

# The "Managed Economy" of the U. S. (Part II)\*

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An indication of the extent of the tory at "organized capitalism" in the United States by monopoly capital may be had by listing some of the more important commissions and agencies devoted to this general end. Their titles usually give at least an inkling of their scope. The list could be supplemented by many more names. Here it includes only those government organizations which are alive and functioning today; it does not embody the dozens of others, called into being for special purposes, which have perished in the meantime or been incorporated into other bodies. The common characteristic of all these state-economic agencies is that they are generally regulatory in nature. The Federal Budget Bureau declared on May 16, 1956 that the United States owns and operates properties worth nearly \$12 billion; but only in the case of the Atomic Energy Commission and Tennessee Valley Authority does this represent actual government ownership of important industries. Altogether, the series of agencies constitutes a vast state machine for intervention into industry.

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By the end of World War I, the Government had accumulated a number of these more or less permanent political-economic organs, which are still functioning today. Among others, both of a departmental and an independent character, they include, the Federal Reserve System (banking), Federal Trade Commission (anti-trust), Tariff Commission, Interstate Commerce Commission, and International Labor Organization. Few of the specific economic organs created to wage World War I survived as permanent parts of the state apparatus; but the great economic crisis of 1929 provided a veritable maze of them which continue to function. Only the more important of these can even be mentioned.

They include, Soil Conservation Service, Commodity Credit Corporation, Commodity Stabilization Services, Federal Crop Insurance, Export-Import Bank, Federal Power Commission, Federal Deposit Insurance Corporation, National Labor Relations Board, National Mediation Board (railroad labor), the big network of commissions and laws relating to wages, hours, social security, health and factory inspection,

etc., Tennessee Valley Authority, Rural Electrification Commission, and various others. World War II and the cold war also made important additions (new or re-organized) to the growing list of economic-military arms of the government. Among these are, the Council of Economic Advisors of the President, National Security Council, Office of Defense Mobilization, Office of Minerals Mobilization, Office of Oil and Gas, Federal Maritime Commission, Maritime Administration, Defense Man-Power Administration, Office of International Labor Affairs, Atomic Energy Commission, Farm Credit Administration, Federal Communications Commission, General Services Administration, Housing and Home Finance Agency, Federal Housing Administration, Small Business Administration, International Bank for Reconstruction and Development, International Monetary Fund, and International Cooperation Agency (Point Four). The Government also has a heavy hand in the European Steel Combine, European Payment Plan, etc.

One of the most important of these many economic agencies of the Government is the Council of Economic Advisors of the President. This committee, created under the Employment Act of 1947, has the task of constantly surveying the economic scene and of making recommendations to the President of means wherewith to keep the economy upon an even keel. At first, President

Eisenhower was disposed to abolish the Council, which he inherited from Truman, but, according to *Fortune* (December 1955), he reversed himself completely in the matter. Most of the other Roosevelt-Truman organizations for a "managed economy" the President has also continued on, with little or no change.

Generally, the "managed economy" ("organized capitalism") in the United States, such as it is, is carried out upon Keynesian principles. This is in line with the fact that Keynesism is the economics of monopoly capitalism in the period of the general crisis. But conservative American political, economic, and educational spokesmen give small credit to Keynes himself for such leadership. Where they have ever even heard of Keynes, they look upon him, contradictorily enough, both as a radical of some sort and as a representative of British imperialism. Most of such elements would scorn the idea that their economic policies have any relationship with Keynesism. There are few American bourgeois economists of standing, however, who do not accept, at least in part, in the sphere of practical policy, the Keynesian assumption that, in order to avert catastrophic economic breakdown, the Government, by various means, chiefly through armaments production, must seek to bolster up industry by state financial intervention. Such policies, they believe, can at least minimize the crises, if not abolish them.

Moreover, in the universities, budding bourgeois economists are nearly all being trained essentially in the Keynesian thesis. American capitalist opinion is almost unanimous that economic depressions are "man-made," and can be averted under capitalism.

Keynesism, in the specific forms of Roosevelt New Dealism ("progressive capitalism") has also made deep inroads into the ideology of the American working class. Four decades ago, the propagation of Marxism met with wide acceptance among trade unionists, nearly one-half of the labor movement being committed, in one degree or another, to the general idea of eventual Marxian Socialism. But nowadays, almost nothing is heard of Marxism in the great bulk of American trade unions. The present predominant ideology is that of Keynesism, in specific American terms. Incontestably, both in its ideology and its organizational strength, American Marxism has suffered a serious setback at the hands of Keynesism.

The present situation in this respect is to be ascribed, in the main, to the great upswing of American imperialism during this general period. This has carried with it not only the corruption of the top labor leadership, but its effects, nationally and otherwise, have extended far into the ranks of the working class. Thus, the broad labor-farmer party of the workers and their allies is not yet born. There has been a considerable

increase in real wages in some sectors. Practically all of the top leadership of the AFL-CIO and other big American unions are open advocates of capitalism, and many are jingoistic supporters of militant American imperialism. The official program of the trade union movement may be classed as "progressive capitalism," which is closely akin to so-called "liberal" Keynesism. It even includes—although somewhat shamefacedly—a support of wholesale armaments production as a make-work proposition. Class collaboration is the official labor policy.

These undeniable facts must not, however, lead to an underestimation of the potential strength of the labor movement of the United States. Its 16,000,000 strong trade union movement is both a testimonial to the heroic struggles of the past and an assurance of even greater struggles in the future.

#### PROSPECTS FOR CAPITALISM AND ITS "MANAGED ECONOMY"

The present upswing of capitalism in the United States and in other major capitalist countries is primarily a post-war boom. Like a ghoul, the system has been flourishing upon the devastation wrought by the war—rebuilding bombed cities, re-equipping obsolete plants, catching up on piled-up wartime civilian needs, etc.—as well as prospering from the monster armaments preparations

that are now being made in anticipation of a new war. The same is generally true of Great Britain, Germany, Japan and France.

But various of these warlike stimuli are now becoming exhausted and an economic crisis is beginning to loom again over the capitalist world. These crisis symptoms are deepened by the narrowing of the world market, the continued breakdown of the colonial system, the developing agrarian decline and by other profound manifestations of the world capitalist crisis. That the foregoing and other negative economic factors indicate that a cyclical crisis is in the making, is the opinion of the most outstanding of Marxist economists. A. Bechin, cited in *The Current Digest of the Soviet Press*, November 9, 1955, says, "Ten years after the second world war, the world crisis of overproduction is becoming fully ripe." And the famous Soviet economist, Eugene Varga, states in *The Communist*, of Moscow, in March 1956, that, "the capitalist world, in conformity with its internal laws, is approaching a new crisis." Hyman Lumer, Celeste Strack and other American Marxist economists, share this general viewpoint. How deep the approaching crisis may be, however, its scope and intensity, and how soon it will begin actively to develop, cannot be accurately forecast.

As remarked earlier, monopoly capitalists in the past have more than once welcomed minor economic crises, which enabled them to ab-

sorb their weakened competitors, to undermine the trade union movement, and to create a large army of hungry unemployed. Nevertheless, nowadays, Wall Street has a deep fear of world revolutionary consequences from the repetition of a great crisis like that of 1929-33. They will try to prevent such a catastrophe, not out of a patriotic spirit; but because they dread what it might do to their already profoundly weakened world capitalist system. What is also a very important fact is that the vast masses of the American people are in real fear of another deep economic breakdown and will do their utmost to avert or to minimize it.

Contrary to the pollyanna beliefs of bourgeois economists, under the pressure of a deep-going economic crisis, the so-called built-in stabilizers of the American "managed economy" would be quickly swept aside. Capitalism could secure for itself a considerable lease on life and industrial activity were it to open up the big potential trade with the countries of Socialism and also to apply its plethora of capital to the industrialization of the less developed nations of the world. But in a spirit of reaction, monopoly capital is not expanding these rich avenues for trade. As far as the countries of Socialism are concerned, Wall Street, King Canute-like, is trying to stifle all real trade with them, and the capitalists, fearful of nationalization and colonial revolution, as well as of breeding up new competi-

tors, are very loath to build industrially the backward countries.

Of course, American monopoly capital has by no means fully abandoned its war perspective—which, if realized, would keep industry active indefinitely. Significantly, the World Peace Council, meeting in Stockholm, in April 1956, declared that “an arms race . . . has never led to anything but war. Today the existence of weapons of mass destruction aggravates this danger and fosters suspicion in international affairs.” But after the big setback they suffered in Geneva in July 1955, the warmongers will find it vastly difficult, or quite impossible, to launch an atomic war. In the United States, in the face of developing world peace sentiment, and especially of the big Soviet arms cuts, the militarists will also certainly confront increasing difficulty in making the American people shell out the 40 billion dollars they are now wasting yearly in military expenditures of all sorts. Thus, even arms production, the greatest Keynesian economic “stabilizer” of all, is now also becoming more uncertain.

I. Trachtenberg, a prominent Soviet economist, sums up the American economic situation as outlined above and concludes that the “development of U.S. economy is convincing proof that, while the form, consistency, and the chart of crisis has changed, crises remain an unavoidable constituent part of the capitalist system.” (*New Age*, India, Jan.

1956). Monopoly capitalism cannot end the cyclical crisis. But it would be basically incorrect, nevertheless, to brush aside the various efforts of the capitalist governments, particularly that of the United States, to influence or to minimize the severity of the capitalist cyclical crises by the methods of Keynesism and the “managed economy.” Trachtenberg correctly warns that “it would be wrong to ignore the importance of the military-inflation factors which can stimulate the boom, delay the outbreak of crisis, modify the course of the crisis, and change its form, consistency and picture.”

Speaking of the illusions at that time about “organized capitalism,” of which “managed economy” is a present-day expression, Lenin, in his famous preface to Bukharin's *Imperialism and World Politics*, written in 1915, outlined the two-phased course going on within world capitalism. This is the tendency, on the one hand, for capitalism to consolidate itself, and, on the other, for it to disintegrate.

There is no doubt [wrote Lenin], that the development is going on *in the direction* of a single world trust that will swallow up all enterprises and all states without exception. But the development in this direction is proceeding under such stress, and with such a tempo, with such contradictions, conflicts, and compulsions—not only economic, but also political, national, etc., etc.—that before a single world trust will be reached, before the re-

spective national finance capitals will have formed a union of "ultra-imperialism," imperialism will inevitably explode, capitalism will turn into its opposite.

This is the basic world process that has been going on during the four decades since Lenin wrote this profound passage—witness the birth of the USSR, People's China, and the many People's Democracies—and this process is also fundamentally continuing today.

#### THE WORKERS AND SOCIALIST PLANNED PRODUCTION

As we have seen above, American organized labor for the most part still pins its faith mainly in the "managed economy," which it hopes to evolve in the direction of a "welfare state"; a capitalist state in which, contradictorily, the workers' interests would be given major, if not primary, consideration. But this is all an illusion. The great economic and political forces generated by the decaying capitalist system will compel the American workers eventually to break their class-collaborationist relations with the finance monopolists and their "managed economy" and to set forth upon a path of independent working class development. This course will be all the more imperative for them as American imperialism, under the pressures of the developing general crisis of capitalism, finds itself confronted with multi-

plying economic and political difficulties.

The workers and their allies—the Negro people, the poorer farmers, and other democratic strata—are in irreconcilable economic conflict with monopoly capital. Contrary to the interests of Wall Street are their demands for higher wages, better farm prices, broader social insurance systems, more democratic tax rates, profit restrictions, and the like. They generally are for a broad trade development with all countries, Socialist and otherwise, and also for the industrialization of the more backward countries. Their interest is in direct opposition to the Government's armaments program, even when this is put forth as a means to make work. These conflicts in economic interest between the workers and the rulers will come more and more sharply to the fore.

Increasingly, the workers are finding it indispensable to adopt economic policies of their own regarding government intervention in industry, in order to combat mass unemployment and to ensure the operation of the economic system. They are thus building workers', or people's, economic programs—which are something relatively new in the life of the American labor movement. These programs are essentially anti-Keynesian in that they are anti-monopoly in character. They conflict increasingly with those of the monopolists, which are based upon Keynesism. The substance of

Keynesism, as it is applied in the American practice, gives protection to the interests of the monopolists through applying the trickle-down theory, which is anathema to the workers. Ideologically, also, Keynesism, which is class-collaborationist and anti-Socialist, is alien to the working class. The substance of the workers' program, on the other hand, is to attack the profits and economic controls of the employers, and eventually the system upon which this is based. In all this it is basically anti-Keynesian. The workers' economic program must be disentangled from that of the employers, to which it is still bound. Class collaboration must be dissolved upon the economic, as well as upon the political and ideological fields. In the long run, their economic interests will inevitably point the workers in the direction of Socialism and a planned economy, based upon the welfare of the whole people, and foreign to the "managed economy" of Keynesism and of monopoly capital.

The economic conflict of interest between the toiling masses and the exploiters, under the pressure of a decaying world capitalist system, must also more sharply manifest itself politically. At present, due to historic reasons, the vast body of the American workers and their allies are still affiliated to the major bourgeois parties, but this cannot possibly be considered a permanent line-up. Eventually, the United States, like

other industrial countries, will have a broad party of the working class, very probably a Labor-Farmer party, in which the Communist Party will play a vital role. The present-day labor organizations and activities within the framework of the bourgeois parties can be understood only in the sense of being preliminary steps toward independent working class political action.

It is an illusion to believe that the "managed economy" can grow over into true planned production; that capitalism can evolve into Socialism. The forced adoption of reforms, the right to organize, social insurance, partial desegregation for the Negro people—does not transform state monopoly capitalism into a "welfare state" of a "people's capitalism." To achieve the great historic goal of Socialism, the workers and their allies will require a decisive political act; the definite achievement of political power by these forces. For the past decade, the Communist Parties of the U.S. and other countries, have taken the position that in the democratic capitalist nations, the winning of political power by the toiling masses of the people can be accomplished by peaceful and constitutional means—a conception that was specifically supported by the famous 20th Congress of the Communist Party of the Soviet Union early in this year. That is, it is possible for the workers and their allies, who constitute the overwhelming majority of the people,

by holding in check possible violence by the pro-fascist and reactionary forces, to elect democratically a broad people's front government; a government which, as the need manifested itself, would then be developed towards people's democracy and Socialism.

Peoples do not build Socialism along lines of pre-ordained blueprints, but in accordance with the needs dictated by their national conditions. This is the dynamic consideration that puts flesh and muscles on the guiding principles of Marxism-Leninism. The American people also, when they finally get around to building a Socialist regime, as in the end they certainly must, will construct the new society according to their national traditions and aspirations. Socialism will arrive in this country, not because someone has planned it as a superior type of society; but because, under the accumulating pressures of decaying capital-

ism, it will have become indispensable for the welfare of the vast masses of the American people. Socialism is not something for only the more backward peoples of the world, although it is of tremendous benefit to them. It is also of the greatest importance for the peoples of the highly industrialized countries. The American workers have vastly to gain from Socialism; for in no country in every respect are the producers robbed so deeply—at least \$100 billion a year—as are those in the United States. This robbery will be brought to a sudden halt by the advent of Socialism, and the country finally will enjoy true democracy. Socialism is the goal and climax of all the decades of struggle of the workers and other democratic strata of all countries, whose interests cannot possibly be satisfied by the illusory "managed economy" of monopoly capitalism.