations, as a symptom of shortsightedness, the failure of

¹⁹ Clifford J. Hynning, “Administrative Evolution of National Planning in the Pre-New-Deal Era,” *Plan Age* 5, no. 6 (June 1939): 157.

²⁰ Hynning, “Administrative Evolution of National Planning,” 189.

management to recognize that their real long-run interests were identical with those of society as a whole. This section argues that Marxian class analysis reveals deeper conflicts and alliances.

First, what is class? Phrases like *class conflict*, *labor*, *business*, and the *middle class* were common in the debates about economic planning, but never clearly defined. Then, as today, *class* usually implies groups defined by various combinations of power, property, and consciousness. Although such groupings may have descriptive power, they are inevitably simplistic, obscuring divisions within groups as well as the social complexity of the individuals within them.

Marx also spoke of class in various ways. However, his unique contribution was to define class in terms of a process, the extraction and distribution of surplus labor. Two U.S. economists, Stephen A. Resnick and Richard D. Wolff, have done the most to explicate Marx's class analysis and this thesis employs their theories.²¹ The novelty of the Marxian approach justifies a brief summary here. To begin with, the extraction of surplus labor, the fundamental class process (FCP) of capitalism, occurs at the site of production as a laborer performs *necessary* labor. It is so called because in exchange she receives a wage of approximately equivalent value, which affords what is required to reproduce her labor power. However, she must also perform an additional amount of *surplus* labor for which she is not compensated. The surplus value she produces is then appropriated by the industrial capitalist.

In Marx's view, *exploitation* occurs whenever surplus labor is appropriated by someone other than the direct producer. However, a neoclassical economist viewing the same factory would describe things differently. In her view, labor and capital each receive income equivalent to their contribution to the final product. For neoclassicists, capitalism is defined not by class processes but by the presence of two institutions: private property and free markets.

²¹ This passage summarizes portions of Stephen A. Resnick and Richard D. Wolff, eds. *New Departures in Marxian Theory* (New York: Routledge, 2006); and Richard D. Wolff and Stephen A. Resnick, *Contending Economic Theories: Neoclassical, Keynesian, and Marxian* (Cambridge MA: The MIT Press, 2012).

Marx described other FCPs, in addition to the capitalist one—ancient, feudal, slave, and communist—and it can be argued that each had a place in the United States during the 1930s. For example, some states engaged in the slave FCP through convict leasing schemes. While it has been claimed that the lack of a feudal past made the U.S. exceptional, sharecropping sometimes involved the feudal FCP, in which producers deliver surplus labor directly to landlords.²² U.S. farms were usually the site of the ancient FCP, in which individuals perform surplus labor and appropriate its product (and this applies to diverse self-employed commodity producers as well).²³ Finally, tens if not hundreds of thousands participated in the communist FCP, in which laborers collectively appropriate their own surplus labor, in a variety of cooperative enterprises such as the Unemployed Exchange Association of Los Angeles.²⁴ Then, as now, the U.S. economy encompassed multiple FCPs. Class struggle, therefore, may take two forms: quantitative struggles, such as those over wages and hours, and qualitative struggles, in favor of one FCP as opposed to another.

The FCPs are not self-perpetuating, for their reproduction depends on a multitude of conditions. Therefore, while the capitalist appropriates surplus value, she must also distribute portions of it to secure necessary conditions of existence for the FCP. This distribution is the subsumed class process (SCP). In *Capital*, Marx describes several subsumed classes that provide economic conditions of existence for the capitalist FCP: merchants, moneylenders, landlords, money dealers (who exchange currencies), the owners of industrial enterprises, and supervisory managers of joint-stock companies.

²² Serap A. Kayatekan, "Sharecropping and Class: A Preliminary Analysis," *Rethinking Marxism* 9, no. 1 (1996/97): 28-57.

²³ Elizabeth A. Ramey, *Class, Gender, and the American Family Farm in the 20th Century* (New York: Routledge, 2014)

²⁴ John Curl, *For All the People: Uncovering the Hidden History of Cooperation, Cooperative Movements, and Communalism in America* (Oakland CA: PM Press, 2009) 164-191.

Marx draws a distinction between productive and unproductive laborers. Laborers in industry are productive because they produce surplus value while those in merchant, landlord, and money-lending enterprises are unproductive because they produce none. Their wages are derived from the subsumed class revenues paid to their employers. This distinction is drawn between capitalists, as well: they are *productive* capitalists if surplus value is produced in their enterprises. The directors of merchant, landlord, and money-lending enterprises are all therefore *unproductive* capitalists because their enterprises produce none.

By including supervisory managers who oversee laborers among the subsumed classes, Marx extends his analysis to those who provide the political conditions of existence for the FCP. Resnick and Wolff further extend Marx's definition to include all who provide the political, cultural, and economic conditions for the capitalist FCP. These include the various agencies of the state, which build infrastructure, enforce contracts, educate children, and police communities. Productive capitalists make subsumed class payments to the state in the form of taxes. In addition, we can understand that the wages of laborers are augmented with a subsumed class component that is conveyed to the state through their tax payments.

Marxian class analysis reveals the existence of shifting relationships.. Rather than reducing class struggle to a tug-of-war between two great classes, we see the potential for multiple conflicts and alliances. The participants in the capitalist class processes are always in contention over the production and distribution of surplus value even though their livelihoods depend upon the robust functioning of these processes. Marxian class analysis illuminates the antagonism and interdependence between classes, within a class, and even within an individual. This perspective suggests also that class struggle sometimes takes the form of reconstructing

fundamental and subsumed class processes—and that is precisely what the economic planning debates are about.

Marxian theory informs this thesis in additional ways: As formulated by Resnick and Wolff, Marxian theory is antiessentialist. It rejects the presumption that a complexity can be reduced to a simplicity, that is, an essence. It rejects as well the idea that among the myriad factors contributing to an event, some can be identified as determinant, or essential, causes. Resnick and Wolff adapt a concept from Louis Althusser, *overdetermination*, the concept that all processes are mutually constitutive, simultaneously cause and effect. Overdetermination poses a stark contrast to neoclassical and Keynesian theories, in which economic outcomes are supposed to be determined by a limited number of causal variables, with a sharp distinction drawn between causes and effects.

Although unnamed as such, an argument for overdetermination appeared in the most authoritative study of business cycles prior to appear before the Depression: Wesley Clair Mitchell, an advisor to both Presidents Hoover and Roosevelt, oversaw an exhaustive attempt to verify or falsify almost every theory of business cycles (including the notorious sunspot theory) in light of the empirical data available from the United States, England, France, and Germany. In conclusion, Mitchell showed intellectual courage in admitting that the study's original goals were impossible:

The only statement we can test adequately is the colorless statement that one event is followed by another ... in truth every factor in a situation at every moment is being influenced by, and is influencing, other factors—it is not first cause and then effect, but both cause and effect all the time ... In view of these complications, it will prove more helpful to treat our problem at large in terms of the relations among a number of complex variables, rather than in terms of cause and effect.²⁵

²⁵ Wesley Clair Mitchell, *Business Cycles: The Problem and Its Setting* (New York: National Bureau of Economic Research, 1927), 470-71.

Similarly, Marx had long before concluded that business cycles are overdetermined by a multiplicity of processes. He also argued that the tendencies toward upturns, as well as downturns, are inherent to the system. Business cycles cannot, therefore, be attributed to only a few characteristics of the system, such as the maldistribution of income.

Another implication of Marxian epistemology is that no process can be apprehended in its totality by our finite consciousness. Each process is constituted by innumerable, contradictory factors. No theory or explanation can be more than partial and there is no objective standard by which to evaluate contending theories. In the 1930s, Charles A. Beard came to similar conclusions while discussing what caused the U.S. entry into the First World War:

The establishment of that “cause” is a performance ... utterly beyond the powers of the human mind ... All the historian can do is describe some [human personalities and events] in their more or less immediate relations ... He can reduce no total situation to an equation and make a Q.E.D.²⁶

This insight has an important implication for this thesis. By foreclosing futile arguments about the truth claims of the contending ideas, this relativist approach redirects our attention to the assumptions, boundaries, and internal logic of the various representations of political economy. It challenges us to analyze their appeal, the interests they represent, the passions that shape them as well those they generate, the agents that embrace them, and their consequences. This is in contrast to most histories of economic thought, based on teleological narratives that evaluate theories in terms of their relationship to current orthodoxy.

The planning movement promised to fulfill the aspirations of all classes, unifying them into what President Roosevelt called “a true concert of interests.”²⁷ Lorwin and other planners staked everything on their conviction that class conflicts could be reconciled. Although the

²⁶ Charles A. Beard, *The Devil Theory of War: An Inquiry into the Nature of History and the Possibility of Keeping Out of War* (New York: Vanguard Press, 1936), 13-15.

²⁷ Franklin D. Roosevelt, *Looking Forward* (New York: John Day, 1933), xii.

planners would surely object, this thesis argues that Marxian theory allows us to read the class conflict within the literature of the planning movement. From a Marxian viewpoint, the movement was fraught with the contradictions of its subsumed class positions. Like other professions, the planners claimed that their new role as a subsumed class was indispensable. But what gave the planning idea its immense popularity, and fragility, was that it was constituted by two contradictory impulses: The planners promised to *serve* capital, reviving capital accumulation through the coordination of production and the redistribution of income, among other means. But they also threatened to *control* capital, circumscribing the prerogatives and leadership of business and exposing their decisions to public scrutiny. This thesis is, in large part, an analysis of how the planners struggled to manage that contradiction. It will argue that their pretense of neutrality, rejection of class analysis, failure to acknowledge the impact of political and economic inequality on democracy, and apparent distaste for non-capitalist class processes, all limited their potential contribution to fundamental social and economic transformation.

Collectivism

Debates about economic planning were often framed in terms of a dilemma between individualism and collectivism. The roots of this binary go back at least to the eighteenth century. An often quoted passage from Adam Smith's *Wealth of Nations* is a famous, and early, paean to individualism. Smith explains that the self-seeking individual,

never intends to promote the public interest, nor knows how much he is promoting it ... He intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention ... By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good.²⁸

²⁸ Adam Smith, *The Wealth of Nations* (New York: Modern Library, 2000), 484-85.

Smith makes the paradoxical claim that individuals, acting independently and selfishly in the marketplace, unintentionally serve the common good. This is made possible through the barely perceived, if not invisible, workings of competitive markets. While this passage valorizes the selfish individual, it also disparages the do-gooders who would regulate markets—they, unintentionally, undermine the common good. It is easy to see why, two centuries later, the invisible hand metaphor is still invoked against government regulation of free markets. More subtly, this passage implies that the state and the market can be separated in practice, and that politics and economics can be separated in theory—these articles of faith continue to structure the conversation today. However, an additional irony in this passage is overlooked. Smith, and his disciples, justify individualism by appealing to collectivism, the sense that our individual interests are bound to those of society as a whole. While critics of planning claim that individualism and collectivism are mutually exclusive, this passage suggests instead that they are instead deeply connected, and suggests that their relationship needs to be historicized.

Smith, and the neoclassicists who followed, claimed that the combination of economic individualism, competitive markets, and laissez-faire policies assured the maximum production of wealth for a nation. Lorwin was among those leading the charge against economic individualism. Smith had argued that maximum wealth would be produced through the unintentional results of individuals acting independently. Lorwin accepts that this was once true, but he claims that the structures of markets and enterprises had changed, irrevocably, so that businessmen pursuing their individual interests tended now to restrict output, limit national wealth, and exacerbate business cycles. Individualism was, therefore, at the root of the economic crisis and blocked lasting recovery. Lorwin proposed replacing economic individualism with a deliberate and collective effort to maximize national wealth, national economic planning.

Charles A. Beard's 1932 pamphlet, *The Myth of Rugged Individualism*, explores the history of the relationship between individualism and collectivism. Clearly, Adam Smith's individualism was formulated in response to the constraints of mercantilism. Beard argues conversely that demands for government intervention in the marketplace arose in response to the undesirable consequences of individualism. Ironically, he claims that who cried loudest for collectivist measures were "the most rugged of all the rugged individualists."²⁹ For example, it was the nation's business leaders and farmers, too, who clamored for the regulation of the railroads. However, as the New Deal threatened increased regulation of business, these individualists changed their tune, campaigning "to exalt rugged individualism into a national taboo beyond the reach of inquiring minds."³⁰ Their purpose, Beard argues, is to blame the depression on "Government interference," in the hope of "avoiding responsibility" and avoiding further regulation.³¹

The specific economic meanings of individualism and collectivism are essential to understanding the planning debates, but several others are always in play. For example, notions of collectivism took on sinister connotations as they became increasingly associated with the Soviet Union, Fascist Italy, and Nazi Germany. Walter Lippmann, Herbert Hoover, and other critics of planning argued that there was a stark choice to be made between liberty and the regimentation of planning. Lorwin and the planners countered that economic collectivism would bolster political individualism by extending a degree of democratic control over the economy, while their opponents countered that economic liberty was the last defense against political tyranny. There was a popular perception, however, that the nation's celebrated individualism had already been strangled long before the planning debates. When Lippman, Hoover, and others

²⁹ Charles A. Beard, *The Myth of Rugged American Individualism* (New York: John Day, 1932), 9.

³⁰ Beard, *The Myth of Rugged American Individualism*, 6.

³¹ *Ibid.*

attacked planning, they tapped into widespread dissatisfaction with already existing regimentation in the workplace and elsewhere. When they championed liberty, however, it was the liberty of business that they were defending, the very corporate forces that had enacted that regimentation.

Early in 1930, the *New Republic* ran a series of six articles by John Dewey under the heading, “Individualism, Old and New,” that examines the status and prospects of individualism. Dewey observes that our traditional conception of *individualism* has become obsolete. Not because it has been displaced by *socialism* or *collectivism*, but through the spreading power of corporations, which dominate both production and consumption: “the United States has steadily moved from an earlier pioneer individualism to a condition of dominant corporateness.”³² Dewey believes that the trends are irreversible, but may be made manageable through planning. He asserts “there is a difference and a choice between a blind, chaotic and unplanned determinism, issuing from business conducted for pecuniary profit, and the determination of a socially planned and ordered development.”³³ This is, however, a rather limited promise. This is consistent with Dewey’s assertion that we can only begin to redefine individualism in a meaningful way when we have come to terms with our transformed social context. But Dewey shrinks for the task, believing an attempt would be premature.

This thesis analyzes the role that the ideals of individualism and collectivism played in the planning debates, but attempts to go further. After all, the dilemma between individualism and collectivism remains unresolved in contemporary debates about economic and social change. While both the proponents and opponents of planning acknowledged the decline of individualism, neither was capable of conceiving how it could be expanded. Debates about

³² John Dewey, “Individualism, Old and New: I: The United States, Incorporate,” *New Republic*, January 22, 1930, 239.

³³ John Dewey, “Individualism, Old and New: IV: Capitalistic or Public Socialism,” *New Republic*, March 5, 1930, 67

individualism and collectivism have progressed little since Dewey's essays. Therefore, this thesis asks whether these debates suggest a way to transcend this dilemma, allowing individualism and collectivism to be understood as mutually reinforcing components of our social existence rather than mutually exclusive opposites.

An anti-essentialist Marxian approach could begin by questioning the ideals of individualism and collectivism, arguing instead that each is far too reductive a representation of human existence. Additional caveats would apply. On one hand, it is too often ignored that many have cultivated their individualism—in the sense of developing their critical thinking, self-awareness, self-expression, overall competence, and other capacities—through their work in collective organizations. On the other, the twentieth-century left has been prone to overemphasizing the moral value of collectivism at the expense of individualism.

As concepts, both individualism and collectivism are too narrow to usefully describe the breadth of our social existence, even though each figures prominently in our consciousness. Despite the claims of their partisans, neither is necessarily emancipatory. Both collectivism and individualism serve the ideological function of producing subjects who are amenable to capitalism, and thus provide necessary conditions of existence for the capitalist class processes.

Collectivism emphasizes the common interests and interdependence of classes. Because it blocks the perception of exploitation and domination, collectivism lends moral legitimacy to capitalism. In this sense, the logic, if not the consequences, of Lorwin's collectivism and that of a fascist state, like Italy, or a state-capitalist state, like the Soviet Union, are similar. Though seldom named as such, collectivist desires may be expressed in movements for social justice, but are also often channeled into loyalty to sports teams, the culture of militarism, and even in the

ideology of American exceptionalism. These dynamics are reinforced by the fragmentation of social life that is part of capitalist society.

President Herbert Hoover stood out as one of the most eloquent champions of “rugged individualism.”³⁴ He glorifies this individualism, as exemplified by pioneers on the frontier, as part of our national identity—a contradiction because a national identity is necessarily a collectivity. Individualism, for Hoover, is closely related to competition. The value of competition, in his view, is that it enforces a kind of moral and economic justice by guiding each person in their appropriate occupation according to their capabilities and merits. Furthermore, competition and liberty undermine inequality and privilege rather than reinforce them. That such a notion might appeal to someone who has been elected president is not surprising, but why does it appeal to the less privileged? By telling a laborer that her talents and diligence are the only limits to what she may attain, individualism encourages optimism and limits class conflict by capturing the talents and passions of the most capable and motivated laborers. Conversely, it undermines the self-esteem, and hence the agency, of multitudes of people who achieve less than they wished. Thus, individualism divides labor and discredits collective action.

Empire

During the interwar period, the nation’s changing role in the world was the subject of urgent debate. *Internationalism* and *isolationism* emerged as the poles in U.S. foreign policy debates and were sometimes displaced by *interventionism* versus *neutrality*.³⁵ But these labels are misleading, because they conflate diverse, conflicting positions. Usually overlooked is that

³⁴ See Herbert Hoover, *American Individualism* (Garden City, NY: Doubleday, Page & Company, 1922); and Herbert Hoover, *The Challenge to Liberty* (New York: Charles Scribner’s Sons, 1934).

³⁵ These debates have received little sympathetic attention. An exception is Manfred Jonas, *Isolationism in America, 1935-1941* (Ithaca: Cornell University Press, 1966).

there were those among both internationalists and isolationists who consciously opposed the projection of U.S. power onto the world just as there were those who aspired to expand it. These debates went beyond the question of joining the war. They were about nothing less than the shape of the postwar world.

Several planners, most notably George H. Soule and Charles A. Beard, made strong arguments for U.S. neutrality. Their “isolationism” was based more on their disillusionment with the First World War than on a formal analysis of imperialism or internationalism. Without rehearsing the debate about neutrality, it is important to acknowledge that their predictions about the results of war were accurate. In their view, the nation faced a choice of expanding or reversing the gains of the New Deal, and they believed that war would push additional reform off the agenda. More important than defending “democracy” abroad, they hoped to more fully realize it at home. They also feared that war would undermine U.S. democracy by bringing increased domestic political repression, permitting the giants of finance and industry to enlarge their influence and enhance their profits, and fostering the growth of the military. Most of all they feared that some combination of government, business, and financial interests would drag the nation into a war that its people hoped to avoid. Perhaps because they had seen President Wilson break his promise to keep the U.S. out of war, the isolationist planners regarded the efficacy of U.S. democracy with far greater skepticism in matters of foreign policy than they did in matters of domestic economic planning.

Although these debates began with a critique of imperialism and the world system, they eventually contributed to the reconstruction of U.S. imperialism and global capitalism. These processes were obscured by the ideology of American exceptionalism. Ironically, even in its exceptionalism, the U.S. has been unexceptional. In his comparison of the British and U.S.

empires Julian Go emphasizes the common ideologies of empires rather than their supposedly unique national character.³⁶ These commonalities shed light on the debates of the 1930s. Like Americans, the British have also alternated between denying that they had an empire and claiming that theirs was uniquely benevolent. Go concludes that “exceptionalist thought is empire’s preferred self-apprehension.”³⁷ He explains that empires are prone to be more self-conscious of their imperial nature during their phases of ascendance and decline rather than during their hegemonic phase. Such self-consciousness is evident in the debates about planning, which occurred at a moment of U.S. ascendance and British decline. This thesis argues that the ideology of U.S. exceptionalism allowed Lorwin to imagine that the United States could design a world order that was somehow not hinged on an American empire.

In *The Making of Global Capitalism*, Leo Panitch and Sam Gindin offer many comparisons between the British and U.S. empires, but they emphasize the novel, specific ways that the United States transformed the meaning of empire in the postwar years.³⁸ Prior to the eighteenth century, they claim, all empires combined economic, military, and political control. The British, however, pioneered a new form of empire based on economic expansion and influence, which culminated in an informal empire in the nineteenth century. During that century, the export of capital transformed the capitalist state—in both capital exporting and capital importing nations. As the safety of each nation’s capital came increasingly to depend upon the protection of another state, each state shouldered more responsibility for safeguarding the reproduction of capitalism within its borders. Imperialism was still a matter of strong states

³⁶ Julian Go, *Patterns of Empire: The British and American Empires, 1688 to the Present* (Cambridge: Cambridge University Press, 2011).

³⁷ Go, *Patterns of Empire*, 238.

³⁸ Leo Panitch and Sam Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (New York: Verso, 2012).

imposing their interests on weaker states, and still a matter of competition among strong states, but it was becoming something more: a cooperative effort to safeguard the system as a whole.

After the Second World War, the United States took this development of this system several steps further, by integrating the capitalist powers in a way that Great Britain never had: “The American state, in the very process of supporting the export of capital and the expansion of multinational corporations, increasingly took responsibility for creating the political and juridical conditions for the general extension and reproduction of capitalism internationally.”³⁹ As Panitch and Gindin point out, the scope of the new U.S. empire went far beyond that described by leading critics of U.S. empire, such as Charles A. Beard and William Appleman Williams, who found the roots of imperialism in the quest for foreign markets for domestic overproduction. It is noteworthy that Panitch and Ginden speak of the United States as the superintendent of global capitalism, rather than as a hegemon. That is because the responsibility of superintending the growth of the global capitalist system imposes burdens and constraints on the U.S. state. Rather than enabling it always to project its own interests, they argue that this role compels the U.S. state often to act contrary to its own interests.

This thesis fits well within the historical narrative that Panitch and Ginden have constructed. However, Lorwin and other planners complicate things: first, by being avowedly anti-imperialist; and second, by occupying a variety of positions within and outside the state. Understanding their work requires an understanding of imperialism that is more nuanced, if less concise. David Ruccio offers an approach that emphasizes the heterogeneity of empire, describing it as the contingent, often contradictory, interaction of multiple agents and initiatives. Thus, he offers a way to understand how the efforts of those inside and outside the state, and those who champion and oppose U.S. imperialism, may converge:

³⁹ Panitch and Gindin, *The Making of Global Capitalism*, 6.

Imperialism ... is a multidimensional set of practices (economic, political, and cultural) with no particular unity or inevitability about them. They may, and often do, work together, but with no singular purpose or organizing entity. And just as they are set in motion, they can be resisted, deflected, and even stopped ... Imperialism ... is partial and incomplete, a project that is both powerful and fragile, less a description of an entire stage of capitalist or world development than a project *in* that world; an attempt to make and remake that world.⁴⁰

Lorwin's internationalism, for better or worse, was clearly an attempt to remake the world. In his account of the crisis years of the 1920s and 1930s, E. H. Carr argued that "internationalism" always involved a rationale for strong states to pursue their interests at the expense of the weaker: "Just as pleas for 'national solidarity' in domestic politics always come from a dominant group which can use this solidarity to strengthen its own control over the nation as a whole, so pleas for international solidarity and world union come from those dominant nations which may hope to exercise control over a unified world."⁴¹ Internationalism, Carr argues further, is a historic pattern rooted in the ancient empires of China, Egypt, and Rome, and subsequently the Roman Catholic Church. When France was hegemonic in Europe, it reinvigorated the pattern by incorporating the humanitarian sensibilities of the Enlightenment. And when the British superseded France, they inherited a framework upon which to construct their own version of internationalism. We need not doubt the sincerity of Lorwin's expressed desire to de-imperialize the world. However, we may extend Carr's argument to see Lorwin and his contemporaries competed to define a new U.S. internationalism even as they conceived of the institutions of a new U.S. imperialism.

This thesis attempts to understand the ways in which Lorwin and the planners contributed to the reconstruction of the U.S. empire and to capitalist globalization. Contrary to their expressed intentions, and professed anti-imperialism, their policy prescriptions converged with

⁴⁰ David Ruccio, *Development and Globalization: A Marxian Class Analysis* (London: Routledge, 2011), 363.

⁴¹ E. H. Carr, *The Twenty Years' Crisis, 1919-1939* (London: Macmillan, 1939), 86.

those of blatant advocates of empire. This thesis seeks to identify the theoretical choices that made this convergence possible.

CHAPTER 1:

LEWIS L. LORWIN'S FIVE-YEAR PLAN FOR THE WORLD

It was at Amsterdam last August that for the first time a group of Russian economists sat in with a congress of their fellows from Western Europe and America. They told of their five-year plan and a nation at work in the midst of world-wide depression and unemployment. And it was an American economist who, by sheer mastery of his subject and the lucidity of his analysis, became the spokesman for the westerners in their half articulate belief that through economic planning the stresses of modern industrialism may be reconciled with self-government and freedom. To the engineers and economists, business and labor leaders and government officials of a score of nations he gave a philosophic basis for social progressive planning.

—*The Survey*

Planning ... represents a new spirit, a new attitude, which frees us from the fears and complexities of our divided interests.

—Mary Van Kleeck

This chapter centers upon the participation of Lewis L. Lorwin at the 1931 World Social Economic Congress at the Koloniaal Instituut in Amsterdam, Holland.⁴² Lorwin's impact on the Congress was enhanced because the organizers distributed his essay "The Problem of Economic Planning," in advance to provide a common "basis for discussion."⁴³ This essay and his address, published in separate volumes but under the same title, were subsequently updated and

⁴² The first epigram is an editor's note introducing Lewis L. Lorwin's "A Five-Year Plan for the World," in *The Survey* 67, no. 5 (December 1931): 231; Mary van Kleeck, "World Social Economic Planning—Statement at Final Session of the Congress," in *World Social Economic Planning: The Necessity for Planned Adjustment of Productive Capacity and Standards of Living; Material Contributed to World Social Economic Congress, Amsterdam, August 1931*, ed. Mary L. Fledderus (The Hague: International Industrial Relations Institute, 1932), 567.

⁴³ Lewis L. Lorwin, "The Problem of Economic Planning," in *World Social Economic Planning: The Necessity for Planned Adjustment of Productive Capacity and Standards of Living; Material Contributed to World Social Economic Congress, Amsterdam, August 1931*, ed. Mary L. Fledderus (The Hague: International Industrial Relations Institute, 1932), 257.

repackaged into three articles in a popular U.S. magazine, *The Survey*, thereby reaching a larger audience.⁴⁴ These interrelated texts form the center of this chapter because they represent Lorwin's full-blown synthesis of several interconnected arguments.

Lorwin had recently published two books, *Labor and Internationalism* (1929) and *Advisory Economic Councils* (1931), which enhanced his international reputation. Both were comparative studies of European nations, and the Brookings Institution had permitted Lorwin to advance his research and broaden his connections with like-minded intellectuals through travel. The international scope of Lorwin's research and international reputation made Lorwin uniquely equipped to act as a spokesman for international social economic planning. Those attending the Congress were also aware of the economic and technological might of the United States, its innovative management techniques, and its emergence as a global power. Awareness that any schemes to resolve the economic and international crises would require U.S. leadership must have lent Lorwin additional cachet.

Section 1.1 briefly describes the Congress and places it in historical context. Section 1.2 examines Lorwin's discussion of the roots of the economic crisis, with reference to his critique of individualism and laissez faire economic doctrine. Section 1.3 turns to his proposals for social-progressive planning as the remedy to the crisis. Section 1.4 considers the way Lorwin connects the national and international crises and argues for international planning as a comprehensive response. Finally, Section 1.5 subjects his proposals to the incisive critique of a Soviet planner. A brief conclusion follows.

⁴⁴ Lewis L. Lorwin, "A Five-Year Plan for the World: Shall We Seek Temporary Pain-killers or Lasting Cures?," *The Survey* 67, no. 5 (December 1, 1931): 231-235; "The Origins of Economic Planning," *The Survey* 67, no. 9 (February 1, 1932): 472-512; and "The American Front," *The Survey* 67, no. 11 (March 1, 1932): 569-571.

1.1: World Social Economic Congress

The schedule of the World Social Economic Congress, which ran from the evening of Sunday, August 23 through that of Friday, August 28, included “eighteen prepared addresses and eighty separate contributions to the discussions by sixty individuals,”⁴⁵ in addition to periods allotted for informal discussion. Participants came from more than two dozen countries. Nearly a hundred participants came from Holland, more than forty from Germany, and about two dozen from Great Britain. Approximately the same number was listed as “international” because of their affiliations with international organizations in The Hague, Geneva, London, and Paris. Historian Gerd-Rainer Horn describes the participants, with an emphasis on the important European personalities, thus:

Economists and industrialists, statesmen and trade unionists, journalists and architects, factory inspectors and factory owners, engineers and communists; a remarkable assortment of individuals hailing from every imaginable social and professional background ... Among the well-known personalities present were Rudolf Wissell, the former German secretary of labor; Fritz Naphali, the head of the German trade union research association; Friedrich Pollock, a leading member of the Frankfurt Institute for Social Research; French journalist and politician Bertrand de Jouvenel; Dutch social democrat F. M. Wibaut, the eminence grise behind Amsterdam’s exemplary municipal housing development project; Albert Thomas, the director of the Geneva International Labor Bureau; the Brookings Institute economist Lewis L. Lorwin; Valeri V. Ossinsky, the leading Soviet economic expert; H. S. Person, the managing director of the American Frederick Taylor Society; and leading industrialists from many countries.⁴⁶

The seriousness and ambition with which this conference was designed is evident in the program. After an informal reception and orientation on Sunday evening, August 23, 1931, the congress began its five-day program, beginning at 9:00 am and either adjourning for the day at 7:45 pm or sometimes reconvening at 8:00 pm for continued discussion. The days were typically

⁴⁵ Mary Van Kleeck, “Analysis and Review of the Congress,” in *World Social Economic Planning: The Necessity for Planned Adjustment of Productive Capacity and Standards of Living; Material Contributed to World Social Economic Congress, Amsterdam, August 1931*, ed. Mary L. Fledderus (The Hague: International Industrial Relations Institute, 1932), 5.

⁴⁶ Gerd-Rainer Horn, *European Socialists Respond to Fascism: Ideology, Activism and Contingency in the 1930s* (New York: Oxford University Press, 1996), 74.

divided between two four-hour sessions, each consisting of lengthy presentations by one or more speakers and followed by extensive commentary from four to seven discussants. The talks were conducted in Dutch, English, French, German, and Russian, and translations were often, though not always, offered in the book.

The forty odd participants from the United States included Edward A. Filene, president of Wm. Filene's Sons Company and the Twentieth Century Fund, a prominent liberal foundation, and Frances Perkins of the New York State Department of Labor, who would become Secretary of Labor under President Roosevelt.⁴⁷ The roster included a U.S. Congressman and executives from American Telephone and Telegraph, Chemical Bank and Trust, Metropolitan Life Insurance, Miami Copper, and Western Electric. Officials of the International Brotherhood of Electrical Workers and the Women's Trade Union League of Philadelphia as well as the Russell Sage Foundation and the National Bureau of Economic Research attended. There were academics from Wellesley, Bryn Mawr, and Antioch, and also from several institutions with which Lorwin was connected: the Brookings Institution, the Institute of Pacific Relations, and Montana State College. And the editor of *The Survey*, a popular magazine that would publish four major articles by Lorwin in coming months, was also present.

Four articles about the Congress in the *New York Times* communicated the prominence of the U.S. participants, the participation of the Soviets, and the spectacle of a large and serious international Congress.⁴⁸ More important, they also communicated much of its substance. The articles quoted extensively from the proceedings, representing the Congress on its own terms and in its own language. One article, devoted primarily to Edward A. Filene's speech, accurately

⁴⁷ Names, addresses, and affiliations of participant were listed in *World Social Economic Planning: The Necessity for Planned Adjustment of Productive Capacity and Standards of Living; Addendum to Material Contributed to World Social Economic Congress, Amsterdam, August 1931*, ed. Mary L. Fledderus (The Hague: International Industrial Relations Institute, 1932), lx-xci.

⁴⁸ See also "World Congress Called" (August 23, 1931) and "Bids World to Copy American Industry" (August 25, 1931) in *New York Times*.

summarizes his argument in its first sentence: “Higher standards of living for all people and permanent prosperity for both capital and labor can be achieved through higher wages for workers and lower prices for commodities, both of which can be made possible by scientific mass production and mass distribution of goods.”⁴⁹ The five points of Lorwin’s five-year world plan are quoted accurately, if too briefly. The *New York Times* article is complemented by a shorter Associated Press piece that follows. Both Lorwin’s urgent call for “a general five-year moratorium for all war debts and reparation payments,”⁵⁰ and his visions for long-range international planning, come through to the reader even if most of his supporting arguments do not.

The Congress was thoroughly documented by its organizers, although only a few historians have subsequently given it even tangential attention. This much is noted by Gerd-Rainer Horn, who has observed that the debates of the early 1930s are a lacuna in the historiography of the Great Depression.⁵¹ A multilingual researcher, Horn found only a single scholarly treatment of the Congress, in Italian by Alfredo Salsano. His paraphrase of Salsano contextualizes the Congress, placing it within a short, forgotten interval of “flirtation with socialist ideals located in the brief space between the onset of the Great Depression and the rise of Naziism and the horrors of Stalinism”⁵²:

For a brief moment economists, industrial sociologists, social democrats and entrepreneurs were united in their vision of a technocratic, though not necessarily antidemocratic, solution to the social dislocations resulting from the Great Depression. Utopian projects of five-year world plans were seriously put forth and debated by the assembled crowd in Amsterdam and elsewhere. The participants

⁴⁹ “High Wages Urged on Social Congress,” *New York Times*, August 27, 1931.

⁵⁰ “Urges 5-Year Plan to Restore World: Dr. Lewis L. Lorwin Tells Group at Amsterdam that First Step Is Moratorium,” *New York Times*, August 26, 1931.

⁵¹ Horn, *European Socialists Respond to Fascism*, 188, n. 3.

⁵² Ibid. Here Horn is discussing Alfredo Salsano “Gli ingegneri e il socialismo: Taylorismo e planismo di fronte alla grande crisi,” in *L’Internazionale Operaia e Socialista tra le due guerre*, ed. Enzo Collotti (Milan: Feltrinelli, 1985), 1181-1216.

were convinced that macroeconomic dilemmas were no more invincible than the microeconomic problems they had conquered in preceding years.⁵³

Although proposals for economic planning proliferated in reaction to the Depression, much of what they prescribed had been discussed since the Great War. Mary Van Kleeck and Harlow S. Person, each so important to this conference, began making the case for planning well before the crash of 1929. Their work produced the Congress that would thrust Lorwin into an international spotlight. The chair of the Congress's program committee was Mary Abby Van Kleeck (1883-1972), a prominent social researcher who had directed the Russell Sage Foundation's Department of Industrial Studies since 1916. Van Kleeck had been drawn into economic planning debates when she consulted on President Hoover's early forays in that direction in 1921. She was a leading figure in the separate worlds of social work and scientific management, and she labored mightily for years to synthesize their insights and bring together their practitioners. She believed that the greater productivity promised by the advance of scientific management would provide a material basis for eliminating poverty and addressing other social ills with which social work was concerned.⁵⁴ Van Kleeck's insistence upon integrating both social and economic planning was expressed in the conference's title: the World Social Economic Planning Congress. This synthetic gesture was echoed in Lorwin's work⁵⁵ and the name of the organization he initiated, with Person's help, the National Economic Social Planning Association (NESPA).

Van Kleeck was a long-time leader in the Taylor Society and was a founding member and vice president of the International Industrial Relations Institute (IRI), which emerged from an international network of industrial personnel managers, a predominantly female profession at

⁵³ Horn, *European Socialists Respond to Fascism*, 75. Horn is again summarizing Salsano.

⁵⁴ Guy Alchon, "Mary Van Kleeck and Scientific Management," in *A Mental Revolution: Scientific Management Since Taylor*, ed. Daniel Nelson (Columbus: Ohio State University Press, 1992), 102-29.

⁵⁵ Notably, Lewis L. Lorwin and A.F. Hinrichs, *National Economic and Social Planning: Theory and Practice with Special Reference to the United States* (Washington, DC: National Resources Board, 1935).

the time. Although the IRI sponsored several notable conferences, including one in New York City in 1935, the Amsterdam congress was the pinnacle of the organization's activities⁵⁶. The organization, along with its hope to create a world planning institute, withered in the winds of the Depression and worsening international conflict.

Dr. Harlow S. Person, director of the Taylor Society, expressed the spirit of the IRI when he argued that the benefits of increased productivity that scientific management, sometimes known as Taylorism, had brought to industry could be generalized throughout all of industry and society. Scientific management had heretofore been limited to individual corporations, however large and geographically dispersed their assets might be. Person argued that scientific management could cross that threshold to encompass entire industries and eventually manage the entire economy collectively. Because this form of planning relied on objective, scientific research, the decrees of the planners were neither arbitrary nor coercive. These plans would not be imposed by "authority" in the conventional sense, because they were founded on the objective realities of production. Thus, "each co-operator must perform his function in the manner, at the time, to the degree and in the relationship prescribed by the research-discovered best system of joint effort to accomplish the common purpose. 'Responsibility' replaces 'authority.' Executives as well as workers are subject to the laws of their responsibility."⁵⁷

The appeal of Person's argument may be that it cut both ways. If it would manage all of society like a business it would also subject managers and capitalists to the same exacting discipline it had imposed on workers. The transmutation of the social vision of scientific management offers an interesting example of the class dynamics within the movement for

⁵⁶ Alchon, "Mary Van Kleeck and Scientific Management."

⁵⁷ Harlow S. Person quoted in Mary Van Kleeck, "Analysis and Review of the Congress," in *World Social Economic Planning: The Necessity for Planned Adjustment of Productive Capacity and Standards of Living; Material Contributed to World Social Economic Congress, Amsterdam, August 1931*, ed. Mary L. Fledderus (The Hague: International Industrial Relations Institute, 1932), 26-27.

planning. From a class analytic perspective, the engineers and managers who deployed scientific management techniques restricted the prerogatives of workers within the labor process, making their choices, skills, and experience less important. While these techniques degraded labor they seemed to increase productivity, intensively raising the rate of exploitation enough to accommodate increases in both profits and wages. The Taylorists claimed to have resolved class conflict by marrying the interests of labor to those of capital. As managers, the Taylorists held a subsumed class position, receiving a share of surplus value in exchange for contributing to the necessary conditions for the fundamental class processes. To this end they contributed both the technical knowledge required to increase the rate of exploitation, and an ideology that justified those processes in terms of objective science, social harmony, and the universal interests of society. Thus, scientific management veiled the brutality of mass production by appealing to an imagined universality. It was that mystique that drew those most convinced of Taylorism's argument into contradiction with capitalism, into proposals that promised to revive industry while threatening to circumscribe capitalism's fundamental class process (FCP).

1.2: The Three Part Crisis

Lorwin began his address to the Congress by declaring how much was at stake. The Congress was facing nothing less than “the greatest paradox of all times—the paradox of misery and privation in a world of immense economic resources and productive power ... We must meet this paradox or declare ourselves mentally and morally bankrupt.”⁵⁸ Lorwin attempted to meet that challenge with a prescription for economic planning that went beyond the boundaries of the

⁵⁸ Lorwin, “The Problem of Economic Planning,” 257.

nation-state to encompass the globe. Lorwin offers a deceptively simple definition of economic planning: all individual enterprises are to be coordinated by a unifying center that will allocate resources to produce the maximum satisfaction of human needs, balance production and consumption, and consciously shape economic and social change.⁵⁹ The banality of the language belies the economic heresy that Lorwin is committing.

The extent of that heresy can only be appreciated in terms of the economic orthodoxy of this day.⁶⁰ Late in the eighteenth century, the great classical economist Adam Smith used the metaphor of “the invisible hand” to describe the benevolent forces, supposedly inherent in competitive markets, which guided the interactions of buyers and sellers. These forces assured that resources would be allocated to secure the maximum possible level of output, that is, wealth. The charm of Smith’s metaphor lay in the paradoxical claim that the interests of society were better served unconsciously, by self-serving individuals acting independently, than by intentional collective efforts to secure the common good. The notion that the interest of all members of a society, whether they lived by profits, rents, or wages, were in harmony, rather than conflict, lent additional allure to this doctrine. Thus, Smith raised individualism and selfishness to the level of moral imperatives.

Later, in the nineteenth century, these values were embraced by neoclassical economists, who continued to make individuals, and individual enterprises, their analytical focus. Using deductive reasoning they elaborated models of individual behavior that were consistent with Smith’s claims. Their models showed both a tendency toward an equilibrium in which all resources were utilized to achieve maximum output, and that maximum output was consistent

⁵⁹ Lewis L. Lorwin, “The Problem of Economic Planning,” in *World Social Economic Planning: The Necessity for Planned Adjustment of Productive Capacity and Standards of Living; Addendum to Material Contributed to World Social Economic Congress, Amsterdam, August 1931*, ed. Mary L. Fledderus (The Hague: International Industrial Relations Institute, 1932), xvi.

⁶⁰ The summaries of Smith and the neoclassicals are derived from Richard D. Wolff and Stephen A. Resnick, *Contending Economic Theories: Neoclassical, Keynesian, and Marxian* (Cambridge, MA: The MIT Press, 2012).

with maximum profits. These economists, like Smith, argued that the state's role should be restricted to guaranteeing the rights of private property and individual liberty and the existence of free markets. An underlying assumption is that the supposed salutary effects of individualism, and the market processes that are sometimes called "the price system," depend upon individuals and enterprises interacting within competitive markets, that is, markets in which all are price takers subject to the discipline of market forces.

But Lorwin consigns this model to the past. The world has changed irrevocably, "and no amount of compromise will give us back the beneficent competitive order, the progressive individualism, and the political liberalism of the XIX century."⁶¹ Now, Lorwin argues, markets fail to determine prices in ways that assure maximum output because competitive markets prevail in only a portion of the economy. However, we may go further to ask whether Smith's competitive ideal has ever been predominant for very long. We may also question the degree to which Lorwin is unable to break with the economic model in which he was trained.

Lorwin describes markets that are divided among various means of determining prices: (1) "decentralized industries in which competition still holds," (2) "industries where a few large corporations practically fix prices—though with an eye to possible competition," (3) "industries where monopolistic prices prevail," and (4) "areas of industrial life where price is regulated by public authority."⁶² Within this context, and in contradiction to Adam Smith, enterprises seeking to maximize profits inevitably make decisions that undermine the common good. The individualistic anarchy of the neoclassical model persists but not the benevolent outcome; now "supply," or output, "is determined by a number of independent units—smaller or larger—

⁶¹ Lorwin, "The Problem of Economic Planning," 261.

⁶² Lorwin, "The Problem of Economic Planning," vxi-vxii.

operating independently of one another, gauging, measuring, and anticipating effective market demand on the basis of prices that will assure maximum individual and corporate profits.”⁶³

One repercussion of this atomized decision-making is that enterprises accept effective demand as a given, failing to recognize that their choices contribute to the levels of effective demand. Lorwin argues that “it is because of its subservience to maximum profits that business is unable to extend mass purchasing power to the degree necessary for the solution of present-day difficulties. Mass purchasing power can be increased either through increasing wages and salaries or through lowering prices or ... both.”⁶⁴ In addition, as producers compete, they typically are driven to increase their productivity and productive capacity, making it possible for them to produce greater quantities at lower prices. But these potential social benefits are not fully realized because “the experience of the business world ... shows that whenever business men unite for economic purposes, the tendency is to try to restrict production in order to maintain profitable price levels.” Even at those times when industries have produced at full capacity “to reach a wide market at lower prices, they sooner or later reached a point where they retraced their steps.”⁶⁵

Lorwin agrees, in part, those who see the depression as merely one more in a series of major depressions of the preceding century, as well as with those who see it as a product of the liquidation process following the World War and the peace constructed afterward. To these causes, Lorwin adds a third, insisting that this depression has a “threefold character,” which makes its self-correction unlikely. Lorwin’s contribution to the historical narrative is to see the Depression as part of an epochal shift, “a world-wide process of social change from the unlimited economic individualism and political liberalism of the XIX century to new and as yet

⁶³ Lorwin, “The Problem of Economic Planning,” vxi-vxii. xvi.

⁶⁴ Lorwin, “The Problem of Economic Planning,” xxvi.

⁶⁵ Lorwin, “The Problem of Economic Planning,” xxv.

not fully perceived economic and political forms of the XX century.”⁶⁶ Without making the necessary transformations any recovery would merely postpone the day of reckoning and condemn the world to another round on a roller-coaster that was gaining speed. In a few years, Lorwin warns, “The laissez-fair enterprisers and individualists of all countries would give us again, as they have now, glutted markets in wheat, sugar, cotton, oil, copper and other raw commodities which have meant a prostrate world agriculture and practical bankruptcy for many raw material producing countries with their repercussions on world trade and industry.”⁶⁷

1.2: “The Promise of Planning”

For Lorwin, planning promised nothing less than “to do away with the wastes of unused capacity and to bring about an optimum relation between the different factors of production and consumption, which would mean the elimination of unemployment, an equitable distribution of economic goods, and more humane relationships in industry.”⁶⁸ Lorwin defines four types of planning. The first is an “absolute-socialist type” that is totally centralized and completely egalitarian. It has existed only as an ideal, and Lorwin mentions it only a rhetorical foil for its counterpart, absolute laissez faire; he claims that both are relics of the last century.

Lorwin goes on to describe planning of the “voluntary-business type,” then in vogue with business leaders in the United States, which exhorted businessmen to extend their senses of responsibility beyond the profits of their particular enterprise to encompass the safeguarding the economy by measures such as enhancing worker security and purchasing power.⁶⁹ In addition, these business leaders sought escape from antitrust laws, rationalizing that it would allow them

⁶⁶ Lorwin, “The Problem of Economic Planning,” 258.

⁶⁷ Lorwin, “The Problem of Economic Planning,” 259.

⁶⁸ Lorwin, “The Problem of Economic Planning,” xxxviii.

⁶⁹ Lorwin, “The Problem of Economic Planning,” xxiv.

regulate production within industries in order to “prevent overproduction and unemployment.”⁷⁰

While these businessmen called upon government to assume a larger role in maintaining the economy, it should remain “subordinate to business in the main functions of guidance and leadership.”⁷¹ Lorwin rejects voluntary-business type planning as insufficiently democratic and counter-productive. As yet another alternative, Lorwin formulates “the social-progressive type” of planning, which “proceeds from the conviction that economic leadership is not, and should not be, a monopoly of the business man. Our understanding and guidance of economic life will be greater and better, if management and labor, and technical and scientific workers are brought together for the purpose of supplying both planning and the executive powers for carrying out plans.”⁷²

Social-progressive planning would address the problem of insufficient effective demand through the redistribution of income to increase mass purchasing power. Social-progressives understood the “the unbalanced condition between spending and saving” to be a root cause of the depression. Furthermore, they understood “excessive saving” to be the result of “a large proportion of the national income finds its way into the hands of small groups in the form of rents, profits, and high salaries.”⁷³ Lorwin suggested several ways in which this redistribution of income could be achieved, including a guaranteed minimum annual wage, a universal reduction of working hours, and various forms of social insurance, such as health and unemployment insurance.⁷⁴ By his own admission, Lorwin is given to using “systematic classifications” as a

⁷⁰ Ibid.

⁷¹ Lorwin, “The Problem of Economic Planning,” xxiv-xxv.

⁷² Lorwin, “The Problem of Economic Planning,” xxix.

⁷³ Lorwin, “The Problem of Economic Planning,” xxvii.

⁷⁴ Lorwin, “The Problem of Economic Planning,” xxviii.

favorite method of exposition.⁷⁵ With these taxonomies he is able to shift the terms and terrain of debate to support his position.

Lorwin would address the problem of supply with a central planning agency that would hold business accountable for

meeting the real needs of the people and of utilizing all available productive capacity to do so at minimum possible prices allowing for reasonable profits ... Where any price or series of prices appeared excessive or incapable of meeting the needs of the consumers, they would create a prima facie case for the agency to intervene. Thus producers could be allowed to make their own prices subject to investigation and inquiry by the planning agency, and all business would have to reckon with the idea of a fair and reasonable profit ... Under this scheme there is an approximation to the ideas of social price, and a varying range of return in relation to social service.⁷⁶

Those varying returns could be rewarded in the form of bonuses to “employers, scientific managers, and workers ... for continuous reduction in cost and prices.”⁷⁷ In addition to these carrots, the planning agency would also have a stick: “the authority to make employers and business men follow the economic lines best possible from the national point of view.”⁷⁸

In one sense, Lorwin is advocating little more than subjecting business to the high standards of discipline that competitive markets were once assumed to enforce, by targeting the higher profits enjoyed by businesses in not-so-competitive markets. Rather than attempting to break up combinations, trusts, and monopolies, these measures would focus on what it deemed to be the excessive profits of corporations in non-competitive markets. Even though these measures could be imagined to revive business, especially for non-monopoly enterprises, they are potentially inimical to business. What, after all, is a “fair and reasonable profit,” and who sets

⁷⁵ Lorwin, “The Problem of Economic Planning,” 433.

⁷⁶ Lorwin, “The Problem of Economic Planning,” xxviii-xxix.

⁷⁷ Lorwin, “The Problem of Economic Planning,” xxix.

⁷⁸ Lorwin, “The Problem of Economic Planning,” xxviii.

that rate? Because planning threatened to politicize the questions, Lorwin's reassurances were unlikely to allay business anxieties.

In setting prices, Lorwin tells us, planners would use the concept of "social price," determined "on the basis of costs plus whatever surplus may be necessary to carry out the larger social purposes."⁷⁹ The use of the phrase, *social price*, which seems like an out-of-place artifact, raises questions. It may have been a reference to nineteenth-century debates about Adam Smith's labor theory of value and the source of capitalist profits. It was Thomas Hodgskin who drew upon the discourse of natural law to define the *natural* price of a commodity as the labor time embodied in it, in distinction to its *social* price, the sum of the labor costs plus profits and rents.⁸⁰ Although this concept may resemble Marx's labor theory of value, Hodgskin believed that labor's exploitation occurred in the realm of exchange, when markets were not genuinely free and competitive. The implication was that labor would not be exploited in an ideal market.⁸¹ In contrast, Marx's understanding of exploitation was founded upon the distinction between paid and unpaid labor, which made the site of production the site of exploitation. Marx understood exploitation to be inherent in capitalist production. While Hodgskin called for the reform of markets, Marx called for an end of capitalism. Like Hodgskin, and the neoclassicals for that matter, Lorwin's is a one-sided approach to economics that focuses exclusively on the realm of exchange, taking the realm of production as a given. The ambiguity of the theory of social price is that it can affirm the legitimacy of profit or call it into question. Disaggregating a price into its components is potentially subversive; it begins to reveal the complex social relationships

⁷⁹ Lorwin, "The Problem of Economic Planning," xvii.

⁸⁰ J. E. King, "Utopian or scientific: A reconsideration of the Ricardian Socialists," *History of Political Economy* 15, no. 3 (1983): 345-73.

⁸¹ *Ibid.*

embodied within a commodity and thereby may call into question the legitimacy of capitalist profits.

Lorwin believes that social progressive planning can parry the main arguments against planning. The first is that planning is inimical to freedom and progress. Lorwin attacks this argument as founded on “the assumption that all planning must be of the Soviet type and that all economic initiative must be a function of the opportunity to make unlimited profits.”⁸² He dismisses as well the notion that planning is only for nations needing to “catch up,” by rejecting the distinction between “going ahead” and “catching up,” and goes further by pointing out that much of the world, and large portions of the United States, needs very badly to catch up.⁸³ The third and for Lorwin the most challenging argument is that planning cannot succeed in a liberal democracy because it exacerbates social conflict rather than resolves it. This is supposedly because “it is impossible for the different groups and classes in western countries to get together to agree upon purposes and methods. Planning ... therefore means handing over the economic life of the country to a political or industrial dictatorship and to a class government of either capital or of labor.”⁸⁴ To this Lorwin responds that:

In all democratic countries, economic planning involves the balancing of opposing group and class interests. But I believe that such balancing would become possible after a while, given the large and dynamic plans which would hold the promise of activity and economic advance ... For one must face the situation and realize that the alternatives are becoming more and more either the willingness to accept the dictates of a rational concept of national and social welfare, or social revolution.”⁸⁵

There are weaknesses to this position: Lorwin is advocating a long-term transformation at a time when expedient answers to urgent problems are what is most desired. Lorwin attempts to

⁸² Lorwin, “The Problem of Economic Planning,” 263.

⁸³ Lorwin, “The Problem of Economic Planning,” 264.

⁸⁴ Lorwin, “The Problem of Economic Planning,” 265.

⁸⁵ Ibid.

negotiate a peculiar form or reformist blackmail telling business that it must acclimate itself to social-progressive planning or else face a much worse alternative, social revolution. But that threat, and the motivation for radical change that it inspired, would recede into the background as time wore on. While Lorwin's project depended on working-class mobilization and the partial paralysis of capitalists, Lorwin was himself working to undermine both conditions. Lorwin, and apparently many at the Congress, were intensely ambivalent about Soviet planning. While Lorwin is very critical of Soviet planning, he is obviously trying to steal some of its thunder by calling his proposal "A Five-Year Plan for the World." Yet, at times it seems as if Lorwin is arguing that the best thing about social-progressive planning is that it is *not* Soviet-style planning, an argument that has force to the degree that one believes that planning of some sort is inevitable.

Lorwin describes Soviet planning as the fourth type of planning, as "the partial state socialist type," *partial*, because only some industries are planned. It is characterized, Lorwin tells us, by political dictatorship and the collective ownership of the means of production both of which are objectionable to Lorwin. While feigning a kind of neutrality, Lorwin is emphatic in rejecting the Soviet revolution as a model for social change:

Without passing judgment upon that system, one may refuse to accept it as the only possible system for the present, and assert the possibility of unified direction without either a dictatorship and without abolishing completely and all at once the rights and institutions of private property ... Such planful control would undoubtedly have to limit the powers of individuals and corporations, and subject the making of profits to social ends, but such control would not eliminate individual and group initiative on a private basis.⁸⁶

Here Lorwin seems to be elaborating on a popular notion of Thorsten Veblen, that there had been a divergence of interests between those who manage industry, seeking to make it increasingly rational and productive, and their adversaries, the owners whose quest for profits leads them to

⁸⁶ Lorwin, "The Problem of Economic Planning," 263.

thwart the managers, and in Veblen's word, "sabotage" productivity. If ownership and management had become differentiated, it follows that they could be reconceived again, "economic planning ... stresses less the idea of ownership and more the objective coordination of natural resources with economic organization and activities."⁸⁷ In addition, Lorwin eschews the romance of revolution for sensible reform: "Those of us who have seen revolutions at close range would like to avoid them as much as wars, and we have enough faith in human common sense to be willing to be patient and try to build peacefully."⁸⁸ In retrospect, two years before the Nazi ascendance, "faith in human common sense" may seem misplaced. Debates about the merits of reform versus revolution often treat nation-states as if they were static, inert, and malleable. The history of the period suggests that, to the contrary, states are complex, contradictory, and unstable sites of conflict. Therefore discussions of reform and revolution should consider additional possibilities, including violent reaction and social regression. Nonetheless, there is a validity to Lorwin's rejection of revolutionary change cannot be dismissed.

Bound up with Lorwin's rejection of the Soviet revolution is an outright rejection of class struggle, not only as a strategy, but as a category of analysis—as if to acknowledge conflict is necessarily to embrace violence. He derides the notions that "class struggle is the primary and only factor of social evolution."⁸⁹ To the contrary, Lorwin argues that:

many devices and institutions are evolved in advance of comprehensive social changes, and are promoted not through conflict but through the cooperative action of various economic groups operating on the basis of provisional compromises ... The fact that criss-crossing economic conflicts and group differences are common social purposes and that the process of group and class struggle allows for special compromises and cooperative group action.⁹⁰

⁸⁷ Lorwin, "The Problem of Economic Planning," 261.

⁸⁸ Ibid.

⁸⁹ Lorwin, "The Problem of Economic Planning," xxxvii.

⁹⁰ Ibid.

While Lorwin can argue that at times class conflict is neither the primary nor only factor determining social change, it is a non sequitur to conclude that class struggle is of trivial importance and can be discounted.

1.4: A “Five-Year Plan for the World”

Free trade is the logical and crowning development of the whole system of laissez-faire and of individualistic economy. To the extent that laissez-faire economics fails within separate countries, it also implies a limitation of the principles of free trade between the individuals of different countries. The growth of social control within national limits calls for the exercise also of conscious guidance in the economic activities which take place across national frontiers.⁹¹

The culmination of Lorwin’s address was “a Five-Year Plan for the World,” which, as was typical for Lorwin, was more specific about its moral intentions than its practical application. As Lorwin admits, much of the plan is really an amalgam of several current proposals. What is unique is that the plan integrates national and international dimensions of economic planning. While Lorwin’s discussion of economic planning includes a deep analysis of the economic crisis, his proposals for world planning are not supported by a parallel analysis of the crisis in international relations. This plan would be published in the pages of *The Survey* magazine, the two volumes of proceedings of the Congress, and was summarized in the *New York Times*.

Lorwin advanced five fundamental propositions: (1) “the growing economic unity of the world calls for a new sense of world solidarity based upon equal opportunity for all nations, and makes every attempt to perpetuate the division of the nations of the world into victors and vanquished, exploiters and exploited, a crime against human welfare”; (2) that just as the League of Nations had modified concepts of national sovereignty, so should national economic policy be

⁹¹ Lorwin, “The Problem of Economic Planning,” xxxii-xxxiii.

formulated with an eye to its impact on the world economy; (3) the costs of the World War “must be borne by the whole world”; (4) the leading nations must provide “immediate relief and ... long range action on a large scale” to repair the world’s debtor-creditor relations; and (5) in addition to the virtues of “hard work, collective efficiency and public thrift,” maintaining the living standards of the advanced countries and “on a leveling up of standards and an increase of mass purchasing power in the less developed but potentially promising countries of the world.”⁹²

To achieve these goal Lorwin proposed four measures: (1) a moratorium on war debts and reparations; (2) a series of international loans from the “chief lending countries” to promote productivity and increase “world purchasing power”; (3) a series of “international agreements for the division and control of the world market by producers of raw commodities and some manufactured goods”; and (4) establishment of a World Planning Board, possibly under the auspices of the League of Nations.⁹³

There is little to be gained by analyzing these point by point. Two obvious arguments should be conceded to Lorwin. First, some part of the catastrophes of the following decades might well have been averted if the United States, or a consortium of the larger economies, had embraced even a portion of the proposal, even as late as the 1933 London Economic Conference. Second, Lorwin’s proposal may simply have been before its time, in that the proposal resembles the rhetoric and functions of the postwar institutions created at Dumbarton Oaks and Bretton Woods. But this thesis makes a very different criticism of Lorwin’s proposals. For both national and international economic planning, they shared the same imbalance. Lorwin denied the importance of conflict among classes and overstated the importance of their interdependence. He likewise overstated the importance of interdependence among nations while closing his eyes to

⁹² Lorwin, “The Problem of Economic Planning,” 268-69.

⁹³ Ibid.

the realities of conflict and competition among nations. To go a step further, Lorwin denied the importance of power inequality. He failed to recognize that giant corporations would skew the decisions of planning boards, to the detriment of labor and consumers, just as he failed to anticipate that international institutions, political and economic, would be dominated by the largest economies, at the expense of small and poor nations. After all, it was the larger economies, especially that of the United States, that would have to supply the financing and demand necessary to resuscitate the global economy. “This cannot but sound Utopian in the present tense international situation ... But in world affairs, as in national affairs, the very intensities of conflict sooner or later cannot but lead to compromise and rationality.”⁹⁴ We know that Lorwin’s address ended with “thunderous applause” from a discussant, Friedrich Pollock of the Frankfurt Institute for Social Research. But Pollock reminded the audience that once planning began to interfere with business, there would be a harsh reaction. The leading speaker of the next panel, V.V. Obolensky-Ossinsky, would reinforce this message by placing the struggle for planning within a historical context of the struggle of workers to overcome capitalism.

1.4: “The Working Class Becomes the Ruling Class”

After lunch, the Congress resumed for the Soviet presentation, “Experience in National Economic Planning.” The session ran nearly three hours. Then, after a break, the general discussion resumed. In the presentation, the main speaker, V. V. Obolensky-Ossinsky was assisted by four of his colleagues. At the Congress, Ossinsky represented the Soviet Union’s central planning agency, the Institute for Economic Research and the State Planning Commission, known by the acronym Gosplan. As a revolutionary Marxist, an economist, and a

⁹⁴ Lorwin, “The Problem of Economic Planning,” xxxv.

diplomat, Ossinsky was uniquely prepared to lead this pioneering team of Soviet planners, the first to discuss the Soviet experience with economic planning before a Western audience.⁹⁵

Western journalists added to the mystique surrounding Valeryan Valeryanovich Obolensky by confusing him with a line of Russian princes with the same name.⁹⁶ Born in 1887, Obolensky studied economics in Munich and Berlin and joined the Russian Social Democratic Labour Party while still a university student. He soon aligned with the Bolshevik faction and adopted the alias of N. Ossinsky. Subsequently he blended his real name and alias to become V. V. Obolensky-Ossinsky. Ossinsky held a variety of high-level positions in the party and the new Soviet state beginning with his appointment to manager of the State Bank in October 1917. Ossinsky was an international figure who had been repeatedly called upon to represent the Soviet Union abroad: he was appointed ambassador to Sweden in 1924, he studied agriculture and industry in the United States during 1925, and he served in the Communist International (Comintern). Ossinsky was often the main Soviet representative at international economic meetings, such as the 1927 International Economic Conference in Geneva. In 1928, as president of the Central Statistical Board of the USSR, he wrote a scholarly study on migration to and from Russia during the preceding century that, translated and abridged, was published by the National Bureau of Economic Research in the United States.

Ossinsky's presentation described in heroic terms the advances made in agriculture and industry. But before he began discussing Soviet planning in earnest, he subjected Lorwin's proposals to the most thorough and thoughtful criticism it has ever received. Because of an advance publication distributed to participants, the Soviets had an opportunity to prepare their response. The criticism that Ossinsky levels at Lorwin indicates that the Soviets understood there

⁹⁵ Mary Van Kleeck, "Analysis and Review of the Congress," 5.

⁹⁶ Archie Brown, ed., *The Soviet Union: A Biographical Dictionary* (New York: Macmillan, 1990), 277-78.

to be a great deal at stake. They understood Lorwin's address to be an attack on the prestige of the Soviet Union and Marxism and a defense of capitalism. They also feared that it would attract workers around the world into a futile diversion from the urgent task of preventing the next war. We may wonder whether anyone ever attributed more importance to Lorwin's proposals than did the Soviets. In the process of criticizing Lorwin, Ossinsky attacks capitalist economic planning as well as capitalism and imperialism. However, the Soviets were guarded in their statements abroad. In terms of trade and diplomacy, the Soviet Union was still partially isolated and unrecognized by many governments, including that of the United States. While Ossinsky is unabashed in his enthusiasm about the achievements of Soviet planning, and forthright in his indictments of capitalism, imperialism, and capitalist economic planning, he never exhorts the audience to embrace Marxism or fight for socialism.

Lorwin lent moral urgency to his address by restating a theme that ran throughout the congress, the paradox of great poverty and deprivation existing alongside wasted resources and an immense, untapped productive capacity. Ossinsky reiterated this theme and noted an additional paradox: that while the capitalist world was in the throes of its "greatest crises" ever, "the only country in the world with a socialist system of economy" was enjoying "a rapid growth of production."⁹⁷ Ossinsky described another irony, the crisis was so profound that "it is no longer the opponents of capitalism but its leaders and advocates who raise doubts about the very existence of the system. They are busy searching for ways out of the crisis and are discussing various correctives for the capitalist system."⁹⁸ Here, the words "advocates" and "champions" are epithets aimed at Lorwin and other planners. They are part of Ossinsky's argument that

⁹⁷ Obolensky-Ossinsky, Valerian V. "The Nature and Forms of Social Economic Planning." In *World Social Economic Planning, in World Social Economic Planning: The Necessity for Planned Adjustment of Productive Capacity and Standards of Living; Material Contributed to World Social Economic Congress, Amsterdam, August 1931*. Ed. Mary L. Fledderus. The Hague: International Industrial Relations Institute, 1932, 292.

⁹⁸ Obolensky-Ossinsky, "The Nature and Forms of Social Economic Planning," 291.

reform programs like Lorwin's capture the popular mood against capitalism only to channel it into programs that reinforce that system.⁹⁹

"The champions of capitalism," Ossinsky tells us, "now advance two reasons for the crisis: (1) lack of coordination—anarchy—in economic processes, and (2) a deep divergence between the movements of production and the movement of the purchasing capacity of the masses, who constitute the bulk of the consumers."¹⁰⁰ Thus, Ossinsky chides Lorwin for reducing the causes of the crises to two variables that, supposedly, can be managed by planners rather than analyzing the system as a complex and contradictory whole. Ossinsky argues that these "are not isolated phenomenon" and cannot be manipulated separately from "the whole complex of conditions ... the capitalist mode of production" that have created them. Ossinsky's assertion is significant on several levels. The most obvious is that Ossinsky believes that planning cannot work outside of a context of socialist transformation. On a deeper level, Ossinsky utilizes a Marxian understanding of crisis that is very different from both the neoclassical tradition in which Lorwin was trained and the institutionalist approach he is developing.

To appreciate Ossinsky's critique we must understand how differently Marx understood the cycles and crises and capitalism. First, rather than explaining business cycles in terms of one or a few causes, Marx described a plurality of potential contributing causes and relationships. Neoclassicals tended to view downturns as deviations from the system's tendency toward full-employment equilibrium, caused by factors outside of the system. In contrast, Marxians view downturns not as aberrations, but rather as "intrinsic, unavoidable aspects of capitalism."¹⁰¹ But even more distinctive is Marx's insight that "the same mechanisms that transform an upswing

⁹⁹ Ossinsky characterizes this as psychological damage to the working class.

¹⁰⁰ Obolensky-Ossinsky, "The Nature and Forms of Social Economic Planning," 292.

¹⁰¹ Wolff and Resnick, *Contending Economic Theories*, 196.

into a downswing generate the reverse movement and thus the second half of the cycle.”¹⁰² One implication of this is that while economic planning could, as during wartime, facilitate an upswing, it could also contribute to a downturn as capitalists perceive that it limited their profits or restricted their prerogatives. Similarly, while redistributing income by various means could lend vigor to an upswing through increased consumer spending, it could also reinforce a downturn by, directly or indirectly, raising the cost of labor power and thereby undercutting profits. It is therefore a truism among Marxists that the remedies of one economic crisis sow the seeds of the next.

Unlike Lorwin, Ossinsky had hands-on experience in managing an economy in the face of great adversity. It is the combination of that experience and his understanding of Marxian theory that enable Ossinsky to forecast, with great prescience, the outcome of Lorwin’s proposals in the United States. According to Ossinsky, the process of planning, with its “partial restriction of the rights of private property” enjoyed by capital is likely to produce a crisis in itself. Ossinsky points out that Lorwin’s proposal requires nothing less than a profound transformation in the behavior of capitalists. For planning to succeed, capitalists must “automatically cooperate with each other” or else permit planners to “exercise an all-pervading and complete control over the whole mechanism.”¹⁰³ These changes are unlikely, according to Ossinsky, given that “the environment which fosters bourgeois interests, habits, and ideologies, remains practically unchanged.”¹⁰⁴

The proponents of planning believed that planning would transform class conflict into cooperation. Ossinsky argues to the contrary, that it will intensify it. He predicts that the results of planning would include constant friction among the groups represented on the planning

¹⁰² Wolff and Resnick, *Contending Economic Theories*, 198.

¹⁰³ Obolensky-Ossinsky, “The Nature and Forms of Social Economic Planning,” 296.

¹⁰⁴ *Ibid.*

boards, conflict among employers, an expanding bureaucratization of management, indecision and inertia among business leaders, constant insubordination, abuses, and corruption, and “such a hampering and disruption of the economic processes that the situation would be equivalent to the worst of crises.”¹⁰⁵ But these events are unlikely to come to pass because “it is altogether impossible to imagine that the employers who actually wield power and force will allow themselves to be brushed aside in such a manner. Still less feasible are such proposals as a means for the rapid solution of the present acute crisis of the capitalist system.”¹⁰⁶

Ossinsky does nothing less than foretell the future of the First New Deal, when he asserts that planning would encourage the monopolist groups in their efforts toward consolidation. Therefore, the planning boards within and across industries will fail to achieve “the avowed objects,” but will succeed in achieving one object only, “the repeal of the anti-trust law,” and the effect will “only strengthen the position of the big monopolist corporations” enabling them to increase their pressure upon workers and farmers.¹⁰⁷ This is especially perilous because the promise of reform would weaken the “psychological resistance” of the working masses.¹⁰⁸ Ossinsky’s assessment of Lorwin’s national policies would prove nothing short of prophetic.

Ossinsky did not, however, examine Soviet economic planning with the powerful analytic tools that he applied to the United States. Of course, as the representative of an isolated and despised country, Ossinsky could not exhibit anything but confidence in Soviet progress. Therefore, Ossinsky repeated the official Soviet position that “the socialization of the means of production naturally signifies the abolition of classes and all class distinctions.”¹⁰⁹ This proclamation was more than swagger; it enforced a theoretical taboo against the Marxian class

¹⁰⁵ Obolensky-Ossinsky, “The Nature and Forms of Social Economic Planning,” 297.

¹⁰⁶ *Ibid.*

¹⁰⁷ Obolensky-Ossinsky, “The Nature and Forms of Social Economic Planning,” 295.

¹⁰⁸ Obolensky-Ossinsky, “The Nature and Forms of Social Economic Planning,” 298.

¹⁰⁹ *Ibid.*

analysis of the Soviet project, including planning. In this regard we can discern parallel exceptionalisms, American and Soviet. Both Lorwin and Ossinsky claim that the policies of their respective states are motivated by moral concerns that stand somewhere above class conflict. Each favors planning over markets, and each expresses confidence in the legitimacy and efficacy of his state—Lorwin assumes his nation to be a democracy while Ossinsky assumes that the working class rules his.

The Soviet taboo against questioning its class structure contributed to the assumption that socialized ownership and centralized planning defined socialism and constituted the polar opposite of capitalism. These assumptions may have gained currency because they conformed to the assumptions of economic orthodoxy: if capitalism was defined by markets and private property, then the Soviet system represented its opposite. The same assumptions served the Soviet state because it allowed it to assume the mantle of socialism. These assumptions excluded class processes from the discussion and thereby obscured a similarity between Lorwin's model, and that of Soviet industry: both were structured around the capitalist fundamental class process. The planning debates stopped short of conceiving alternatives to capitalist class processes.

Like many taboos, the one against questioning the Soviet Union's class structure was frequently violated. From the inception of the Soviet Union, Marxists inside and outside of it questioned its class structure, in the process building a diverse tradition that described the Soviet Union as state capitalist.¹¹⁰ We know what Ossinsky said at the Congress, but we may wonder what he thought. In 1918, Ossinsky was among those who warned that the Soviet Union was evolving toward state capitalism.¹¹¹ But Ossinsky's thinking is veiled by the pattern of dissent

¹¹⁰ Stephen A. Resnick and Richard D. Wolff, *Class Theory and History: Capitalism and Communism in the U.S.S.R.* (New York: Routledge, 2002), 104-129.

¹¹¹ W. Jerome and A. Buick, "Soviet State Capitalism: The History of an Idea," *Survey, a Journal of Soviet and East European Studies* 13, no.1 (January 1967): 65.

and accommodation to Soviet authorities that culminated in his arrest in 1937, after which he was compelled to testify against Nikolai Bukharin in a world famous trial and then killed.

Ossinsky also criticized the idealism in Lorwin's theories of international relations. Lorwin felt compelled to defend his proposal against charges of utopianism, by arguing that "in world affairs, as in national affairs, the very intensities of conflict sooner or later cannot but lead to compromises and rationality."¹¹² Where Lorwin saw an "inevitable trend towards world unity and co-operation,"¹¹³ Ossinsky saw darker forces at work. Instead of a trend toward compromise, Ossinsky saw a world in turmoil due to the development of international capitalism and the conflict and competition among imperial powers. This "inherently interconnected complex of relations" had already produced "the World War and the 'peace' which followed it and created a whole new system of oppressing and oppressed states and nations, the great world crisis of 1920-21, the present world crisis, a whole series of revolutions, including the socialist revolution in Russia, and the preparations of the imperialist groups for a new war." With the current crisis the competitive struggle within nations is "transferred in a different form, but with greater force, to the arena of world-wide relations." International conflict and internal class struggle prove to be mutually reinforcing, creating intensified forces pushing the world toward "world-wide economic cataclysms but also to wars between the rival imperialist powers, to colonial expeditions and uprisings, to an ever-increasing oppression of colonials, to the growth of armaments, etc."¹¹⁴ This is how Ossinsky connected class conflict within nations to conflict among nation-states.

In contrast to Lorwin's optimism, Ossinsky asserts that class conflict during the interwar period had in no way abated but rather "assumed a hitherto unparalleled intensity, scope and

¹¹² Lorwin, "The Problem of Economic Planning," in *World Social Economic Planning*, xxxv.

¹¹³ *Ibid.*

¹¹⁴ Obolensky-Ossinsky, "The Nature and Forms of Social Economic Planning," 294.

acuteness” and using words that prove chillingly prophetic he reminds those attending of the desperation of international competition, “the imperialist groups who possess all the economic resources, all the instruments of violence of the modern state, as well as the powerful ideological weapons of science, the schools, the church, the press, etc., are prepared to go to any length, including even the mass extermination of human beings ... to maintain and extend their rule of oppression.”¹¹⁵

Conclusion

During the 1920s advances in technology and managerial techniques produced unprecedented increases in productivity. The confidence born in this prosperity combined with the sudden trauma of economic collapse produced a new receptivity to critical thinking and urgent demand for innovation to which long-time advocates of planning responded. Drawing on elements of Hobson, Veblen, and Marx, Lewis L. Lorwin formulated an analysis that explained the economic collapse as the product of secular, structural changes in the economy. The remedy to this crisis included a collective guidance to redistribute income and administer production for social needs. Lorwin proposed the extension of this approach beyond the national economy to encompass international coordination of credit, production, and consumption.

As leftists and popular movements began to create a new collective identity with a class basis, Lorwin argued instead for a new collective identity that united all classes. In Marxian terms, the planning that Lorwin proposed would socialize and democratize some of the subsumed class functions formerly served privately by directors and managers. In effect, planning could collectively do things for all corporations, such as redistribute income downwards, that they could not do for themselves, individually. The apparent trade-off was that

¹¹⁵ Ibid.

Lorwin's approach sought to ensure the preservation of capitalism by fulfilling many of the promises of socialism including eliminating unemployment and fostering a general material abundance. One contradiction within this approach was that measures intended to serve capital also threatened to control capital. The fact that planning was pitched to a supposedly common interest may have contributed to its initial popularity. But the failure of the planners to forge a strong alliance with one of the fundamental classes doomed it eventually to wither. Another contradiction that undermined the movement was that it tried to appropriate the moral appeal of socialism while offering itself as the alternative to communism—it was therefore dependent upon the left that it sought to undermine. Lorwin's proposals for international planning embodied similar contradictions. Just as the planners intended to resolve conflict among capitalists, it sought to resolve conflict among nation-states. As the Russian Marxist argued, Lorwin underestimated the intensity of conflict among class and among nation-states.

CHAPTER 2:

“MIDDLE-CLASS INSURGENTS”

Historically, the first task of those who were interested in planning as a way out of the great depression was thus to make clear what planning really meant, how it could be applied to democracy, and to what extent it was an outgrowth of American history itself.

—Lewis L. Lorwin, *Time for Planning* (1941)

This second chapter spans the first half of the 1930s, a period that coincides with that of the so-called First New Deal. This would come to an end in 1935 when the U.S. Supreme Court struck down key provision of the National Industrial Recovery Act and Lewis L. Lorwin would depart for Geneva to advise the International Labor Organization. During the first years of the

1930s, Lorwin continued to develop the conception of planning that he presented to the World Congress on in Amsterdam. The center of his inquiry, however, shifted toward the relationship of planning to democracy and U.S. traditions.¹¹⁶ Section 2.1 of this chapter focuses on Lorwin's response to critics who charged that planning was inimical to liberty and individualism. His exploration of the relationship of planning to democracy led him to theorize about class relations and the special role of the middle class as leaders and reconcilers.

But Lorwin's analyses and theories are only a part of his contribution; Lorwin must be appreciated as a *public* intellectual who intervened in the national, and international, debates on several levels: While working and teaching at the Brookings Institution, he wrote for popular as well as scholarly publications. Lorwin's advisory role in President Roosevelt's New Deal has been credited, and blamed, with having provided the inspiration as well as some of the language of the ill-fated National Industrial Recovery Act (NRA).¹¹⁷ Among Lorwin's most remarkable contributions, one that is generally overlooked, is that he extended both the influence and the life span of planning as a movement by initiating an organization that built a web of support and encouragement among those in government, business, the labor movement, academia, and elsewhere, interested in economic planning—the National Economic and Social Planning Association (NESPA).¹¹⁸ The creation of NESPA, and its main project, *Plan Age* magazine, are the focus of section 2.2. Careful attention is paid to the goals and structure of the organization as well as to the personalities who organized and guided it.

Lorwin is not at the center of Section 2.3, but rather in the background. It is the other members of NESPA who come to the fore to express their passion for planning, as well as their

¹¹⁶ Lewis L. Lorwin, *Time for Planning: A Social-Economic Theory and Program for the Twentieth Century* (New York: Harper and Brothers, 1945), xiv.

¹¹⁷ National Planning Association, *National Planning Association at Work: Six Decades of Providing Solutions to America's Challenges* (Washington, DC: National Planning Association, 1995), 3.

¹¹⁸ Initially, the acronyms NESPA and ESPA were used interchangeably and early issues of *Plan Age* bore a stylized "ESPA" logo on their front cover.

dissatisfactions with the progress of the planning movement. From articles in *Plan Age*, this section gleans their critical diagnoses of the movement at the time, their frustrations with its limitations, and their proposed remedies.

2.1: The Plan State, Democracy, and American Tradition

Planning—the conscious guidance of economic and social life by collective methods—inaugurated as a principle of economic organization by the World War and the Russian Revolution, has become associated with various forms of political dictatorship. History thus poses the question: are democracy and planning incompatible? Or can they be harnessed together for a common social end, and if so, how?

—Lewis L. Lorwin, “Planning In a Democracy”

We must make clear that the planning which we have in mind calls for more and not less democracy. What we want is democratic control over all the processes of life instead of over political institutions alone.”

—Lewis L. Lorwin, “Planning In a Democracy”

As we saw in the previous chapter, Lorwin understood economic planning as a method of coordinating all of a nation’s productive assets to satisfy people’s needs and to direct the evolution of society. For the next several years, the emphasis in Lorwin’s publications would shift away from the economic problems of planning toward the political questions implied by the expansion of what he termed “the Plan State.”¹¹⁹ Lorwin had already categorized five types of economic planning—voluntary business, absolute state, partial state, social progressive, and fascist—in terms, primarily, of their economic characteristics. In a 1932 article in *The American Political Science Review*, he began taking measure of the various planning regimes according to *political* criterion: “the role of the state in economic planning, the range of individual freedom under a system of planning, and the problem of reconciling group differences in the formulation

¹¹⁹ Lewis L. Lorwin, “The Plan State and the Democratic Ideal,” *Socialism, Fascism, and Democracy*, *Annals of the American Academy of Political and Social Science* 180 (July 1935): 118.

of national objectives.”¹²⁰ This section will trace Lorwin’s evolving understanding of these topics in view of their relationship to democracy, class conflict, and the role of the planners.

According to Lorwin, the type of state imagined by voluntary-business planning differed little from the liberal state of laissez faire, except for the expansion of business and government cooperation. In contrast, both the Soviet and Fascist states are dictatorships: the Soviet purports to be “used by a rising class to exterminate a formerly dominant class,” while the Fascist state claims to stand “above groups and classes and has the function of resolving class conflict into national cooperation.”¹²¹ Against these alternatives, Lorwin proposes a social-progressive planning that would make the state “an instrument for the gradual modification of the social system, allowing group conflicts within certain limits, rationalizing their form and methods and using them as a means for creating a constantly expanding sense of national solidarity.”¹²² Although the Fascist and social-progressive planning states are very different, their goals regarding the sublimation of class conflict into collective national identity seem remarkably similar.

The question of freedom has urgent importance to Lorwin because he perceives that many reject planning only “because of the fear that it implies an abdication of individual freedom.”¹²³ To his credit, Lorwin extends the debate by rejecting our habitual conception of freedom as an absolute, challenging us instead to analyze specifically “the changing content and forms of freedom.”¹²⁴ Lorwin will explore this theme in subsequent articles but does not develop it here. Lorwin asserts that the freedoms most dear to individuals are compatible with planning: “freedom of movement, the freedom of thought, of expressing opinion, of selecting one’s mode

¹²⁰ Lewis L. Lorwin, “Some Political Aspects of Economic Planning,” *The American Political Science Review* 26, no. 4 (August 1932): 725.

¹²¹ *Ibid.*

¹²² *Ibid.*

¹²³ *Ibid.*

¹²⁴ *Ibid.*

of life, of determining the choice of things to use or not to use, of finding one's way in the productive system in accordance with one's capacity."¹²⁵ Lorwin also points out that under laissez fair, individuals also confront limitations on their freedom, but these "are not resented" because "the present system has worked out a technique of giving the individual the illusion of freedom where the latter does not really exist."¹²⁶ The nature of that "technique" remains outside the focus of Lorwin's inquiry, however.

Preserving liberties is one thing, but formulating national objectives is another. Here Lorwin does not speak in terms of political power or democracy, per se. Instead, he asks how social-progressive planning can reconcile "the divergent interests of individuals, groups, and classes" while permitting "the largest play to individual freedom."¹²⁷ The path, he argues, is to be found through "analysis and research" and "the cumulative effects of rational thinking." If planners can show the "inescapable facts" to conflicting groups, they will see their mutual interests and work toward compromise. Social conflict will then be reduced to a small residue that must be decided by an arbiter.¹²⁸ In a subsequent essay, would talk about "composing class and group differences," a significant choice of words because it suggests that we may put conflicts in a manageable order even if we cannot resolve them.¹²⁹

It is the economists and engineers and others like himself who, selflessly, are to assume this role, limiting social strife and barring the way to dictatorship. Lorwin articulates a concise credo for planners, with just a hint of pomposity:

There is here a task which falls peculiarly to that group which has taken upon itself the function of research and thinking. It is true that our professional groups and our scientific class cannot be said to have displayed as yet that unbiased attitude, that mastery of fact, and that power of imagination which are necessary

¹²⁵ Lorwin, "Some Political Aspects of Economic Planning," 726.

¹²⁶ Ibid.

¹²⁷ Ibid.

¹²⁸ Lorwin, "Some Political Aspects of Economic Planning," 727.

¹²⁹ Lorwin, "The Plan State and the Democratic Ideal," 118.

to give them the right to play the part of arbiters in society. But I have faith they can do so. For, as it seems to me, the only alternative to dictatorial government is the growth of such a class within the community, whose loyalties will be to no group, but to national interests and to progressive and social ideals. Such a class should be able to develop new methods that will be effective and yet fully inspired by respect for individual and social freedom.¹³⁰

A year later Lorwin revisits related questions in the same journal—but now the emphasis is less on the special role of planners and managers and more on the political leadership of the middle class. Enriched with the experiences of the New Deal and developments in Western Europe, Lorwin examines the New Deal within the context of a world historic movement of states attempting to create a new “equilibrium” unlike that of the nineteenth century.¹³¹

Perhaps because his comparative approach shifts the focus away from the United States, Lorwin speaks more frankly about class conflict, and celebrates what he understands as the crucial, historic role of the middle classes. There are shortcomings to Lorwin’s essay, however: First, the composition of the “middle classes” is never defined. Worse still, Lorwin speaks in only the most general terms without reference to specific persons, parties, or events. Why should we then take seriously his claim that these movements are driven by a resurgent middle class? But, even if Lorwin is only projecting his view of New Deal onto other nations, his essay offers insight into his thinking about the New Deal and similar developments around the world.

According to Lorwin, the new forces reshaping Europe, and to a lesser degree the United States, are “middle-class insurgents,”¹³² asserting themselves at the moment of “social impasse,” created by the “failure of the two other major social groups—the capitalists and the workers—to

¹³⁰ Lorwin, “Some Political Aspects of Economic Planning,” 727.

¹³¹ Lewis L. Lorwin, “Social Aspects of the Planning State,” *The American Political Science Review* 28, no. 1 (February 1934): 16-22.

¹³² Lorwin, “Social Aspects of the Planning State,” 20.

give Western society ... leadership and direction.”¹³³ Lorwin assigns blame to both great classes, citing the irresponsibility of capitalists, who “showed a sad incapacity to establish leadership based on social needs and moral values,” as well as the political impotence of the workers, who “proved unable either to assume the hegemony of the state or to impose by force the program of socialism which they had preached for more than half a century.”¹³⁴ While these two classes were locked in stalemate, the middle classes began again to vie for leadership, defying “with new energy the challenge of the proletariat and the mastery of big capital.”¹³⁵

The middle classes have a legitimate moral claim to economic leadership, according to Lorwin, because of their potential to act as “the reconcilers of conflicting interests and groups ... As against the class struggle of the Marxians, as against the competitive conflicts of capitalism, the spokesmen of the middle classes offer to build up a new social system based upon an organic solidarity in which group inequalities and group interests are happily merged in a higher national purpose.”¹³⁶ However, this moral legitimacy is not the same as having the political capacity to safeguard the interests of labor and the masses of people. Furthermore, the middle classes make unreliable leaders because, as Lorwin explains: “The middle classes contain many indeterminate and weak elements whose economic position has always been more or less precarious and dependent, and have neither courage, capacity, nor the experience to control and direct the complex industrial machine of today.”¹³⁷

Furthermore, Lorwin acknowledges that Europe’s middle-class insurgents have failed in their expressed desire for a “balanced state.” The middle classes fear that “any attempt to force the industrialists out of power means a social struggle of such profound and violent character as

¹³³ Lorwin, “Social Aspects of the Planning State,” 16.

¹³⁴ *Ibid.*

¹³⁵ Lorwin, “Social Aspects of the Planning State,” 16.

¹³⁶ Lorwin, “Social Aspects of the Planning State,” 17.

¹³⁷ Lorwin, “Social Aspects of the Planning State,” 19-20.

to jeopardize their entire enterprise....As a result, there is a tendency on the part of the middle class insurgents to reconcile the large industrialists and to keep the working classes in line.”¹³⁸

Lorwin makes it clear that the movements in Italy and Germany have therefore neither enhanced the situation of the working masses nor challenged the power of financial and industrial capital. To the contrary, only the state has gained prestige and power, with the masses of people increasingly dependent on its intervention on their behalf.¹³⁹

All of this raises the question whether the “middle-class insurgents” of the New Deal can hope to achieve more than their counterparts in Italy and Germany. Lorwin attempts to reassure the reader, by drawing upon the repertoire of American exceptionalism. He explains that what differentiates the New Deal from the movements in Italy and Germany is rooted in the nation’s “special characteristics”:

The peculiar features of our New Deal are its greater flexibility, its spirit of tolerance, its respect for individual and group rights, and the effort at voluntary action. The reasons for these features are the vague demarcation between economic groups and classes which have been the foundation of our democratic traditions, the faith in the dynamic possibilities of our industries, the survival of frontier mental attitudes, the large sectional differences, and our easy-going attitude toward social doctrines and theories.¹⁴⁰

In the two preceding articles Lorwin valorizes first the would-be planners and then the middle classes, lauding their impartiality and independence. Lorwin’s unstated assumption is that the division of society into capitalists and workers is permanent. Though Marxians might aspire to overcome that division, Lorwin praises the middle-class insurgents for accepting “social classes as a constant element of social life.”¹⁴¹ In Lorwin’s class analysis, classes are groups of interdependent people whose interests can be balanced. From a Marxian point of view, class is a

¹³⁸ Lorwin, “Social Aspects of the Planning State,” 20.

¹³⁹ Lorwin, “Social Aspects of the Planning State,” 20.

¹⁴⁰ Lorwin, “Social Aspects of the Planning State,” 21-22.

¹⁴¹ Lorwin, “Social Aspects of the Planning State,” 17.

set of processes and relationships defined by exploitation and domination that can be replaced with other processes and relationships. Rather than assuming the permanence of these relationships, Marxian theory posits that they are fragile and must be, incessantly, reproduced. Regardless of their humane intentions, Lorwin's declaration of neutrality between capitalists and workers affirm, in a powerful way, the legitimacy of that class relationship. Such affirmations are necessary conditions for the reproduction of capitalism. From a Marxian view, the middle-class insurgents, including intellectuals like Lorwin, are making a very partisan statement for capitalism by professing class neutrality.

"Planning In a Democracy," is Lorwin's definitive statement on the relationship of planning to democracy. That it served as a paper delivered to the American Sociological Society at the end of 1934, the final chapter of an unpublished book, *National Economic and Social Planning*, an article in the February 1935 issue of *Plan Age*, and a chapter in his 1945 collection, *Time for Planning*, testifies to its importance for Lorwin. At the Amsterdam Congress, Lorwin had argued eloquently for replacing economic individualism with economic collectivism. But Lorwin's conception of democracy is founded upon combining economic collectivism with political individualism and individual rights:

Democracy in its widest sense, is the political glorification of the individual. It offers him basic freedoms—the freedom of movement, the freedom of expressing ideas, the freedom of association with his fellow men for various purposes, and the freedom to find that place in the economic and social system which his merits warrant."¹⁴²

But Lorwin builds upon this foundation to argue for a redistribution of power and rights.

The justification for this redistribution flows from Lorwin's argument that the real capacities of individuals to exercise their formal rights are limited by economic and political inequality:

¹⁴² Lewis L. Lorwin, "Planning In a Democracy," *Plan Age* 1, no. 2 (February 1935): 3.

We have in present day democracy what may be called disguised *coercions* due not to laws but to economic and social exigencies. Individuals find it difficult to express their opinions under conditions of a highly organized press, to exercise the right to association in the face of unfriendly economic interests, to feel really free to work or not to work because of a lack of income reserve, to place themselves vocationally because of a lack of educational opportunities due to inequalities in the distribution of wealth and so on.”¹⁴³

Lorwin mocks the “rugged individualists” who argue that planning is synonymous with regimentation for their refusal “to see that regimentation already exists on a large scale for the majority of people under our present system of presumed economic freedom.”¹⁴⁴ More important for Lorwin is the fact that under the present system, powerful minorities have exclusive powers to decide how the nation’s productive capacities and resources are used; their decisions have direct impact on the lives of all Americans. Lorwin thus frames the dilemma in different terms:

The real issue is thus not regimentation versus individual freedom ... The issue is whether or not a minority should have such right to make decisions which determine the lives of millions of people; whether or not the minority should be subject to social control based on a planful consideration of the welfare of all people. Not regimentation versus freedom, therefore, but social control versus unlimited economic power of individuals and minorities is the issue.¹⁴⁵

Again, Lorwin acknowledges that there is little hope for democratic planning unless a democratic way can be found to reconcile the interests of groups and classes. It is because this task is so daunting, according to Lorwin, that some planners have begun articulating the perspective of “strategic planning,”

under which the processes of collective guidance and control are applied to a few selected economic factors. A program of strategic planning might limit the intervention of the state to the control of credit, the national ownership of natural resources, and the public regulation of monopolistic large scale industries. Such state control would be combined with corrective social policies, such as the extension of social services to widen the area of free income to the mass of the people; a comprehensive scheme for social insurance; the use of taxing power for the purpose of providing these services and for influencing the distribution of

¹⁴³ Lorwin, “Planning In a Democracy,” 4.

¹⁴⁴ Lorwin, “Planning In a Democracy,” 5.

¹⁴⁵ Lorwin, “Planning In a Democracy,” 6.

income in the direction of greater equality; and the extension of educational opportunities.¹⁴⁶

In many ways this description of “strategic planning” summarizes the approach of what would soon become known as “the Second New Deal,” encompassing much of the substance of the New Deal legacy and postwar liberalism. In some respects, it foreshadows the Keynesian approach that would emerge in a few years, when “the few selected economic factors” would include fiscal and monetary policy intended to stimulate investment. Lorwin objects to this approach, not because of specific measures, but because it fragments planning rather than centralizes and integrates it.¹⁴⁷ In response, Lorwin argues for “directive-institutional planning,” which encompasses “the formulation of the major social and economic goals, and ... the conscious building of the necessary institutional framework.”¹⁴⁸ To this end he proposes major institutional and cultural transformations.

Lorwin recommends institutional changes intended to extend popular sovereignty over the economy, while formally welcoming conflicting economic groups into the state. Just as Americans had voted for political representation, he would have them elect representatives according to their occupation, to economic planning boards:

We shall have to supplement individual suffrage based on locus of residence with occupational or corporative suffrage based on group associations. We shall need elective industrial boards and councils to represent functional groups and to carry on the work of economic administration. We shall have to assign a proper place in the state to associations representative of various classes such as wage-earners, farmers, manufacturers and consumers.¹⁴⁹

If Lorwin is vague about the purview and powers of these committees he is clear about the philosophy they should reflect. Lorwin calls for a new consensus, nothing less than a “recasting

¹⁴⁶ Lorwin, “Planning In a Democracy,” 6-7.

¹⁴⁷ Lorwin, “Planning In a Democracy,” 7.

¹⁴⁸ Ibid.

¹⁴⁹ Lorwin, “Planning In a Democracy,” 9.

of our general theory of democracy.”¹⁵⁰ This requires a shift from old values and relationships to new:

From ... formal rights to the concept of “*real rights*” based on capacity; from the notion of the state as a protector of property to that of a leader in the utilization of our natural and economic resources; from the concept of law as a balancing of individual rights to that of a process of adjusting social relations; from theories of atomistic individualism to those of social solidarity and cooperative action; and from reliance on an assumed metaphysical benevolence of self-interest to a demonstrable hypothesis of the potentialities of scientific guidance of economic and social forces.¹⁵¹

The nation was experiencing an attempt to employ “the principle of economic and functional group representation” in the NRA. Lorwin has been credited with inspiring the legislation that created the NRA.¹⁵² However, as Lorwin admits, the results were disappointing: “The NRA has not given representation to consumer interests, to managerial interests, or to technical interests; it has given but very scant representation to labor interests; it has given undue preponderance to the business interests. But a bad application of a good idea should not be used to decry the idea itself.”¹⁵³ Lorwin was deeply invested in the success of the NRA, which he believed embodied the hopes of economists, engineers, labor and business.

Although the NRA was a great disappointment for Lorwin, he placed the blame on its director, General Hugh S. Johnson. With uncharacteristic venom, Lorwin attacks Johnson’s leadership and even his “nervous system,” which he charged was incapable of “quiet, coherent cerebration.”¹⁵⁴ Lorwin betrays his disdain for both Johnson and business when he describes

¹⁵⁰ Ibid.

¹⁵¹ Lorwin, “Planning In a Democracy,” 9.

¹⁵² NPA, *The National Planning Association at Work: Six Decades of Providing Solutions to America’s Challenges* (Washington, DC: National Planning Association, 1995), 3-4.

¹⁵³ Lorwin, “The Plan State and the Democratic Ideal,” 118.

¹⁵⁴ Lewis L. Lorwin and A. F. Hinrichs, *National Economic and Social Planning: Theory and Practice with Special Reference to the United States* (Washington, DC: National Resources Board, 1935), 71.

Johnson's "open-mouthed admiration at the glorious spirit of service moving the American businessman."¹⁵⁵

Whatever Johnson's failings, he provided too convenient a scapegoat for Lorwin, allowing him to evade difficult questions about the conflicts and contradictions within his scheme of functional economic representation. Lorwin identifies neither the constituency that will be the driving force to make these institutional and cultural changes nor considers the potential opposition. Nor does he question whether the disproportionate political power of the "privileged minorities" will enable them to sway the decisions of the majority and effectively block a democratization of production. Although Lorwin acknowledges his plans would "abridge the privileges and powers of some groups," he dismisses concerns of political opposition with a gesture of faith for U.S. democracy:

It is one of the presumed merits of democracy to enable us to make economic and social revolutions peacefully through the ballot, and by force of majority rule. If our present privileged minorities refuse to accept the decision of the majority, democracy will prove ineffective and inadequate in the most crucial test, and the whole question of planning in a democracy will have but little meaning.¹⁵⁶

It takes a great deal of faith in democracy to believe it can make peaceful revolution and some self-delusion to imagine the "privileged minority" surrendering its powers merely because they have been moved by popular sentiment. Given the decades of organization and struggle required to achieve women's suffrage, end of slavery, and establish the rights of labor to organize and strike, how could Lorwin expect such profound change without an organized mass movement? Perhaps the euphoria surrounding the election of FDR and the early days of the New Deal made the efficacy of U.S. democracy unquestionable. And perhaps the rise of anti-liberal governments and movements, such as those in Italy and Germany, made Lorwin and his peers

¹⁵⁵ Lorwin and Hinrichs, *National Economic and Social Planning*, 71.

¹⁵⁶ Lorwin, "Planning In a Democracy," 9.

less willing to be critical of liberal democracy. Nonetheless, Lorwin advanced the debate by arguing that there was an unequal distribution of democratic rights just as there is of income, and by calling for a redistribution of those rights. But Lorwin shrank from questioning whether liberal democracy as it stood was adequate to the task of reforming itself. And if it was inadequate, how those inadequacies could be overcome?

2.2: Into the *Plan Age*

In 1931, in addition to his other projects, Lorwin began organizing what would become the National Economic and Social Planning Association (NESPA, sometimes called ESPA); this section describes the founding of the association and its early ambitions. Lorwin began nurturing Washington's community of planning-minded people by hosting fortnightly meetings at the Brookings Institution. Marion H. Hedges, the most literary of the group, describes the Lorwin of this period in glowing terms:

He knew America intimately, but he also came nearer to having a world-view than any man of scholarly pursuits in the city. His first-hand knowledge of Russia, of the major countries of Europe, and Great Britain; his profound, specialized knowledge of the international labor movement, and especially American labor unions, as well as thorough-going economic foundation, made him sought after as an informal consultant to scholars and students ... His essential humanity, his gift for friendship, and his joyous zest for living, apparently made it easy for him to draw around him, what afterward came to be known as the Roundtable.¹⁵⁷

The Roundtable drew participants from many branches of government, including the military, along with leading figures from business and labor, and became the nucleus of a national planning movement.¹⁵⁸ A number of projects were discussed, including the creation of a research institute with a university affiliation, before the group settled upon building an

¹⁵⁷ M. H. Hedges, Foreword to Lewis L. Lorwin, *Time for Planning: A Social-Economic Theory and Program for the Twentieth Century* (New York: Harper & Brothers, 1945), ix-x.

¹⁵⁸ Lorwin, *Time for Planning*, ix-x.

organization.¹⁵⁹ Four leading Roundtable members, David Cushman Coyle, Marion H. Hedges, A. F. Hinrichs, and Lorwin, met with two nationally prominent advocates of planning, Harlow S. Person and George H. Soule to enlist their help; Combining their lists of contacts, they invited potential members to join the association.¹⁶⁰ In October 1934, the Roundtable group organized itself into NESPA. The six organizers became NESPA's board of trustees; Lorwin was elected chairman, Soule, vice-chair; and Hedges, secretary treasurer; they were a diverse group as the National Planning Association's (NPA) official history describes them:

Members of the board included George Soule, editor of the *New Republic*; Marion H. Hedges, director of research, International Brotherhood of Electrical Workers; David Cushman Coyle, consultant to the Public Works Administration and the NRPB; A. Ford Hinrichs of the U.S. Department of Labor; and Harlow S. Person, president of the Taylor Society.¹⁶¹

But we need a more nuanced view of the planners if we are to understand the movement. Though they were not all motivated by the same ideas they had each devoted their talent and energies to public service through government service, education, organized labor, and journalism. David Cushman Coyle once extolled the contributions of “displaced experts” in the New Deal milieu. These were educated and capable professionals in one field, who were assigned (or chose) responsibilities in another, where they had neither training nor experience. This was a fortuitous combination, according to Coyle. They excelled, not only because they possessed a keen intelligence and a “good grasp of the scientific method,”¹⁶² but because they brought a fresh outlook and skepticism of orthodoxy to their new field. There was something of the displaced expert in each of these founders of the planning movement. In part, this was because they were reinventing themselves, shedding traditional roles and perspectives while

¹⁵⁹ George Soule, “NESPA, December 1934—December 1940,” *Plan Age* 6, nos. 9-10 (November-December 1940): 289.

¹⁶⁰ George Soule, “NESPA, December 1934—December 1940,” 290.

¹⁶¹ NPA, *The National Planning Association at Work*, 4.

¹⁶² David Cushman Coyle, “The Hiatus in National Planning,” *Plan Age* 1, no. 9 (November 1935): 4.

creating novel ones. But their displacements were sometimes at least partially involuntary: three were pushed from academic positions by hostile business interests.

Born in 1875, Harlow S. Person was the eldest of the group and one of two with a doctorate in economics. A year out of graduate school, Person became the first dean of the first institution to offer an MBA degree, now known as the Tuck School of Business at Dartmouth. He subsequently became a director of the Taylor Society and in 1933 was named consultant to the Rural Electrification Administration, a post he held until retirement two decades later. The next year he was named a member of the Mississippi Valley Committee of the Public Works Administration.¹⁶³ Person was displaced only in the sense that his education provided a springboard far beyond the usual expectations of his discipline.

Born in 1883, Lorwin was the next eldest, the only immigrant and only Jew, and another displaced expert. With a doctorate in sociology from Columbia University, Lorwin took a position at the University of Montana in 1916. There he ran afoul of the Anaconda Company as a result of his 1919 book, *Mine Taxation in Montana*. Lorwin was fired from the University of Montana after disregarding the request of its president that he not publish the book. Lorwin regained his job and was awarded back pay through a lawsuit and publicity campaign sponsored by the American Association of University Professors. However, Lorwin soon moved on to another career as a journalist, first for *The New York World* and then *the Chicago Daily News*.¹⁶⁴ (The outcome of Lorwin's case was very different than that of Marion Hedges, as shown below.) It was Lorwin's position at the Brookings Institution, however, that put him on the path to become a public intellectual who reached a national as well as an international audience

¹⁶³ "Harlow S. Person, An Economist, 80, Former Dean at Dartmouth, Management Expert, Dies—Was R.E.A. Aide," *New York Times* (November 8, 1955).

¹⁶⁴ Arnon Gutfeld, "The Levine Affair: A Case Study of Academic Freedom," *Pacific Historical Review* 39, no. 1 (February 1970): 19-37.

Born in 1887, David Cushman Coyle held a degree in civil engineering but he reinvented himself as an economist and a popular public intellectual. During the 1930s he produced a steady stream of articles for popular magazines as well as three books that sold over a million copies each, making him one of the most popular writers of the New Deal era.¹⁶⁵ More eclectic than systematic, and more a popularizer than an original thinker, Coyle combined a knack for simplified explanations with a breezy writing style leavened by a folksy sense of humor.

Born in 1888, Marion Hawthorne Hedges became in 1924 the first director of the Department of Research and Education of the International Brotherhood of Electrical Workers (IBEW).¹⁶⁶ He served as a consultant to the Social Security Board and the Tennessee Valley Authority, and as a planner for the Missouri Valley Authority.¹⁶⁷ Hedges, however, was the most displaced of the group. Hedges had earned a master's degree in English at Harvard, and for seven years was a popular instructor at Wisconsin's Beloit College. Hedges first novel, *Iron City*, was praised by literary critics, but panned by local mine owners who believed it revealed too much about the repression of a miners' strike and some at the university who felt it revealed unsavory aspect of university politics. Ironically, it was during the year Beloit College offered refuge to Lorwin that Hedges found himself harassed out of his job there and blacklisted from teaching.¹⁶⁸ In the next few years Hedges worked first as an investigative reporter and then as a special investigator for a reform-minded governor.¹⁶⁹ Both Hedges and Lorwin enjoyed several successful years as journalists before finding their life's work.

¹⁶⁵ Gary Dean Best, *Peddling Panaceas: Popular Economists of the New Deal Era* (New Brunswick, NJ: Transaction Publishers, 2005), 169-73.

¹⁶⁶ "50 Years of Service—Research and Education Department," *IBEW Journal* (August 1974), 3.

¹⁶⁷ Frederick Burwell, "The Iron City Controversy at Beloit," (1994), http://www.beloit.edu/archives/documents/archival_documents/iron_city/.

¹⁶⁸ Whether their relationship began there is an interesting question for future research.

¹⁶⁹ Burwell, "The Iron City Controversy at Beloit."

The son of a prominent manufacturer, George Henry Soule Jr. was also born in 1888. He graduated from Yale in 1908, became director at large of the National Bureau of Economic Research in 1922, and editor of the *New Republic* in 1924. He is the namesake of a signer of the Mayflower Compact; Coyle claimed Mayflower ancestry as well.¹⁷⁰ Soule loomed large in the planning debates because of his numerous articles and several books on the subject including, *A Planned Society* (1932), *The Coming American Revolution* (1934), and *The Future of Liberty* (1936).¹⁷¹ Unlike Lorwin, Soule advocated the socialization of the means of production.¹⁷² Among the planners, Soule is unique in that he returned to these issues decades later with a book that reviewed the history of the planning movement and updated his arguments for planning.¹⁷³

Born in 1899, Albert Ford Hinrichs was the youngest of NESPA's founders. Hinrichs had, from the start, integrated work in government and academia. In 1934, he was about to take a temporary leave from his position at Brown University to work for the Bureau of Labor Statistics when Providence police rounded up local Communists to quell labor unrest. Hinrichs not only bailed one out of jail but was quoted comparing the state's tactics to those of Nazi Germany. As a result, the state's textile manufacturers called for Hinrichs's dismissal, and Hinrichs ultimately resigned from Brown in 1935. If Hinrichs was displaced from his academic position, he landed softly, remaining in Washington to become chief economist of the Bureau of Labor Statistics.¹⁷⁴

Both Lorwin and Hinrichs had substantial international experience. In 1930 Hinrichs traveled with the first team of U.S. economists to visit the Soviet Union, and was well known for the articles he wrote about it. During 1932-33 he traveled to Germany, Austria, Switzerland,

¹⁷⁰ Best, *Peddling Panaceas*, 171.

¹⁷¹ Each was published by Macmillan of New York.

¹⁷² "George H. Soule Jr. Dies at 82; Ex-Editor of *The New Republic*," *New York Times* (April 15, 1970); and "George H. Soule Dies; Shoe Manufacturer," *New York Times* (November 14, 1935).

¹⁷³ George Soule, *Planning U.S.A.* (New York: Viking Press, 1967).

¹⁷⁴ Martha Mitchell, "Albert Ford Hinrichs," *Encyclopedia Brunoniana* (1999)

http://www.brown.edu/Administration/News_Bureau/Databases/Encyclopedia/search.php?serial=H0140.

Spain, and Italy, and returned again to the Soviet Union. Lorwin had also visited the Soviet Union in 1921-22 and had traveled extensively through Europe researching his books *Labor and Internationalism* (1928) and *Advisory Economic Councils* (1931). They shared another experience during the busy year of 1934. Lorwin and Hinrichs were commissioned by the National Resources Board to report on the experiences of economic planning in the United States and other countries, including the Soviet Union, Fascist Italy, and Nazi Germany, so that the Board could formulate recommendations to the president for future national economic planning and were given six months to accomplish this task. The result, *National Economic and Social Planning: Theory and Practice with Special Reference to the United States*, captures the grand scope, critical vision, and vast ambitions of the planners' at their most optimistic moment—as anyone with the time to work their way through a meandering five-hundred pages might agree. In their efforts to be comprehensive, they produced a report lacking in focus and direction, and thus it is easy to understand why it was published in only a much redacted version.

Together, the board of trustees chose the publication, ten times a year, of a slender, digest-sized magazine with a buff colored cover, to be the main project of the new association, and they served as its editors. *Plan Age* combined the characteristics of a professional or scholarly journal, a popular magazine, an information clearinghouse, and a club newsletter. Its professed mission was not to advocate for planning as much as to develop planning as a technique. In fact, it did both while providing an in-print salon where planners reported about the progress of their various agencies and projects, expressed their hopes and frustrations, took stock of their achievements and regrouped from their defeats, engaged in theoretical debate, and sometimes collaborated on substantive projects. In sum, it helped planners and supporters conceive of themselves as a movement with an important mission.

Plan Age published most of the prominent social scientists and New Dealers of the day, with a few notable exceptions such as Rexford Tugwell and Stuart Chase. The peculiarity of *Plan Age* is that because it was written by planners for other planners, and for that reason the conversation is more candid, the voices sometimes bolder and sometimes more self-critical, than in more popular venues. The six volumes defy characterization because of their topics range from the most mundane and pragmatic discussion of state and regional land use to surprisingly ambitious and speculative discussions of social transformation.

The inaugural issue of *Plan Age* announces the goals of the organization and its journal. They had a single objective: “The fullest possible utilization of the productive resources of the United States in order to give the American people the highest possible material and cultural standard of living.”¹⁷⁵ Along with the objective was one corollary proposition: that the stated objective should always be kept in mind when public policies are conceived, and they should be imagined with as much foresight as is possible.¹⁷⁶ This objective and proposition would be stated on the inside front cover of every issue of *Plan Age*. How those resources could be most fully utilized remained to be determined, that was after all the work of planning, and the criterion by which standards of living, material and cultural, were to be measured remained unspecified. The editors of *Plan Age* recognized that there were two categories of problems facing planners:

problems of power—i.e., political problems—a solution of which will make possible the attempt to plan for abundance. Granted the power and the desire to plan for abundance, what would be done? How could planning operate effectively?¹⁷⁷

The emphasis in *Plan Age* was to be on the second question. This approach may have been born of a confidence that economic planning was inevitable, a distaste for political organizing and

¹⁷⁵ ESPA, “ESPA—Aims and Purposes,” *Plan Age* 1, no. 1A (December 1934): 12-14.

¹⁷⁶ ESPA, “ESPA—Aims and Purposes,” 12.

¹⁷⁷ ESPA, “ESPA—Aims and Purposes,” 13.

conflict, a recognition of the disunity within the organization, or a sober realization that the organization lacked what it took to become a political force.

For a modest two dollars, one became a member of NESPA and subscribed to the magazine simultaneously. But NESPA never planned to be a mass organization. *Plan Age* was intended to be a working tool for active planners and planning advocates:

those who receive it will be primarily not subscribers, but members of the National Economic and Social Planning Association (ESPA). In their discussions and researches they will need information, reports of committees, statements of varying points of view.¹⁷⁸

This approach seems intended to shift discussion away from divisive political issues onto technical questions. NESPA was to be an inclusive organization in which, “persons of many shade of political opinion can unite ... to develop a body of technical competence.”¹⁷⁹ The focus of the organization was on the long run and not the immediate struggle for planning. Therefore, its central purpose was “to maintain contacts between person interested in economic and social planning ... for possible practical action during coming years when large issues of economic and social control will be to the fore.”¹⁸⁰

The first article of the first issue by Lewis L. Lorwin made the audacious claim that the twentieth century was “the Plan Age.”¹⁸¹ Lorwin had always framed national planning within international and world-historic contexts. In 1931 at the Amsterdam congress he argued that national planning should be expanded into international cooperation. Three years later, his emphasis has shifted from promoting international cooperation through planning to planning for international competition. Therefore, Lorwin predicted the century would be the Plan Age

¹⁷⁸ ESPA, “ESPA—Aims and Purposes,” 12-14.

¹⁷⁹ ESPA, “ESPA—Aims and Purposes,” 13.

¹⁸⁰ ESPA, “ESPA—Aims and Purposes,” 12.

¹⁸¹ Lewis L. Lorwin, “The Twentieth Century—The Plan Age,” *Plan Age* 1, no. 1A (December 1934): 1-3.

because its central drama would be a competition among three “world faiths,”¹⁸² those of the United States, Italy, and the Soviet Union.

Lorwin’s description of the three systems makes up with color and creativity what it lacks in detail. Planning in each regime assumed different forms according to national character: Italy was synthesizing an “ancient doctrine of the divine state with the modern doctrine of the creative spirit of corporate bodies,” while the Soviet Union, blending Marx with its historic experience “proclaims Communism as the logical reconciliation of Western technique and Eastern ideals of social justice.”¹⁸³ Lorwin’s tendency toward American exceptionalism is evident in his description of the United States: “free and flexible, easy-going with regard to the intricacies and implications of economic struggles and social philosophies, is out to reconstruct the system of liberal capitalism by “humanizing” its processes and by protecting the masses of the people against its hazards.” He points out what the three systems hold in common: “All three contending social systems recognize ... that the demands of the masses ... cannot be achieved by leaving the guidance of economic and social life to the interplay of independent individuals seeking their independent gain in the marketplace.”¹⁸⁴ He notes several factors that will determine the outcome of this competition: class struggle within the nations, struggle among nation-states, and the ability of each faith to inspire and motivate. But Lorwin is an economic determinist for whom the forces of production are the motor force of history. The decisive factor is therefore “the degree to which one or the other doctrinal system opens up new vistas to the productive capacities of man and releases new forces of economic expansion.”¹⁸⁵

¹⁸² Lorwin, “The Twentieth Century—The Plan Age,” 1.

¹⁸³ Lorwin, “The Twentieth Century—The Plan Age,” 1.

¹⁸⁴ Lorwin, “The Twentieth Century—The Plan Age,” 2.

¹⁸⁵ Ibid.

In this essay, the idea of faith looms large in Lorwin's thinking. There is the global competition among faiths – Fascism, Communism, and the New Deal – and there are also metaphysical moments, as when Lorwin mentions “the miracles of technique.”¹⁸⁶ But Lorwin also makes a call to faith is in the development of productive forces and their corollary, economic planning:

Modern civilization cannot abandon its faith in the economic and social beneficence of technical progress. This faith has been growing since the days of the American and French Revolutions, when the imagination of the Western World began to be stirred by the miracles of technique. All schools of economic and social thought ... have invariably projected a progressive movement of economic and social welfare on the basis of increasing technical knowledge and mastery.¹⁸⁷

If this faith is in doubt, Lorwin is encouraged that planning, “collective forethought and conscious social guidance,” was making possible “a revival of faith in the inherent harmony of technical progress and social welfare. The idea which can give this faith its practical potency is economic and social planning.”¹⁸⁸

With this keynote essay, Lorwin has reformulated his arguments for economic planning: Planning must be taken seriously because it is an important part of the nation's competition, with Communism and Fascism, for power, prestige, and legitimacy. Lorwin also calls for renewed faith in technological progress and claims that planning is an integral part of it. Calling the century the Plan Age implies a certainty that the expansion of planning is permanent and inevitable. In retrospect it resembles claiming victory when the battle has barely begun. Taking victory for granted, Lorwin's essay abstracts from any discussion of the potential political struggle or opposition to planning. In time the dissonance between unlimited hope and political helplessness would grow acute.

¹⁸⁶ Ibid.

¹⁸⁷ Lorwin, “The Twentieth Century—The Plan Age,” 1-2.

¹⁸⁸ Lorwin, “The Twentieth Century—The Plan Age,” 2-3.

Writing in the same issue, A. F. Hinrichs concedes that “the dominant note in the American tradition has always been given by the exercise of individual initiative,” and that it is usually therefore assumed that “planfulness is alien to the tradition.”¹⁸⁹ But Hinrichs rejects this, arguing that “planfulness,” in the sense of choosing between alternative social and economic policies, has characterized the American experience from colonization. He claims further that there was only a brief period, encompassing the decades after the Civil War, when the “decisions of individual business men were more important to American economic history than were large political decisions.”¹⁹⁰

Two things are new, according to Hinrichs. One is that “planfulness” has gradually grown increasingly important to achieving national objectives, while challenging the primacy of the market. He points to long-standing traditions of regulating railroads and public utilities, the emerging conservation movement, and “the associational activities of business men, workers and farmers.”¹⁹¹ Hinrichs argues that the debate about planning is more a debate about national goals and values than planning per se: “it is not the process of planning that violates our tradition; our break with the past lies in the weakening of the foundations upon which we have been accustomed to build our plans.”¹⁹² Hinrichs observes that national planning depends upon “the existence of general purposes that lie beyond discussion.”¹⁹³ Previously, those general purposes had been merely “an institutional framework in which individuals shall move with substantial freedom.”¹⁹⁴ This foundation was being challenged as “engineering habits of thought have been applied”¹⁹⁵ to larger economic and social issues. Hinrichs believes that the increased discussion

¹⁸⁹ A. F. Hinrichs, “Planning and the American Tradition,” *Plan Age* 1, no. 1A (December 1934): 8.

¹⁹⁰ *Ibid.*

¹⁹¹ Hinrichs, “Planning and the American Tradition,” 10.

¹⁹² Hinrichs, “Planning and the American Tradition,” 9.

¹⁹³ *Ibid.*

¹⁹⁴ *Ibid.*

¹⁹⁵ *Ibid.*

of “quantitatively expressed relationships” is really “an expression of definite ideals.”¹⁹⁶ His thin evidence is that discussions about increasing consumption focus on raising the income of the masses rather than the wealthy few. Hinrichs writes with the confidence of someone who believes history is on his side and great change is inevitable and, therefore, that a new constitutional convention is just a matter of time. He concludes with a question: “how much we can plan without doing once more what we did one hundred and fifty years ago—namely, reexamine the general framework of our social system and reconstruct it in accordance with new social ideals.”¹⁹⁷

Hinrichs makes valid points when he claims that planning has always been part of the national tradition. There is an interesting and valid implication that the state has always structured the economy, as well. He is also adding to the picture by pointing out that the underlying assumptions of the national consensus are the subject of contention, but he abstracts from the sources of that conflict. He assumes that “engineering habits of thought” will prove so persuasive that there is no basis for social conflict. In conclusion, Lorwin, Hinrichs, and the board of trustees share a perspective of boundless hopes and ungrounded confidence, but which abstracts from the struggle to attain their goals. This may have been, in part a reflection of their weaknesses: They were a tiny organization able to agree on only the vaguest points of unity. Furthermore, though they believed themselves to be the wave of the future, they were creatures of the Roosevelt administration and served at its whim.

¹⁹⁶ Hinrichs, “Planning and the American Tradition,” 10.

¹⁹⁷ Hinrichs, “Planning and the American Tradition,” 11.

2.3 The Egg Dance

The dissonance between boundless optimism and limited powers produced a variety of criticisms among the planners, among the most eloquent came from Broadus Mitchell. By 1935 Mitchell was the leading economic historian of the U.S. South and a professor at Johns Hopkins University. He gained notoriety in Maryland as an anti-lynching activist, and upon that issue he campaigned for governor as a Socialist.¹⁹⁸ Mitchell's is a rare voice, poetic and moral, but not without humor.

Mitchell reviewed the National Planning Board's *Final Report—1933-34*.¹⁹⁹ The 125 page document surveys planning efforts and prospects in the United States and recommends the creation of a permanent planning agency. About half of the volume is comprised of three sections, the titles of which convey something of the flavor of the document: "Planning Activities"; "A Plan for Planning"; and "Science in Planning," which includes papers from the National Academy of Sciences and the Social Science Research Council. Only the fourth section carries a byline, "National Planning—Digest of Report," by Lewis L. Lorwin and A. Ford Hinrichs. This section is a much abridged version of a five-hundred-page book by Lorwin and Hinrichs, which was only briefly available in mimeographed form, *National Economic and Social Planning: Theory and Practice with Special Reference to the United States*.²⁰⁰ The language and analysis of Hinrichs and Lorwin are nonetheless evident throughout the report.

Mitchell finds much to praise in the report but criticizes its authors for excessive restraint: "many important conclusions are implied rather than expressed."²⁰¹ But Mitchell believes their constraints are, at least in part, self-imposed. Mitchell likens the predicament of the planners to

¹⁹⁸ Mitchell was born in 1892. Joan Cook, "Broadus Mitchell, 95, Professor, Historian and Hamilton Authority," *New York Times* (April 30, 1988); Jacquelyn Dowd Hall, "Broadus Mitchell: Economic Historian of the South," in *Reading Southern History: Essays on Interpreters and Interpretation* (Tuscaloosa: University of Alabama Press, 2001), 25-31.

¹⁹⁹ National Planning Board, *Final Report—1933-34* (Washington, DC: United States Government Printing Office, 1934).

²⁰⁰ Lorwin and Hinrichs, *National Economic and Social Planning*.

²⁰¹ Broadus Mitchell, "Planning and the 'Moral Urge,'" *Plan Age* 1, no. 3 (March 1935): 21.

an “egg dance,” a traditional folk dance in which eggs are arranged in rows on the floor. Revelers dance among the eggs, competing to delay as long as possible the inevitable missteps.²⁰² “The best of the planners of the ‘New Deal’” according to Mitchell, “in their egg-dance between Communism on the one side and Fascism on the other, have perforce confined themselves to narrow and tortuous lanes.”²⁰³ The implication is that Lorwin, Hinrichs, and others on the Board, are so careful to remain inoffensive that they fail because they cannot be forthright:

Practiced circumspection ends in helplessness. The attempt to get balance within what is to remain substantially the present economic system precludes questioning as to the utility of the system itself. Confronted with conflicts, the Board doggedly urges coordination. It fails or refuses to perceive that the problems which it has set itself involve irreconcilable forces and interests which no amount of optimism will resolve.²⁰⁴

Focusing on Lorwin and Hinrichs, Mitchell expresses impatience with their failure to state clearly, much less answer, the important questions: “What is the desirable object of economic planning? What are the conditions under which this object may be achieved? What are the means of reaching the goal?”²⁰⁵ Noting that this is “the sixth year of the depression,”²⁰⁶ Mitchell asks them,

Is caution never to find an end? Must dignity always be non-committal? Or is there not a higher dignity in speaking out... on the basis of what we know to date? Patience in the face of the calamitous suffering and destruction going on about us, ceases to be a virtue. If we do not know now that production is for consumption, when shall we ever know it? If we do not recognize by this time that planning requires control, and that control necessitates the common ownership of the means of production, when shall we learn the lesson?²⁰⁷

²⁰² Venetia Newall, “The Egg Dance,” *Folk Music Journal* 2, no. 1 (1970): 35-44.

²⁰³ Mitchell, “Planning and the ‘Moral Urge,’” 22.

²⁰⁴ *Ibid.*

²⁰⁵ *Ibid.*

²⁰⁶ Mitchell, “Planning and the ‘Moral Urge,’” 23.

²⁰⁷ *Ibid.*

Mitchell judges that the Lorwin and Hinrichs were too “inhibited . . . to declare the faith that was in them, and to state the necessary means of its realization.”²⁰⁸ Indeed, Lorwin and Hinrichs choose language that is vague but evocative, at turns tentative and grandiose. Mitchell’s reading may have been mistaken, but it deserves attention simply because it addresses Lorwin and Hinrichs directly, as one planner to another. It is possible that their sense of political pragmatism caused Lorwin and Hinrichs to moderate a more radical message. But the reverse may also be true, that the temper of the time led them to use language more radical than their intentions. Perhaps it was inevitable that readers would feel misled, because Lorwin and Hinrichs adapted so broad a spectrum of ideas and language that they promised all things to all men.

It is unlikely that any U.S. historian has ever been as respected as was Charles A. Beard during this decade. He was a member of NESPA and a contributor to *Plan Age*, though never an official of the organization. Beard’s influence, however, is evident. Lorwin and Hinrichs drew heavily on *The Rise of American Civilization* in their *National Economic and Social Planning*, and the logic of NESPA’s November-December 1937 issue on maintaining U.S. neutrality closely corresponds to that of Beard’s *The Devil Theory of War*.

In the same issue as Mitchell’s article, Beard reviews a report by the Mississippi Valley Committee of the Public Works Administration. The committee, comprised of “six engineers, a geographer, a forester, and a consulting economist,” was charged with the momentous task of planning the use and control of the water and land within the Mississippi drainage basin, a vast area comprised of all, or portions of, thirty-one states. Beard praises the committee’s breadth of vision: “They know and explain that land, water, people, industries, agriculture, and communities are all drawn into a complication of relations and activities.”²⁰⁹ But notes of

²⁰⁸ Ibid.

²⁰⁹ Charles A. Beard, “Capacity to Make Plans,” *Plan Age* 1, no. 3 (March 1935): 7.

sarcasm emerge as Beard pronounces the report a “classic,” and a “masterpiece.” By the time he starts telling us that “the maps, charts, and graphs are admirably done,”²¹⁰ we know he is damning the report with faint praise.

Beard’s criticism has less to do with the content of the report and more its organization and presentation. He argues that while the report is divided into many sections and subsections there is no single place where the problems are identified and their solutions clearly stated. Not until page 230 is the central urgent concern of the report stated: Without government intervention, current trends would produce catastrophic changes to the Mississippi River Valley that would worsen soil erosion and flooding, threaten industry and agriculture, produce social disorganization, and increase rates of farmer tenancy and poverty. The report asks its central question: Is the government willing to watch “a vast section of the country sink into physical ruin and social decay”²¹¹ or is it willing to take action?

Not only is it difficult to find the main problem and question, there is no place where the “solutions, conclusions, and recommendations”²¹² are summarized. Beard is emphatic that if the committee had hoped for legislative and executive action, it should have summarized its conclusions and recommendation in one place. Even better, it should have engaged lawyers to draft legislation for federal, state, and local governments. Instead, Beard charges that no responsible person can spare the time to read the book, much less summarize and collect the conclusions scattered throughout, and therefore the report was a wasted effort. With acerbic wit, Beard concludes by comparing the report to “a beautiful piece of artillery,” elegantly crafted but

²¹⁰ Beard, “Capacity to Make Plans,” 9.

²¹¹ Beard, “Capacity to Make Plans,” 8.

²¹² *Ibid.*

unable to hit its target: “the indifference, obfuscation, and greed which block the way to conservation and the efficient use of our resources and technical arts.”²¹³

The sad irony is that while critics saw the planners as wolves, hungry for power; they so often proved to be sheep incapable of exercising initiative without clear instructions. Apparently, the report’s authors lacked the foresight needed to connect the report to future action, a serious shortcoming for a group of planners. In a way, Beard’s criticism is harsher than Mitchell’s. While it is one thing to be too timid to call for socialism, it is far more craven to be afraid to propose legislation.

Like Beard, David Cushman Coyle also argued that it was not enough for the planners to generate innovative ideas while remaining politically passive. In the November 1935 *Plan Age* he writes about “The Hiatus in National Planning.” The hiatus (plural) are the unplanned gaps between planning proposals and their implementation. Coyle notes that successful projects, such as Civilian Conservation Corps efforts to control soil erosion, have had “the advantage of the engineering form: a clear objective, a well developed scientific technique, and power to buy or persuade an adequate degree of popular cooperation.”²¹⁴

But many of the programs proposed by the New Deal are not the subject of such easy calculations and being more complex, are more vulnerable: “There is a dark no-man’s-land across which a program has to travel while it is being turned into an Act of Congress ... In this dark area the program is subject to attack by its enemies and to perversion by its friends.”²¹⁵ In a down-to-earth in style, Coyle argues that the progress through Congress of each “young and helpless proposal” should be protected by a “Capitol Guide.” Such a “Capitol Guide,” Coyle explains, should be committed to the proposal, capable of discerning which amendments are

²¹³ Beard, “Capacity to Make Plans,” 6-9.

²¹⁴ David Cushman Coyle, “The Hiatus in National Planning,” *Plan Age* 1, no. 9 (November 1935): 1.

²¹⁵ Coyle, “The Hiatus in National Planning,” 2-3.

genuine threats and able to explain why, and should have “a comprehensive disrespect for all the experts in the subject matter of the bill.”²¹⁶ According to Coyle, the experts tend to be committed to the way things were done before 1929, and are blocking new ideas and initiatives. These “Guides” may be “liberal fighters ... who can fix their eye on the goal and fight stubbornly toward it regardless of ‘practical’ considerations and irrelevant ‘facts,’” or they may be of the “displaced expert” type, both are beneficial.²¹⁷

On one level, Coyle’s arguments sound politically savvy. It is not enough for planners to generate good ideas, he argues, they must guide them through to realization. But this is also simplistic. Given all the conflicts among Congress, the president, and the various agencies, it is oddly reductive that Coyle focuses on the problem of the so-called experts. Furthermore, the planners worked for the executive branch of government and could only assume a larger role at the president’s command. The mere addition of more “liberal fighters” and “displaced experts” was as likely to fuel the conflicts between the president and Congress as to calm them.

Another argument for planners to escape the confinement of their current roles comes from John P. Ferris of the Tennessee Valley Authority. He argues that “plans devised without reference to the means available for their realization have little significance, except as avocation for intellectuals.”²¹⁸ The abundance of plans that never go beyond the hypothetical have been counterproductive, he claims, and have “frightened and antagonized the ordinary man.”²¹⁹ Ferris points out that people in the Soviet Union may be compelled to comply with plans, but in the United States, a social order based on “human consent,” planners must “build a planning movement” to (1) “set up objectives for the most efficient use of our resources and functioning

²¹⁶ Coyle, “The Hiatus in National Planning,” 4.

²¹⁷ Coyle, “The Hiatus in National Planning,” 4-5.

²¹⁸ John P. Ferris, “A Question of Policy,” *Plan Age* 2, no. 4 (April 1936): 12-13.

²¹⁹ Ferris, “A Question of Policy,” 12.

of our economic machine under the basic limitations embodied in a society based on consent”;

and (2) “find the means by which people can be persuaded to take action toward a better world.”²²⁰ Ferris argues that NESPA, therefore, “should give increasing weight to the development of possible action.”²²¹ Ferris argues that the line between planning and leadership should be blurred and that there should be an ongoing process in which planners define social objectives, advocate for their adoption, find the men who can implement them, and finally “contrive effective working relationships between these men, and effective means by which the common people, the philosophers, the experts and the administrators can continually know of the results achieved, influence the objectives, and revise the program.”²²²

It is hard to disagree with Ferris’s point that the elaboration of plans should never be divorced from specifying the means to achieve them. Unfortunately, Ferris does not follow his own advice when he recommends two projects to NESPA. He proposes that planners organize a mass movement for democratic planning. But that seems overly ambitious for a small group of overworked and intellectually divided professionals. He also suggests that the planners must “contrive” a transformation of planning into a fluid and democratic process—but what such a contrivance requires in terms of organization, politics, and resources is left unspecified.

The implication of Ferris’s article is that planners should lead a mass democratic movement, and in the November 1936 issue, George B. Galloway, listed on the masthead as NESPA’s “field representative,” argues that NESPA can act as a unifier for the numerous, disparate groups already mobilized to fight for political and social change throughout North America. This suggestion is made in two pages of the “Miscellany” section of the November 1935 issue, comprised of selections from his report to NESPA’s board of trustees. The story has

²²⁰ Ferris, “A Question of Policy,” 13.

²²¹ *Ibid.*

²²² Ferris, “A Question of Policy,” 14.

all the ingredients of a Great Depression Odyssey. For nearly a year, Galloway and his wife traveled 26,000 miles through thirty-five states, with stops in Mexico and Canada, to conduct more than nine hundred interviews with people from a broad spectrum of government agencies and an even more diverse array of grassroots movements. Galloway describes a country alive with debate, activism, and movements, including proponents of:

the Townsend plan, Social Credit, the EPIC plan, producers' and consumers' cooperation, Technocracy, Utopianism, and many other isms. They are divided by factional fights, differences of dogma, personal jealousies, and the rival ambitions of their leaders ... I established contacts with many panacea, left-wing, and progressive leaders and groups, including the Old Age Revolving Pensions, National Union for Social Justice, Union Party, Share-the-Wealthers, Continental Committee, Technocracy Inc., Utopians, End Poverty in California, American Commonwealth Political Federation, Washington Commonwealth Federation, League for Social Reconstruction of Canada, the self-help cooperatives, Minnesota Farmer-Labor Association, Wisconsin Progressives, Social Creditors, Socialists, Communists, et al.²²³

Whether their names are familiar or forgotten, several of these organizations made a lasting impact, for example, through their demands for Social Security. Some involved unemployed people building their own cooperative businesses and creating grassroots economic networks; and some demanded that idle factories and farm land be turned over to the unemployed.²²⁴ Here is the heroism and genius of common people responding to the Depression. But Galloway tells us nothing about the specific innovations, aspirations, and diversity of these groups, instead he reduces them to a lowest common denominator: "all of them are seeking the same general objective; a new social order based on an economy of abundance."²²⁵ If they share common dreams, he says they lack agreement on what might be the path to "peace, freedom, and

²²³ "Miscellany," *Plan Age* 2, no. 8 (November 1936): 19-20.

²²⁴ John Curl, *For All the People: Uncovering the Hidden History of Cooperation, Cooperative Movements, and Communalism in America* (Oakland CA: PM Press, 2009), 164-91.

²²⁵ "Miscellany," *Plan Age* 2, no. 8 (November 1936): 20.

plenty. This is where ESPA may come in with a program of action that might reconcile these conflicting schemes.”²²⁶

Galloway’s conclusion is disappointing. For all of his travelling there is no indication that he learned from the people he met or that he elicited and recorded their perspectives on planning a new economy. Instead, he reduces them to the raw material of a new movement united around a “program of action,” formulated by NESPA. This is but one example of the planners’ arrogance. Another is that in *Plan Age*, the most trivial, preliminary research by a planner is viewed as inherently superior to any popular initiative. A clear example is found in an editorial foreword to the June-July 1936 issue, devoted to planning in California:

Best known, of course, but least important are such visionary schemes as the Townsend plan, the Epic plan of Mr. Upton Sinclair, the Utopian plant, etc. Less spectacular but really significant is the excellent research spadework that is now being done ... in certain special problems such as that of land use adjustment.²²⁷

In addition, Galloway’s notion of a “program for action” must have rung hollow for the board of trustees. NESPA’s unity depended upon its steadfast refusal to be drawn into devising such blueprints. If they could not unite themselves around a program for action, how could NESPA unite disparate movements as Galloway hoped?

Conclusion

In Section 2.1, Lorwin outlines a “Plan State” that would democratically adjudicate class conflict and direct social change. Lorwin believed that planning could expand democracy, by making economic decisions previously determined by a tiny minority, the subject of public control, and by reducing the “hidden coercions” that limited the political power of working-class

²²⁶ “Miscellany,” *Plan Age* 2, no. 8 (November 1936): 20-21.

²²⁷ “Editorial Foreword,” *Plan Age* 2, no. 6 (June-July 1936): 1.

people. In these two respects, very few U.S. public figures have gone as far as Lorwin did to challenge capitalist domination.

Regrettably, his arguments were overly optimistic, as when he claimed that, unlike its European counterparts, the U.S. middle class could provide the necessary political leadership because of America's exceptional national character. The error was compounded by other factors, notably the election, and re-election, of a pro-planning president who made a strong argument for the efficacy of U.S. democracy, while simultaneously undercutting the impulse to join movements to his left or to build an independent strategy. It is important however, that we appreciate the magnitude of what Lorwin and his collaborators did accomplish, in terms of building a network of planners and a publication—all while they continued other work as public intellectuals and government servants and other endeavors.

In Section 2.3 we saw the frustration of the planners as they confronted the limitations of their circumscribed roles, as well as their efforts to devise means to escape them. Not even in retrospect are any alternatives obvious. Readers today can take note, however, that Lorwin and his colleagues failed to recognize, and analyze, two aspects of the situation. One is that class conflict is real, so real that hostile business interests could cancel the planners' dreams. The other is that existing distortions to democracy, connected to economic inequality and class struggle, easily thwarted Lorwin's strategy of using the state to transform itself into a more democratic state. Nonetheless these disappointments suggest at least three questions for those who would transform the system today. How can more fruitful strategies to enlarge political individualism be conceived? How can we define and expand collectivist democracy? And, having discarded Lorwin's steadfast rejection of class analysis, can we define a new collective identity in terms of class that is capable of effecting social and economic transformation?

CHAPTER 3:

“A WORLDWIDE NEW DEAL”

The planners' movement suffered reversals in the second half of the decade due to widespread dissatisfaction with the NRA, and its ultimate nullification by the Supreme Court. New Deal initiatives were further sidetracked by an economic downturn. After Roosevelt's 1936 re-election, the administration attempted to reduce its deficit spending while simultaneously tightening the money supply. Several years of sustained, robust recovery were reversed in the spring of 1937. The downturn was so serious that not until 1941, when the nation entered the war, would unemployment levels return to their low point at the start of. Roosevelt responded in 1938 by proposing a Keynesian-style package of public works and relief programs and renewed efforts to regulate economic concentration. These efforts included the formation of a Temporary National Economic Committee, to investigate monopoly. As Rhonda F. Levine argues, although ostensibly “anti-monopoly,” the committee was merely “aimed at regulating the competitive practices of large-scale business concerns.”²²⁸

Simultaneously, international tensions escalated throughout the decade as the world moved toward a global conflagration. A short list of world events that reverberated throughout the nation would include the start of the Spanish Civil War in 1936, the Japanese attack on China in 1937, the German annexation of Austria in 1938 and occupation of Czechoslovakia in 1939, and the Molotov-Ribbentrop Pact of 1939 between Germany and the Soviet Union—followed by their division of Poland—which raised the specter of a Nazi-Soviet alliance. These tensions shook the planning movement, as those who advocated neutrality, arguing that the national focus should be on expanding democracy at home through continued reform, lost ground to those who

²²⁸ Rhonda F. Levine, *Class Struggle and the New Deal: Industrial Labor, Industrial Capital, and the State* (Lawrence: University Press of Kansas, 1988), 100-03.

called for the collective defense of democracy against its enemies abroad. Meanwhile, there was a growing recognition that the United States would play the decisive role in reconstructing the postwar world. With this background, Lorwin's internationalist program, proposed in 1931 to forestall another world war, emerged by 1935 as part of Roosevelt's postwar plans.

The three sections of this chapter describe the interventions of Lorwin and the organization he initiated, the National Economic and Social Planning Association, in response to events during 1935-41. In section 3.1, three landmark articles from *Plan Age* trace the evolution of the planning movement's economic thinking from its institutionalist critique of market concentration to its embrace of Keynesian policies. Section 3.2 examines Lorwin's 1935-39 work at the International Labor Organization. It builds upon Peter Luddington's claim that (even before the war) Roosevelt argued for constructing the global economy upon the principles of free trade and a rising standard of living for the world's masses. Section 3.3 focuses upon Lorwin's 1941 book, *The Economic Consequences of the Second World War*. Lorwin's book is unique, not because it calls for a united democratic front against the Axis powers, but because he argues that the triumph of planning and the victory of democracy depend upon each other. Lorwin calls for a "Worldwide New Deal" encompassing a reformed "neo-capitalism," an expanded "neo-democracy," and a "de-imperialized" international system.

3.1: "Stop Calling for the Millennium"

Three *Plan Age* articles, by George Soule, A. A. Berle, and E. J. Coil respectively, illustrate the development of economic theory within the organization and reflect the broader national debate. In his 1935 article, Soule marshals detailed evidence that the depression was rooted in the failure of price system, due to economic concentration, and that micro-level

government intervention was required to counteract administered prices. However compelling the diagnosis, the prescribed remedy was under fire and about to be blocked by the Supreme Court. A. A. Berle's 1938 article takes the theory of administered prices a step backward by offering neither diagnosis nor prescriptions. Instead he elaborates a research program for the Temporary National Economic Committee (TNEC) in terms so neutral that he asks us to put aside our value judgments about administered prices, the acceleration of monopolization, and the concentration of economic power. Given that the investigation convened without testable hypotheses, focused questions, or a legislative agenda, it is not surprising that the findings of three years of investigation and testimony proved more overwhelming than motivating, ultimately squandering one of the greatest opportunities of the planning movement. Finally, E. J. Coil announces a new direction for the organization that endorses Keynesian policies and the voluntary cooperation of business, labor, and government behind closed doors.

Soule's "The Problem of Inflexible Prices" is based upon a report by Gardiner C. Means that was submitted to the Senate in 1935 on behalf of the secretary of agriculture.²²⁹ The article is unusual because its bulk is comprised of excerpts from the report, made accessible by an introduction and explanations by Soule. With A. A. Berle, Means coauthored *The Modern Corporation and Private Property*. Published in 1933, it would reign for several years as the most important economics book of the decade until it was overshadowed by Keynes's *General Theory of Employment, Interest, and Money*. Means makes an economic argument similar to Lorwin's Amsterdam Congress address, but replete with empirical evidence: specifically, an analysis of price variations among 750 commodities during 1926-1933, a period that encompassed extreme expansion and contraction, and was characterized by rapid shifts in price

²²⁹ Gardiner C. Means, *Industrial Prices and Their Relative Inflexibility*, Senate Document No. 13, 74th Congress, 1st Session, Washington, D.C., 1935, cited in George Soule, "The Problem of Inflexible Prices," *Plan Age* 1, no. 7 (July-August 1935).

levels. Means found that, among the 750 price indices, only 125 changed prices nearly every month. These were “truly flexible prices, that behave as prices are supposed to do in a traditional economic analysis, being quickly sensitive to alterations in supply and demand.”²³⁰ At the opposite extreme, he found 95 indices that were inflexible, changing less than five times in eight years. Between these extremes were 527 indices that were somewhat flexible. The inflexible prices, Means argues, “represent a type of price essentially different in its effects from the flexible market price on which the policy of laissez-faire has been founded.”²³¹

The prices of commodities that changed most frequently also dropped the most during the period, while those that changed infrequently dropped very little or even rose in price. Means offers an example that highlights the meaning of this discrepancy. From 1929 until the spring of 1933, prices of agricultural produce fell 63 percent, while agricultural output dropped only 6 percent—farmers produced nearly as much but earned far less. Theirs were an example of what Means termed “market prices.” In contrast, agricultural implements showed an example of “administered prices.” These producers reduced output by 80 percent and their prices only 6 percent. The impact of this goes beyond the worsening the inequality between farmers and the producers of farm implements. Means blames the Great Depression on these pernicious market dynamics: “The whole depression ... might be described as a general dropping of prices at the flexible end of the price scale and a dropping of production at the rigid end, with intermediate effects in between.”²³²

Neoclassical economic theory assumes that individual producers in competitive markets are price takers, predicting that in competitive markets, firms will reduce both their prices and output when confronted with a decreasing demand for their product, while still producing as

²³⁰ Soule, “The Problem of Inflexible Prices,” 1.

²³¹ *Ibid.*

²³² Soule, “The Problem of Inflexible Prices,” 2.

much as they can without losing money. The neoclassical rationale for laissez-faire policies is, therefore, that competitive markets will produce optimum levels of output. While neoclassical theory acknowledges that monopoly and other market imperfections may produce far from optimal levels of output, it assumes that such imperfections are caused by forces outside of the market, such as government interventions. Means takes a morally ambiguous view of administered prices. He argues that they are inextricably bound with the growth of industrial productivity and rising standards of living.²³³ Policy makers therefore face a dilemma: “either (1) atomize the administrative units to the point where inflexible administered prices disappear and the free market can become an effective coordinator, or (2) supplement the market mechanism with institutional arrangement ... sufficient to allow the economy to function effectively in the presence of and in spite of inflexible prices.”²³⁴ Means rejects the first approach because “it would be necessary to pulverize industry ... productive efficiency would have to be greatly impaired and a lower standard of living accepted.”²³⁵ The second approach is also problematic because code authorities dominated by business tend to make the wrong decisions, and while government could do far better it would need to resort to dictatorial authority. A third alternative would involve the “joint action of Government and business”²³⁶ with government charged with representing the public interest as well as those of labor and consumers while serving as arbiter among these positions. But he recommends a “the fourth possibility, that of having the several interests impinge upon each other under Government supervision.”²³⁷ Means argues that this government-refereed conflict would “push the decisions in the direction of the balance of interests in which the market is supposed to achieve and whereby it is supposed to produce the

²³³ Gardiner C. Means, quoted in Soule, “The Problem of Inflexible Prices,” 3.

²³⁴ Gardiner C. Means, quoted in Soule, “The Problem of Inflexible Prices,” 1.

²³⁵ Gardiner C. Means, quoted in Soule, “The Problem of Inflexible Prices,” 3.

²³⁶ Gardiner C. Means, quoted in Soule, “The Problem of Inflexible Prices,” 6.

²³⁷ Gardiner C. Means, quoted in Soule, “The Problem of Inflexible Prices,” 7.

optimum functioning of the economy.”²³⁸ While Means’s optimism seems unjustified, he argues that all involved have a stake in making the system function: “By shifting the major emphasis in industrial relations from the division of the spoils to making the economic machine work—a shift which is basic to the whole technique here described—a chief reason for stalemate would automatically be removed.”²³⁹ Means is arguing that all groups and classes may benefit from the expanded accumulation of capital.

Almost the entire September 1938 issue of *Plan Age* is devoted to “Investigation of Business Organizations and Practices,” a lengthy paper written by A. A. Berle, Jr., for the Temporary National Economic Committee. The committee, with an ample budget of half a million dollars, was charged with investigating the significance of monopoly and the concentration of economic power in the U.S. economy. Calling on hundreds of witnesses and publishing a shelf of reports, the committee nonetheless adjourned without conclusive findings or recommendations for action. The irony is that the committee may have documented the pervasiveness of monopoly power so thoroughly that it seemed to negate the possibility of doing anything about it.²⁴⁰ In hindsight, Berle’s first sentence seems to capture both the ambition and limitations of the TNEC while foretelling its failure: “The investigation of business organization and practices (frequently called investigation of monopolies) should be essentially a search to find an organization of business that actually works.”²⁴¹

Rather than stating an argument, Berle elaborates a research program of unprecedented scope that refuses to propose a program of action prior to the completion of research. Each industry would be subject to an “evaluation of the job done,” measuring the industry’s

²³⁸ Gardiner C. Means, quoted in Soule, “The Problem of Inflexible Prices,” 7.

²³⁹ Gardiner C. Means, quoted in Soule, “The Problem of Inflexible Prices,” 8.

²⁴⁰ Levine, *Class Struggle and the New Deal*, 103.

²⁴¹ A. A. Berle, Jr., “Investigation of Business Organizations and Practices,” *Plan Age* 4, no. 7 (September 1938): 185.

contribution in terms of employment, output, prices, waste, and profit or loss, as well as technological innovation, and “life created”²⁴² by the industry. That amounts to nothing less than assessing “what happens to the people engaged in it.”²⁴³ On the other side of the ledger, the “claims against industry,” what consumers, labor, capital, and management, feel the industry owes to them, are to be tallied. In addition, Berle argues for complete accounting of government’s contributions to industry through subsidies, direct and indirect, purchase orders, privileges granted, tariffs, price guarantees, collateral subsidies, relief provided to labor, loans, tax credits, power rates, etc. The purpose of all this reckoning, however, is to accomplish little more than to “clear the air.”²⁴⁴ Berle argues that “one of the most important things that the investigation can do is to serve as a forum in which these various claims can be stated.”²⁴⁵ Rather than advancing a hypothesis about business organizations, Berle cautions against prejudicial assumptions about the competitiveness, humanness, efficiency, or contribution to standards of living made by large- or small-scale enterprises.²⁴⁶ Berle does not expect “any single system or any single standard of size or set of practices”²⁴⁷ to produce the desired result, however defined: “Where a high degree of competition will accomplish the result, that should be the method used. Where a high degree of cartelization under suitable control will accomplish the result, that should be the method. Where quasi-public ownership produces the result, use that. The answers will be different in different fields.”²⁴⁸ His argument seems naïve on at least two counts: one is the faith that there is some meaningful objective basis by which an industry can be measured, the

²⁴² Berle, “Investigation of Business Organizations and Practices,” 199-200.

²⁴³ Berle, “Investigation of Business Organizations and Practices,” 199-200.

²⁴⁴ Berle, “Investigation of Business Organizations and Practices,” 201.

²⁴⁵ *Ibid.*

²⁴⁶ Berle, “Investigation of Business Organizations and Practices,” 186-87.

²⁴⁷ Berle, “Investigation of Business Organizations and Practices,” 188-89.

²⁴⁸ Berle, “Investigation of Business Organizations and Practices,” 202-6.

other is his assumption these judgments can be made ad hoc and remedial policies implemented without conflict.

The May 1939 issue of *Plan Age* was devoted to a manifesto, “Democracies Also Must Plan.” This document was simultaneously published as the first Planning Pamphlet, a series of pamphlets that would replace *Plan Age* when NESPA was reorganized into the National Planning Association (NPA). The author, Everett Johnston Coil (1907-1951), earned a Harvard MBA in 1930, began working as an economist for the National Resources Committee in 1932 and later worked for the Rural Electrification Administration. In 1937 he was named executive director of NESPA.²⁴⁹ While NESPA’s founders were mature, public figures prior to the New Deal, Coil represented a new generation.

Coil set the tone of the essay by consigning to the past the “widespread feeling of urgency and impending disaster”²⁵⁰ that initially gave rise to the planning movement. In bland bureaucratic language that suggested confidence in the stabilization of the economy, Coils calls instead for “cooperative, integrated thinking ... done by thoroughly sifting the facts, by stating them clearly, and by analyzing their implications.”²⁵¹ The first half of the essay, “Our Economy Today,” begins with a familiar theme: “the nineteenth-century assumption of an automatic, self-regulating economy no longer applies.”²⁵² Like his predecessors, Coil attributes this, in part, to an increasing level of “managerial jurisdiction”²⁵³ over prices and production. He cites, in addition, other changes that have undermined the economy’s ability to regulate itself: the scale of production has grown while financial institutions and organized labor have grown as well; the rate of capital accumulation has declined due to the loss of frontiers, declining immigration, and

²⁴⁹ NESPA, “Miscellany,” *Plan Age* 3, no. 7 (September 1937): 192.

²⁵⁰ E. J. Coil, “Democracies Also Must Plan,” *Plan Age* 5, no. 3 (May 1939): 127-185.

²⁵¹ Coil, “Democracies Also Must Plan,” 127.

²⁵² Coil, “Democracies Also Must Plan,” 128.

²⁵³ Coil, “Democracies Also Must Plan,” 132.

fewer technological innovations; and capitalists in maturing industries have grown averse to competition and risk.²⁵⁴

Coil argues that *someone* must administer prices. But unlike his predecessors, Coil does propose that price should be set in national or industry-wide councils. Instead he observes that “the administrative power to set prices is frequently inherent in an industry. The point at which prices shall be set, therefore, is a question of policy, not of power.”²⁵⁵ This small point signals a decisive pivoting away from the public regulation of industry toward a larger role for industry in regulating the economy. Coil argues that inflexible costs of production may be largely responsible for inflexible prices, but he fails to offer even anecdotal evidence that this is the case. On the contrary, Coil claims that accounting methods are not sufficiently advanced to measure the degree to which prices are inflexible and may overstate the case, while those same accounting methods may make business leaders overly cautious and more prone to price inflexibility because they are uncertain of their costs. Thus, we have gone from Soule’s 1935 analysis, in which inflexible prices required correction because they were a cause of the Great Depression, to Coil’s 1939 re-assessment, in which they have become benign and necessary.

In part this reflects a decisive shift in the class struggle. The planners have to some degree shifted allegiances, abandoning the antimonopoly sentiments of small business and the middle class and accepting the now triumphant perspective of the monopolist. But it also tells us something about the power of neoclassical theory. Lorwin and the early planners remained wedded to the model of competitive markets as the epitome of efficiency. Lorwin indicted real existing markets but never questioned whether the ideal had ever been accurate. Later, Berle

²⁵⁴ Many of these arguments had already reached a wide audience through Richard V. Gilbert, George H. Hildebrand, Jr., Arthur W. Stuart, Maxine Yapple Sweezy, Paul M. Sweezy, Lorie Tarshis, and John D. Wilson, *An Economic Program for American Democracy* (New York: Vanguard Press, 1938). Most of these Harvard and Tufts economists had been influenced by Alvin Hansen, who interpreted and helped popularize Keynes in the United States.

²⁵⁵ Coil, “Democracies Also Must Plan,” 133.

refused to take a stand on monopoly versus competition, arguing that they should be evaluated in terms of their relative efficiency. But such an approach is doomed at the outset by the impossibility of defining and quantifying abstract concepts of efficiency and optimality, not to mention the problem drawing comparisons across incommensurate industries. But because the model of competitive markets remained an ideal beyond question, the burden of proof fell to the planners to prove that inflexible prices were harmful and that government could do better. Unable to do this, the planners had little choice but to accept inflexible prices as inevitable. Unable to take the offensive against the ideal of the competitive market, they found themselves on the theoretical defensive. Economic theories may help shape the world, but they also circumscribe the analysis of economists who fail to escape the gravitational pull of a powerful metaphor.

Coil argues that because price and production levels are administered the market cannot assure an optimal equilibrium. It therefore falls to government to assume responsibility for national income through fiscal and monetary policy. Many governments, he notes, have assumed that responsibility because their existence as states depended upon addressing the problem of unemployment. Coil concludes, “Any concept of a mechanical self-regulating society that excludes the state as an agency of conscious direction and change is obsolete.”²⁵⁶

This marks an important, if obscure, transition in the planning debates. The macro-level approach advocated by Hansen and Keynes, in which government must compensate for the “animal spirits,” that is the irrational optimism or pessimism, of investors is usually understood as a decisive departure from the institutionalist critique of administered prices formulated by Berle and Means, Lorwin and others. It is assumed that to embrace Keynes was to reject Berle and Means, and in practice this was usually the case. That is one reason Theodore Rosenof is so

²⁵⁶ Coil, “Democracies Also Must Plan,” 136.

critical of Hansen and Keynes for spurning Means's entreaties that all collaborate to integrate the micro and macro analyses.²⁵⁷ However, Coil takes a different approach, stipulating that inflexible prices are as important as they are intractable. If that specific ailment cannot be treated, Coil argues that Keynes offers the only usable alternative, a way to improve the overall health of the economy. This is a rare, if not unique, synthesis of the institutionalist and Keynesian theories.

The synthesis is made more urgent by the fact that belligerent, authoritarian states are using planning. This emerging threat is justification enough for economic planning, as the title of his essay suggests. Planning is, therefore, a reality, but Coil argues, its accomplishments are frustrated by divisions: "these gaps which separate company from company, industry from industry, and industry from government ... must be bridged if we are to obtain community of effort."²⁵⁸ But Coil would not have those boundaries crossed by government authority. While Lorwin had argued at Amsterdam that business should be subject to government control, Coil now reverses the argument. The new imperative is that free enterprise must hold government in check:

Many have assumed that the extension of government direction means democratic direction. ... World-wide experiences seem to show that when industrial policies are controlled from the center, *democratic enterprise* is restricted, diminished and abolished. ... Perhaps free enterprise is compatible with administered enterprise only so long as the free sector remains large and vital enough to utilize democratic procedures of government to hold in check and to make accountable the administrators.²⁵⁹

Coil is arguing, in effect, that decisions should continue to be made by those who already have the power to make them, but with greater coordination. He admonishes the planners that "it is

²⁵⁷ Theodore Rosenof, *Economics in the Long Run: New Deal Theorists and Their Legacies, 1933-1993* (Chapel Hill: University of North Carolina Press, 1997).

²⁵⁸ Coil, "Democracies Also Must Plan," 144.

²⁵⁹ Coil, "Democracies Also Must Plan," 140.

time to stop calling for the millennium and to consider ways and means for proceeding from where we are now.”²⁶⁰

Coil defines NESPA’s new, somewhat less grandiose, purpose as providing “objective, condensed information.”²⁶¹ NESPA, he argues, is unique because it makes possible what he calls “group thinking.”²⁶² NESPA bridges the divisions between enterprises, industries, and government because it “enables competent people with a community of interests to come together and explore issues wider than their respective specialties. . . . This voluntary cooperation makes an effective contribution not because its members think alike, but because they think together. Such multiple-thinking leads to a constructive synthesis.”²⁶³

This constructive synthesis proved valuable as many NESPA members found themselves serving on various government boards during the preparation for the war. These who served on the War Production Board found that they had already reached significant agreement on specific issues through the preparation of NESPA’s various reports. It is therefore not surprising that “many of NESPA’s specific recommendations were adopted by the War Production Board [WPB].”²⁶⁴ This collaboration must have seemed valuable in ways beyond war planning because participants sought to expand it. This is explained in the NPA’s self-published history:

In 1942 NESPA reorganized and became the National Planning Association to serve as a joint forum and meeting place for the major constituent groups of the private sector . . . Dissatisfied with Roosevelt’s opposition to planning for a postwar economy within the War Production Board, WPB members asked the NPA to assume the primary role in planning for the economy after the war. Two leading members of the WPB—Charles E. Wilson, chairman of General Electric,

²⁶⁰ Coil, “Democracies Also Must Plan,” 153.

²⁶¹ Coil, “Democracies Also Must Plan,” 155.

²⁶² Coil, “Democracies Also Must Plan,” 155.

²⁶³ Coil, “Democracies Also Must Plan,” 155.

²⁶⁴ National Planning Association, *National Planning Association at Work: Six Decades of Providing Solutions to America’s Challenges* (Washington DC: National Planning Associations, 1995), 7.

and Clinton S. Golden, vice president of the United Steel Workers of America—became NPA trustees.²⁶⁵

The NPA voluntarily brought together a wide array of officials from government, corporations, and labor unions to meet and reach consensus on various issues. No longer challenging the prerogatives of business or attempting to transform the state, the NPA was instead facilitating their collaboration. Perhaps, by being removed from the state, the members of the War Production Board lost a degree of official influence—in exchange they gained a degree of anonymity, sheltered now from the scrutiny of Congress, the public, and their constituents. Public planning had become private.

3.2: “A World Industrial Parliament”

Plan Age announced, in 1935, that Lorwin was going to Geneva, Switzerland, to serve as an advisor to the International Labor Organization (ILO). Lorwin’s affinity with the ILO is easily understood. He shared its commitment to planning on a global scale. But Lorwin went further to call the ILO “the most important agency of world planning ... an original international instrument of peaceful change for the purpose of building a new and just social order.”²⁶⁶ It pursued these ends by setting “minimum social standards,”²⁶⁷ which were designed “to equalize labour conditions in different countries, to improve them simultaneously.”²⁶⁸ The ILO was governed by delegates from governments, employer associations, and labor unions, the sort of “functional representation”²⁶⁹ that Lorwin championed in his proposals for a national economic council. In his 1929 book, *Labor and Internationalism*, Lorwin had praised the ILO for yet

²⁶⁵ Ibid.

²⁶⁶ Lewis L. Lorwin, “The I.L.O. and World Economic Policy,” *International Labour Review* 33, no. 4 (April 1936): 458.

²⁶⁷ Lorwin, “The I.L.O. and World Economic Policy,” 459.

²⁶⁸ Lorwin, “The I.L.O. and World Economic Policy,” 460.

²⁶⁹ Ibid.

another reason: the organization served as a foil against Communist leadership within labor movements.²⁷⁰

Still, Lorwin's departure from Washington at such an exciting and historic moment remains puzzling. The announcement in *Plan Age* offers no explanation. Lorwin would, however, return to his work in Washington in 1939. Recent research by Peter Luddington offers circumstantial evidence that Lorwin went to Geneva to fulfill the president's long-term plans.²⁷¹ In 1934, the Roosevelt had secured Congressional approval for the United States to join the ILO without becoming a member of the League of Nations. He arranged for John Winant, the progressive Republican governor of New Hampshire, to be made the ILO's assistant director in 1935. In 1938, Roosevelt campaigned for Winant to become director of the organization when the post became vacant. "For all practical purposes," Luddington explains, "FDR had become the de-facto leader of the ILO. From 1938 to 1941, it was the President who approved the agenda for the ILO."²⁷²

Luddington argues that Roosevelt revived the flagging ILO as a means of promoting his vision of economic reconstruction and eventually used it to organize an anti-Nazi coalition. After the failed London Economic Conference of 1933, he tells us that Roosevelt "embraced non-traditional means in order to promote what he referred to as his agenda for economic reconstruction. His economic reform measures included ... establishing an interconnected global free trade economy coupled with a commitment to establishing higher minimum standards of

²⁷⁰ Lewis L. Lorwin, *Labor and Internationalism* (New York: Macmillan, 1929), 603.

²⁷¹ Archival research may reveal how Lorwin was invited to the ILO and by whom. Whether the invitation came from Roosevelt, ILO Director Harold Butler, or Winant, and whether or not Lorwin's instigation played a role, it seems improbable that the invitation did not have at least Roosevelt's tacit approval.

²⁷² Peter Luddington, *Why the Good War Was Good: Franklin D. Roosevelt's New World Order* (Ph.D. dissertation, University of California Los Angeles, 2008), 64.

living for people throughout the world.”²⁷³ These “non-traditional means” involved cultivating direct relationships, outside of formal diplomatic channels, with leaders and organizations in Britain and Europe willing to embrace global free trade. This free-trade regime posed a direct economic and ideological threat to the British and French empires. The subterfuge allowed Roosevelt to promote this agenda while avoiding direct international confrontation as well as Congressional meddling on this issue. These circumstances offer a plausible explanation for the discretion with which Lorwin’s departure was treated.

Roosevelt worked to transform the ILO into an outpost of his version of a global New Deal. He encouraged transnational collaborations with little regard for boundaries between nations or between public and private, and national and international, agencies. Luddington cites Lorwin’s efforts to coordinate the work of the National Resources Planning Board (NRPB) and the ILO as examples of this fluid networking.

Lorwin’s work on behalf of the NRPB was an example of how individuals who shared a common interest in internationalism worked within a web of organizations as seemingly disparate as the NPA, the NRPB, the ILO, and the British Labour Party among other groups on both sides of the Atlantic. And it was Roosevelt who helped to orchestrate their activities and served as de-facto leader of this international coalition of progressives.²⁷⁴

As its economic advisor, Lorwin played a significant role in a major project of the ILO, the Tripartite Technical Textile Congress in April 1937. At Roosevelt’s recommendation, the conference was held in Washington at the U.S. Department of Labor. Lorwin wrote a short book, *The World Textile Conference*, to be distributed prior to the conference as a basis for discussion, although it was published with the disclaimer that it represented only his personal views and not

²⁷³ Luddington, *Why the Good War Was Good*, vii. Luddington’s archival research makes this a valuable source, but his analysis is shallow because he accepts uncritically the notion that this economic reform was sufficient to make the Second World War, “a good war.” The specific “work” to which Luddington refers occurred in 1940 after Lorwin had returned to the National Resources Planning Board from Geneva. The point of the quotation, however, is the *web* and not the particular node on which Lorwin was located at that moment. Here Luddington refers to NESPA, prematurely, as the NPA.

²⁷⁴ Luddington, *Why the Good War Was Good*, 140. Luddington’s focus is on Roosevelt, however, and Lorwin’s contribution gets only a couple of paragraphs of the dissertation.

those of the ILO.²⁷⁵ In it Lorwin extols the conference for its tripartite organization. Like the ILO, it brings together representatives of employers, workers, and governments, from the twenty nations involved in textile industries, to discuss an international industry. The purpose of that discussion will not be to reach agreement or adopt resolutions, but rather “to lay the foundations for a broad social policy ... by assembling as complete a picture as possible of all the technical, economic, and social conditions that bear on labor conditions in the industry.”²⁷⁶

The Conference organizers recognized that increased consumption of textiles depended upon a global improvement in living standards and that “establishing a system of ‘fair practices’ on an international scale, in the textile industry” was only a part of that. They recognized as well that international trade did not “lead automatically to good will among nations,” but could rather become “an increasing factor in world friction.”²⁷⁷

The Washington Conference cannot but dramatize the close link between better world relations and better living conditions for the people, between world peace and social justice. The chief complaint in textile world markets is against those who take undue advantage of their workers in order to be able to sell their products at unduly low prices. It is the international echo of the familiar cry about ‘unfair competition.’ What a strange situation that an industry in which women and young persons play such a preponderant part should be one of the greatest sources of international friction and a potential cause of a clash between nations! The Conference may help to solve this paradox by evolving a program of peaceful growth for the industry.”²⁷⁸

Noting the conference’s main goal of “outlining a broad social policy for the industry,”²⁷⁹

Lorwin admits that the conference is unlikely to go beyond creating committees focused on the industry’s major problems. But he argues that the conference is a great experiment that exemplifies the concept of “self-government by discussion.”²⁸⁰ The delegates “will have an opportunity to throw aside traditional fears and hesitations, and to set themselves with open

²⁷⁵ Leifur Magnusson, “Textiles: a self-diagnosis,” *Survey Graphic* (June 1937): 346-48.

²⁷⁶ Lewis L. Lorwin, *The World Textile Conference* (New York: World Affairs Books, 1937), 8.

²⁷⁷ Lorwin, *The World Textile Conference*, 46

²⁷⁸ *Ibid.*

²⁷⁹ Lorwin, *The World Textile Conference*, 40.

²⁸⁰ *Ibid.*

minds to an examination of the problems of the industry.”²⁸¹ Viewing the problems of the industry as a whole will permit them “to reconcile all interests in a common program.”²⁸² Lorwin saw the conference as a basis for ongoing discussion that could eventually guide the global development of the industry.

In *The World Textile Conference* Lorwin takes stock of the dynamic changes transforming the industry. He notes that the challenge of Japan to established textile producers along with the spread of the industry into Latin America, the Near East, and the Soviet Union are intensifying competition for markets and therefore exacerbating international tensions. Inverting the common view that excessive capacity is the main problem of the industry, Lorwin argues that it is instead the insufficient purchasing power of consumers. He points to the “much under-clothed, as well as under-fed” of the developed nations as well as “the teeming populations of China, India, and other less developed parts of the world” who remain in a “ragged condition”²⁸³ as evidence that there are “possibilities of expansion”²⁸⁴ for the industry. The “social goal” of improving the conditions for labor involved reducing working hours. The goal was a forty-hour week without any reduction in weekly earnings. This is intended to reform “competitive practices in textile markets by eliminating ‘unfair’ methods of selling based on the exploitation of labor.”²⁸⁵

Consistent with Lorwin’s arguments, the very structure of the conference pointed to the need for international trade and for a stewardship of the economy shared by labor, capitalists, and government. The announcement of the conference prompted NESPA to organize a committee of fifteen volunteers, mostly government and labor officials, to prepare a report to

²⁸¹ Ibid.

²⁸² Ibid.

²⁸³ Lorwin, *The World Textile Conference*, 42.

²⁸⁴ Ibid.

²⁸⁵ Lorwin, *The World Textile Conference*, 42-43.

explain why the textile industry is a low wage industry. Funded by a grant from the Carnegie Foundation, the committee gathered the testimony of experts and seemingly exhausted every source of pertinent data. The result fills the May-June 1937 double issue of *Plan Age* with tables and reports on the U.S. textile industry. Careful attention is paid to regions (New England and the South); fabrics (cotton, woolens and worsteds, and silk and rayon); and women workers and child labor. The full gamut of statistics about hours and wages, supply and demand, and profits and earnings are included as well. The report describes the massive textile industry as one comprised of a multitude of firms, using production techniques that range from the archaic to the completely modern. These firms compete primarily through efforts to reduce their labor costs, whether by decreasing wages or by stretching out the work day, speeding up the production processes or doubling up on the machines that workers must tend. Aside from documenting the seriousness of the problems, the report is inconclusive, offering no policy recommendations for government, industry, or labor. The disappointing result was predictable; from the start, the committee intended no more than to “learn the state of the industry.”²⁸⁶

The conference brought together representatives from twenty-six nations, fifteen of which sent a full complement of tripartite delegates. Germany and the Soviet Union sent non-voting representatives, while Italy was the only significant textile producer to be absent. The conference, which in every account is referred to as an “experiment,” was viewed as a preliminary to a meeting that summer in Geneva to continue work on a draft convention on the forty-hour week for textile workers. Striking a positive note on the conference, the *Monthly Labor Review* of the Bureau of Labor Statistics concluded: “in June at Geneva the proposal for a

²⁸⁶ “Report of the Committee on the Textile Industry in the United States of America,” *Plan Age* 3, nos. 5-6 (May-June 1937): 115.

40-hour week convention in the textile industry will be debated with much greater clarity because of the extensive discussion of the problem in Washington.”²⁸⁷

A more critical view was voiced in *The Nation*, which noted that the conference seemed like such a success because it aimed for so little. It noted that delegates from the United States and France took the lead with a large bloc of delegates supporting them. As *The Nation* mused, “no national group of mill-owners . . . would not welcome a heightening of its competitors’ labor costs.”²⁸⁸ The conference agenda resonated with the two themes identified by Luddington: raising global living standards while promoting international trade. The American promotion of an international reduction of the workweek for textile workers was, however, inextricably bound up with domestic efforts to make similar reductions in the U.S. textile sector.

This initiative posed fundamental questions about the potential for constructing a just global economy. Was any process of leveling up really fair? How can labor practices in different countries be compared? And if it cannot be satisfactorily determined what is fair, does it not come down to a question of power, whether it is exercised by diplomatic, economic, or military means? According to *The Nation*, “International gatherings of this kind can do little or nothing to transform attitudes into direct action. To persuade governments to adopt and enforce appropriate measures is a task for the organized workers, farmers, and consumers in all countries.”²⁸⁹ At the conference, the U.S. delegates spoke for reducing work hours and increasing wages while the French proposed increased tariffs against those who refused to comply. For their part, “The Japanese, against whom the American feint and the French thrust were obviously directed, expressed their readiness to consider higher wages and shorter hours in return for lower tariff

²⁸⁷ “World Textile Conference,” *Monthly Labor Review* 44 (May 1937): 1134.

²⁸⁸ “World View of Textiles,” *The Nation*, April 24, 1937, 454.

²⁸⁹ *Ibid.*

rates.”²⁹⁰ Great Britain remained neutral and India demurred. China used the conference as an opportunity to protest “the extra-territorial system which permits foreign mills in the concessions to avoid factory-law regulation.”²⁹¹

Lorwin tells us that the ILO has been called “a World Industrial Parliament.”²⁹² Perhaps more than most parliaments, it was stalemated by conflicts of interest. The fact that the conference had any success at all, that it even met, may be attributed to the growing influence and prestige of the United States, rather than the authority of the ILO.

3.3: The New Deal and the New Empire

For Lorwin, the Second World War was a tragedy that should have been averted. But a war cannot be waged unless it is invested with meaning, and Lorwin embraced that task in 1941 when he made a bid to influence public opinion through three publications: “Postwar Problems and Industrial Relations” was an address delivered to Princeton University’s Industrial Relations Section and published in the journal, *Advanced Management*. “After the War—What?” appeared in *Independent Woman*, a magazine published by the National Federation of Business and Professional Women’s Clubs, and was intended for discussion at the meetings of Federation affiliates. And his book, *The Economic Consequences of the Second World War*, was named one of the most important books of the year by the *Chicago Sun*.²⁹³

Lorwin’s book was published months before the United States entered the war. Therefore, the book imagines two parallel sets of potential consequences, predicated on the victory of either the Axis or the Allies. Lorwin summarizes the histories of the two blocs,

²⁹⁰ Ibid.

²⁹¹ Ibid.

²⁹² Lorwin, *The World Textile Conference*, 43.

²⁹³ Landon R. Y. Storrs, *The Second Red Scare and the Unmaking of the New Deal Left* (Princeton NJ: Princeton University Press, 2013), 211.

assesses their present circumstances, and extrapolates current trends to envisage their futures. While much of the book is devoted to a sober and dispassionate comparison of these two potential global orders, the book is a subtle polemic that confronts the reader with a stark moral choice: “The Nazi-Fascist ‘order’ rejects freedom, denies equality and is planned in the interests of small groups which seek dictatorial powers in the name of presumed ‘master races.’ The democratic order includes freedom, reaffirms its faith in human dignity and aims to benefit all groups and nations.”²⁹⁴ Lorwin recognizes that organizing effective anti-Nazi coalitions, national and transnational, requires more than exposing the evils of the adversary. It also requires envisioning a future worth fighting for. To accomplish this, he appropriates the polarizing language leftists have sometimes used to describe class conflicts and the hope for socialism and applies it instead to the conflict among nation-states: “It is now a bitter and bloody contest for leadership in organizing the productive and cultural energies of mankind either for a new forward development in behalf of humanity or for increasing exploitation in the interests of small racial and social groups.”²⁹⁵ This simple formula does more than point out the choices ahead. It promises a collective future.

In 1931, Lorwin had argued that the aspirations that many invested in the cause of socialism could be better fulfilled through planned capitalism; in 1941, he is arguing that these hopes may be realized through a Second World War. Books that argued for the United States to join in the collective defense of democracy were common, but Lorwin’s book is unique because he argues that the war can only be won, and peace built, if the nation commits to national and international economic planning.

²⁹⁴ Lorwin, *The Economic Consequences of the Second World War*, xiv.

²⁹⁵ Lorwin, *The Economic Consequences of the Second World War*, xiii.

Lorwin begins, as in his earlier work, by recasting the historical narrative. Here, this practice has an added importance. Considerable water has gone under the bridge since his proposals of 1931, and now he must justify why planning is feasible and necessary in light of recent disappointments. He begins with an idealized image of the early republic as a happy marriage of political democracy and laissez-faire economics. Then, a multitude of owner-operated farms and independent businesses of modest size provided the basis for “a system in which wealth and income were well distributed, economic power widely diffused and political influence based on the will of the governed.”²⁹⁶ But the system was undermined in the nineteenth century, when economic inequality worsened. As the ownership of land and industry grew more concentrated, it produced “a growing influence of concentrated economic power on government and in social stratification which denied the hopes of the earlier apostles of American democracy.”²⁹⁷ Thus, under these transformed conditions, loyalty to traditional values requires new attitudes and policies. Popular efforts to reclaim democracy gained little traction until the crash of 1929 profoundly transformed public opinion: “When American business failed to find either ideas or courage to move forward, there was a rapid shift in popular economic ideas.”²⁹⁸

Lorwin describes that sea change as “the Great Turn of 1930-32,” predicated on “a rapid and spectacular conversion to a new faith in the power and rationality of governmental and collective action.”²⁹⁹ The Great Turn led to the first phase of the New Deal, including the National Industrial Recovery Act, the Agricultural Adjustment Act, the creation of the Public Works Administration and the Tennessee Valley Authority, and various financial regulations. It was a great attempt to bring about what “free competition had failed to do, namely, a balance

²⁹⁶ Lorwin, *The Economic Consequences of the Second World War*, 423.

²⁹⁷ Lorwin, *The Economic Consequences of the Second World War*, 424.

²⁹⁸ Lorwin, *The Economic Consequences of the Second World War*, 426.

²⁹⁹ *Ibid.*

between costs and prices; between the income of agriculture and industry; between wages and dividends, interest and entrepreneurial earnings; and finally among the relative bargaining powers of the various classes and groups in society.”³⁰⁰ The first years of the New Deal, from 1933 to 1935, involved “an effort to establish an organized national economy operating through trade associations, labor unions, farm marketing associations and other collective bodies of producers and consumers.”³⁰¹

Lorwin explains the failure of this effort in an ironic and bitter passage: “the Government could not reconcile the conflicting interests of organized economic groups. The NRA soon indicated that it was to be used as a means of returning economic power and prestige to the section of American society whose power and prestige had suffered most as a result of the depression—namely, business.”³⁰² He argues that it was the resistance of business to organized labor and consumer organizations that negated the first New Deal even before the Supreme Court quashed it in 1935. He also blames middle class hostility to labor unions and to monopoly. These are major admissions because Lorwin’s planning proposals had staked so much on the ability of government to reconcile these conflicts. But the New Deal also made lasting changes. At the start of the 1940s, Lorwin saw the U.S. economy as “a system in transition ... it had gone some way toward a ‘public-interest’ capitalism. It had incorporated into its mechanisms public relief, public works, controlled banking, agricultural subsidies, credit assistance and mortgage relief to the farmer and to the small home-owner, housing programs, price-fixing, semi-public collective bargaining, social security, etc.”³⁰³ In retrospect we might ask whether this period of transition was really a stalemate, but for Lorwin these changes were harbingers of greater things to come.

³⁰⁰ Lorwin, *The Economic Consequences of the Second World War*, 427.

³⁰¹ Lorwin, *The Economic Consequences of the Second World War*, 427.

³⁰² Lorwin, *The Economic Consequences of the Second World War*, 428.

³⁰³ Lorwin, *The Economic Consequences of the Second World War*, 432.

Lorwin's narrative may be more creation myth than history, but it is important to understand what it accomplishes. He professes reverence for national democratic traditions, explains that economic inequality subverted U.S. democracy, and claims that the New Deal is the popular recuperation of those democratic traditions rather than their nemesis as critics charged. By connecting the ideals of the Founding Fathers with those of the New Deal, Lorwin constructs a narrative that justifies extending the New Deal and fighting the Axis. While this approach scores rhetorical points, it forecloses inquiry into whether American "democratic" traditions might also foster inequality and undermine democracy, and whether they are sufficient to safeguard and expand the New Deal and other economic reform projects.

Perhaps this analysis allows Lorwin to settle accounts and move on. He widens his focus to encompass a global view in 1941, just as he had done in 1931. Now, he draws another lesson from the previous decade's failure to secure economic recovery. Lorwin focuses on a single cause, the strangulation of foreign trade: "it was shown conclusively that in order to have economic well-being in this country, we had to buy abroad large quantities of food-stuffs and raw materials, and sell abroad billions of dollars worth of our own agricultural and manufactured products."³⁰⁴ Invoking foreign trade as an economic panacea is among the most persistent tropes of U.S. foreign policy and now Lorwin adds his voice to that chorus. He claims that the necessity of trade, even more than the spreading conflagration, is what has caused "interventionism" to prevail, finally, over "isolationism."³⁰⁵

Moreover, Lorwin situates the interstate system in his historical narrative. He describes the global order that lasted for nearly a century before the First World War in idealized, and Eurocentric, terms. Then, he claims, a liberal order of free trade, a stable gold standard, and

³⁰⁴ Lewis L. Lorwin, "After the War—What?," *Independent Woman*, November 1941, 323.

³⁰⁵ *Ibid.*

respect for national sovereignty were sufficient to ensure peace. But when the First World War proved otherwise, concepts of international organization came to the fore. What emerged, the League of Nations, was hidebound for it invested too much hope in notions of national sovereignty and free trade. Lorwin imagines more forward looking international organizations based less on sovereignty and more on solidarity. The League had failed to reconcile international conflicts because recalcitrant nations could veto measures against them. By contrast, he would subject them to the decisions of a majority of nations.

But Lorwin's endorsement of free trade is a qualified one. He argues that free trade policies had failed much of the world economically. In Eastern Europe, Asia, Latin America, and elsewhere, "people and their governments were anxious to use all their resources to the full, to develop new industries, to acquire new skills, and to have a larger share of the trade and of the good of the world."³⁰⁶ But alas, their ambitions were frustrated because "the traditional methods of free trade were not enough to secure those aims."³⁰⁷ Lorwin's prescription is international economic planning, by whatever name, that depends upon the benevolence and wisdom of the richer nations: "a better organization of world resources and capital, common efforts to direct industrial production and marketing, and a greater willingness on the part of the stronger and richer nations to help the poorer and less advanced to make rapid economic progress."³⁰⁸

Lorwin, like most of his contemporaries, recognizes that "the United States is emerging as the center of the postwar system."³⁰⁹ The paradox was that while this new power could allow the United States to make a worldwide New Deal a reality, it also inflamed imperialist aspirations that could prove "disastrous for world development and peace."³¹⁰ Lorwin offered a

³⁰⁶ Lorwin, "After the War—What?," 346.

³⁰⁷ Ibid.

³⁰⁸ Lorwin, "After the War—What?," 346-47.

³⁰⁹ Lorwin, *The Economic Consequences of the Second World War*, 498.

³¹⁰ Lorwin, *The Economic Consequences of the Second World War*, 499.

different understanding of U.S. history intended to challenge Henry Luce's vision of an "American Century":

A realization of the changing world position of the United States is giving rise to new variations on the "Manifest Destiny" theme. The spirit of "missionary democracy" which animated America after 1830, the desire for territorial aggrandizement of the 1840s, and the imperialist drive of the post-Spanish War industrial expansionism are being merged into ideas of an "American Century" and of a new American world destiny. The United States is visualized either as the heir to the British Empire or as the "co-ordinator" of all the Americas, or as the chief of some American-controlled union. ... Every one of the new versions of "Manifest Destiny" implies territorial expansion and political controls over other nations which would necessitate large armament programs and wide conflicts. Each one of them can be carried out only at the expense of other nations and countries and would mean a spreading jealousy of and enmity toward the United States.³¹¹

Lorwin imagines an alternative path, one in which the United States does not dominate but rather acts as "World Mediator, the power which can adjust grievances on a basis of greater equity and freedom."³¹² Lorwin believes the United States can play this role, while "accelerating the process of 'de-imperializing' the world,"³¹³ because of its exceptional national character defined by: "American informality and common sense, indifference to traditional ways and willingness to try new things, dislike of red tape and love of ingenuity, sense of fairness even to an opponent and the belief in opportunity for all, the small regard for militarism and the eternal renewal of faith in perfectible mechanisms of international progress."³¹⁴ This was a thin hope, however, because these characteristics have offered little impediment to U.S. imperialism in the past. To the contrary, the national belief in American innocence appears has enabled its imperialist impulses. It was Lorwin's fears, rather than his hopes, that would prove prophetic.

³¹¹ Ibid.

³¹² Ibid.

³¹³ Lorwin, *The Economic Consequences of the Second World War*, 500.

³¹⁴ Lorwin, *The Economic Consequences of the Second World War*, 499.

Just as the apparent success of Soviet planning had helped animate Lorwin's proposals in 1931, the prospect of Nazi victory lent urgency to the question of postwar planning in 1941. The Germans had announced their plans for the world in no uncertain terms. Lorwin tells us that Hitler's "New Order" promised "full employment and security of living" for all under "a great Germanic Empire in Europe, North Africa, and the Near East,"³¹⁵ in exchange for world recognition of German supremacy. To meet this challenge, Lorwin argues that the United States should "extend to world relations the principles of the New Deal."³¹⁶ These principles would serve to unify the nation and its democratic allies, and guide international policy during the war as well as postwar reconstruction.

This is not a matter of imposing something foreign upon the world, because Lorwin views the New Deal as part of a developing transnational consensus in favor of "democratic political and economic reorganization."³¹⁷ He uses novel words and phrases to encapsulate this consensus. For example, he describes "neo-capitalism" as a kind of democratization of the economy, by way of state regulation:

a movement to establish a socially responsible system of private enterprise tempered and sustained by public management when and where necessary. Its emphasis is on democratic procedure to achieve social-economic ends, on the organization of productive and marketing activities, on tolerance and cooperation in group relationships, and on reconciliation of individual opportunities with social guidance. It is an effort to build up what may be called an organized and public capitalism which would be in harmony with the principles of political and social democracy.³¹⁸

Unfortunately, this is less a description of structural or legal transformation and more an optimistic interpretation of the current political fashions of government and business elites—and

³¹⁵ Lorwin, "After the War—What?," 347.

³¹⁶ Lorwin, *The Economic Consequences of the Second World War*, 486.

³¹⁷ Ibid.

³¹⁸ Lorwin, *The Economic Consequences of the Second World War*, 107.

therefore subject to change. Even Lorwin must concede, neo-capitalism remains threatened by “the continued opposition of traditional and privileged groups.”³¹⁹

Lorwin illustrates the meaning of “neo-democracy” by identifying six essential New Deal principles that are best understood as commitments. Three of these are vague and anodyne, such as the exhortation that group conflicts should be reconciled through “compromise.”³²⁰ But the other three clearly project Lorwin’s long cherished goals into the postwar future. Thus, one principle asserts the importance of functional representation “through industrial associations, farm organizations, trade unions and consumers’ societies, under general government supervision and direction.”³²¹ Another addresses Lorwin’s long-standing conviction that political rights depend on the right to a livelihood: “to make individual freedoms a real capacity and not a formal right, and to do away with *disguised coercions* due not to laws but to economic and social exigencies, by guaranteeing a living minimum and by extending social protection to the weak and to the under-privileged.”³²² Another promises “the use of governmental monetary, fiscal, credit and general regulative powers to help maintain or expand business activity, to stimulate the full use of natural and economic resources, to reduce unemployment and to secure a more equitable distribution of national income.”³²³ The two latter principles connect expansionary economic policies to the development of real democratic capacities and an improvement in the bargaining power of the working class. Lorwin is prescribing an expansion of capital accumulation to achieve a downward redistribution of income and political power with no consideration that it may produce the opposite. Finally, while it may seem that Lorwin promises

³¹⁹ Lorwin, *The Economic Consequences of the Second World War*, 108.

³²⁰ Lorwin, *The Economic Consequences of the Second World War*, 486.

³²¹ Lorwin, *The Economic Consequences of the Second World War*, 486.

³²² *Ibid.*

³²³ Lorwin, *The Economic Consequences of the Second World War*, 486-87.

more than the New Deal could ultimately achieve, we should remember that his aspirations were consistent with the president's initiatives in the early 1940s.

The concept of “balanced expansion” is integral to Lorwin's concept of “public capitalism.” It provides continuity with his earlier conception of economic planning while planting a flag on the still amorphous Keynesian consensus. Lorwin describes the economy as divided between expansionist and monopolist fractions. He may be reshuffling the deck of economic concepts, fracturing two familiar binaries: monopoly/competition and expansion/contraction to create a new one. But the connection is an old one, the idea that monopolies restrict output to maintain prices.

The essential features of latter-day laissez faire have been partial expansionism and partial monopoly. Each group in society, each economic factor has aimed to attain a monopolistic position for itself while the supply of other groups or factors was expanded so as to weaken their competitive and bargaining power. The owner of capital funds, the producer of goods, the supplier of managerial skills, the seller of labor—each has been interested in creating a relative scarcity of what he could give and a relative abundance of what others had to offer in the market. This is the process which underlies the monopolistic tendencies of recent times ... the tendencies which have been undermining the entire structure of private capitalism as it had been intended to function by its early theorists and protagonists.³²⁴

Lorwin is returning to an old theme: most individuals and firms strategize to escape the rigors of market discipline to the degree they can. In fact, he is recognizing that this is a permanent dimension of business as usual and not the exception. Lorwin's remedy is not to patch together the shattered idol of competitive markets; rather he proposes what he calls “balanced expansionism.” Like Coil, Lorwin is attempting to marry the insights of the institutionalist critique of administered prices with the new Keynesian trends. This approach seeks to overcome the restrictive effects of monopoly: “Balanced expansionism is an attempt to eliminate the

³²⁴ Lewis L. Lorwin, *Time for Planning: A Social-Economic Theory and Program for the Twentieth Century* (New York: Harper and Brothers, 1945) 178. The chapter was reprinted from *Advanced Management* (October-December 1941).

monopolistic and scarcity elements in economic life by corrective and compensatory social action. The principle is to apply consciously and by planful procedures all the usable resources at hand to obtain the maximum possible economic and social benefit.”³²⁵ Lorwin recommends several fields in which balanced expansionism could help overcome the difficulties of postwar economic contraction. The United States should expand its foreign trade and investments with an eye toward furthering the development of lower-income countries; it should expand its own construction of housing and urban reconstruction while working to disperse its industries; and it should expand its social services, including education, healthcare, and recreational facilities.³²⁶

Along with the vast differences among nations, political, cultural, and economic among others, Lorwin cites one universal, the desire “to raise their standard of living.”³²⁷ The most disturbing difference is that poverty is the lot of the majority of humanity, while only a few countries enjoy high standards of living. Therefore, the central pillar of the world New Deal must be “concerted action on the part of the Great Powers to stimulate and maintain a policy of economic expansion.”³²⁸ The richer nations must take the lead because they possess in abundance “the skill, the industrial techniques, the capital resources, the engineering and managerial ability needed.”³²⁹

For Lorwin, sharing that abundance is not a question of altruism. Ironically, it is the poverty of the less-developed countries that offers salvation to the developed world, which is anxious to secure outlets for commodities and investments.

The anxiety that we have reached a state of industrial stagnation and of saturation is amusing in the light of present-day world needs. ... There are vast unexplored regions, undeveloped areas, unused equipment, untouched capacities. At the end

³²⁵ Ibid.

³²⁶ Lorwin, *Time for Planning*, 181-82.

³²⁷ Lorwin, *The Economic Consequences of the Second World War*, 488.

³²⁸ Ibid.

³²⁹ Lorwin, *The Economic Consequences of the Second World War*, 489.

of the war, the world *objectively* will be awaiting the signal—Go—to be off in its centuries-old race against poverty, disease, despondency and degradation.³³⁰

Lorwin acknowledges that the worldwide New Deal would necessarily employ “the techniques” of the past, including “investments, stimulation of trade, the building of new enterprises in undeveloped countries. But, the methods would have to be very different. Neither the system of free trade nor that of uncontrolled exploitation of foreign areas by private firms and corporations is any longer sufficient.”³³¹ Instead, he argues for “cooperative group action under public control.”³³² Lorwin rejects all existing models of international trade, including free trade and the examples of Soviet and Nazi trade. He proposes instead “a system of organized multilateral trade,” involving “individuals, organized trading corporations and co-operative groups...under the general direction of the Government.”³³³ Contrary to those who argue that the United States should extend its version of capitalism, Lorwin argues for “the peaceful co-existence of different economic systems and the recognition of world economic solidarity.”³³⁴ He states that countries of different systems should cooperate for economic expansion “on the basis ... of peaceful rivalry.”³³⁵

In spite of his eloquent condemnation of the prophets of the American Century, the institutions he proposed converged with their proposals. Designed by the United States and to a much lesser degree, Great Britain, they would take the form of the United Nations, the World Bank, and the International Monetary Fund. Lorwin failed to offer institutional alternatives. Worse still, the good intentions he professed lent credibility to these institutions. This is the tragedy of Lorwin’s internationalism: when the United States ascended to global hegemony it did

³³⁰ Lorwin, *Time for Planning*, 191.

³³¹ Lorwin, *The Economic Consequences of the Second World War*, 489.

³³² *Ibid.*

³³³ Lorwin, *The Economic Consequences of the Second World War*, 490.

³³⁴ Lorwin, *The Economic Consequences of the Second World War*, 492.

³³⁵ *Ibid.*

everything he hoped it would not, especially in terms of dominating other nations and opposing experiments with novel economic and political systems. It built a global empire based on the international institutions Lorwin promoted. Lorwin's approach to international relations is consistent with his approach to class relations. He emphasizes the mutual interests among nations, underestimates their potential sources of conflict, ignores the inequalities of power among them, and always bets on the good intentions of the powerful, leaving their power and economic incentives intact, while overlooking the agency of the less powerful and the alternatives they propose.

Conclusion

As shown in section 3.1, the critique of administered prices was fraught with contradictions: it challenged neoclassical theory but could only define itself in relation to that theory. The planners' promise to restore capital accumulation was also contradictory, as it implied both a threat to control capitalists and a promise to serve them. While Lorwin and the planners believed that planning would reduce social conflict it also intensified it. Micro-level planning initiatives came to an end, not only because of dissatisfaction with the NRA and Supreme Court decisions, but also because the economic upturn during the first Roosevelt administration undermined the cause of major economic reforms. Though the administered-prices analysis remained persuasive, its practical expression in policy was blocked.

The sudden downturn of 1937 added credibility to the ideas of Keynes, whose *General Theory* had been published a few months earlier. Further confirmation came from the apparent positive impact of spending for defense. The emerging Keynesian consensus appropriated the technical aspects of his thinking while discounting others, such as his endorsement of income redistribution. This produced an economic approach that was less threatening to capital—the role

of the state would be to assist, and not control, business. The planning movement had nonetheless prepared the way for Keynesianism. The planners helped settle the issue of whether or not the state should assume responsibility for the economy. In addition, bitter conflict over planning made both its friends and enemies more amenable to compromise.

The textile conference discussed in section 3.2 reveals some of the contradictions of New Deal internationalism. In Marxian terms, the textile conference argued for a strategy to reinvigorate capital accumulation by expanding global trade while raising the consumption levels of labor. This strategy appealed to the enlightened self-interests of all capitalists even as it spoke in the name of labor. In this sense, the United States, Lorwin, and the ILO were collaborating to superintend the capitalist system as a whole on a global basis. This is a harbinger of the new form of empire that the United States would assume after the war. Simultaneously, it also harkens back to empire's earlier forms, in that the United States, Lorwin, and the ILO, were also collaborating to protect U.S. producers from foreign competition, but attempting to raise their labor costs. In both cases, humanitarian concerns for labor provided a degree of ideological cover.

In section 3.3, Lorwin reformulates his case for economic planning and for internationalism in preparation for the U.S. entry into the war. Appeals to war always require the articulation of collective national identity. Lorwin defines that collective identity in terms of the values of the New Deal, which he argues should be expressed through U.S. foreign policy. Lorwin argues that the United States must de-imperialize the world and reduce the inequalities among nations, but his vision assumes the preponderance of U.S. power over the rest of the world, and adds considerable moral credibility to justify that dominance. The paradox, if not the

tragedy, of Lorwin's internationalism is that, contrary to his stated intentions, his rhetoric helped justify the new empire and set the stage for the Cold War.

CONCLUSION

Lewis L. Lorwin and his fellow planners argued that economic planning would yield greater output and a better standard of life than laissez-faire policies could provide. The superiority of markets or planning remains an unanswered, and probably unanswerable, question for a number of reasons. It is unanswerable because there are no reproducible experiments in the real world of social existence. It is also unanswerable because no social formation offers an example of pure markets or pure control. The economic life of any society is a blend of the two. In addition, the performance of planners or markets is, in any given time or place, defined by an infinite number of circumstances. Furthermore, there is no consensus about how economic performance should be measured—measures of national income, indices of inequality, and efficiency ultimately prove elusive, arbitrary, and dubious. Decades later, socialists continue to debate the efficacy of markets versus planning. What Theodore A. Burczak calls “the positive complementarities between the market and class processes”³³⁶ remain unexplored and inadequately theorized. For all of these reasons this thesis has refused to take a position on planning versus markets in the conventional sense of that dilemma. What the debates of the 1930s demonstrate is that Lorwin and the planners made important, if incomplete, contributions to the criticism of orthodox economic theory and the critical evaluation of how markets function.

³³⁶ Theodore A. Burczak, *Socialism After Hayek* (Ann Arbor: University of Michigan Press, 2006), 7.

Intellectuals who displace theories of class exploitation and conflict with those of class interdependence provide a necessary condition of existence for the capitalist fundamental class process. Even when Lorwin argues for functional representation and for national economic councils he is making a strong case for the interdependence of classes. In this regard, the planning movement contributed to the class-collaborationist character of the U.S. labor movement. The fact that workers or others are “represented” at the bargaining table or in economic councils does little to alter the fundamental relationships. Thus Lorwin’s collectivism reinforces the legitimacy of capitalism and the authority of capitalists even as it ostensibly sought to improve the position of labor.

The great strength of the planning movement lay in its multi-class origins. For a time it was energized by a claim to represent the universal, common interest. But this refusal to take class conflict seriously undermined the planning movement, leaving it incapable of either responding to attacks from enemies or forming the kind of class alliance that could have sustained it. Although Lorwin and the planners rejected class and exploitation as categories of analysis, we can read the traces of class in their literature. We have identified their subsumed class position and its inherent contradictions of both facilitating and threatening the fundamental class process. In other words, they unavoidably walked a fine line between helping and restricting business. This is not specific to planning; their private counterparts in corporations also walk that line. Keynesian doctrines, what Lorwin and other planner initially referred to as “strategic planning,” ultimately prevailed, in part because they offered a more palatable alternative to the micro-level planning that business found so threatening.

The greatest contribution of Lorwin and the planners may be that they challenged the ideological faith that markets produce beneficent outcomes. They were nonetheless prey to a

similar faith in the U.S state as an expression of the popular will. Their critics generally took the opposite view, in which the market was beneficent and the state malevolent. The planners' experience shows that the state is, like the market, overdetermined. Both are sites of conflict, contradictions, and unintended consequences. The planners represent a cautionary tale warning us not to make simplistic assumptions about the state and encouraging us to theorize the effects of economic inequality and class structures on ostensibly democratic institutions.

This same failure to analyze the importance of power inequalities or the role of conflict in economic relationships severely diminished the planners' insight into international relations. Lorwin's internationalism was defined by good intentions, including the goals of de-imperializing the world, addressing international economic inequality through development, and tolerating a degree of economic experimentation. But these good intentions were harnessed to a strategy that did not go beyond coordinating the expansion of global capitalism. Lorwin's good intentions contributed to the process of capitalist globalization and the building of a U.S.-led empire. They helped bring the discourse of U.S. exceptionalism and the justification of empire into the second half of the twentieth century by appropriating the language and energies of anti-colonial, labor, leftist, and other popular movements. We have made little progress in this regard. Today's imperialist adventures are often cloaked in the discourse of human rights.

Lorwin and the planners left an ambiguous legacy. They are often dismissed as failures because their most innovative rhetoric and programs have been rejected. Yet their work transformed the world in many ways. They helped the U.S. state expand, and they helped to define postwar liberalism, as well as social and economic policy for decades. Many of the measures that Lorwin proposed at Amsterdam were later realized in the formation of institutions

like the United Nations, the World Bank, and the International Monetary Fund. For better or worse, the planners changed the world, and their role deserves greater recognition.

The specific concerns of this thesis had to do with a paradox: the zenith of criticism of capitalism and empire soon yielded to immense national pride in U.S. power and wealth and the economic system that underpinned them. This thesis sought to read that transformation through the adventures of the planning movement. Its conclusion centers on troubling phenomena that were excluded from the planners' analyses: class conflict, capitalist exploitation, alternative class processes, international conflict, and power inequalities among classes and among nations. The planners made a choice to exclude those disturbing realities in order to emphasize the mutual interests and interdependence of classes and states.

Like any other strategic choice, this one conferred benefits and exacted costs. Thus the planners' movement appropriated many of the energies and ideals of the popular movements but channeled them in directions that reinforced and legitimated existing class structures. In short, Lorwin and the planners articulated a collectivism that served to reconstitute capitalism and empire. The planners' contemporary counterparts—the wide spectrum of intellectuals that encompasses reformers and liberals as well as those who are explicitly critical of capitalism and imperialism—may face similar dilemmas as they confront widening income inequality, fiscal austerity, economic insecurity, climate change, and the intensification of international tensions along with shifts in global hierarchies. This thesis was written in the hope that recovering the forgotten experience of the planners can shed light on those choices.

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