

On behalf of my colleagues in the Committee on Policy, may I bespeak from the members of the Association their earnest coöperation in giving as widespread announcement as possible to these broadcasts? As last spring, they will occur on Tuesday evenings at eight o'clock (Eastern daylight saving time to and including September 20, and thereafter Eastern standard time). Money is not available for the extensive circularization which was employed in announcing last spring's program. This makes it all the more important that the individual members of the Association coöperate in spreading the news. The broadcasts will be over the blue network of the National Broadcasting Company, probably through much the same stations as last spring, with certain important additions. As soon as the station list is available, a copy will be sent to each college and university department of political science. A "Listener's Handbook" will be published by the University of Chicago Press, and will be available at twenty-five cents a copy. Copies of the individual addresses will also be available at ten cents each.

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Some Political Aspects of Economic Planning. Planning is thought of primarily as a Bolshevik invention and experiment. Discussion of it in relation to other countries is, therefore, helpful as revealing that it has many roots and can assume different forms; though such discussion may result in confusion if it tends to identify national economic planning with state enterprise or with state intervention in business generally. For many who discuss planning in Western Europe and in the United States point to the Viag in Germany, or to the land reclamation projects in Italy, or to the work of the various federal boards in America, as examples of national planning. This tendency is in a way a counterpart in politics of the tendency to identify planning with rationalization in specific industries common among business men and economists.

Both tendencies have value, however, in revealing the important part which planful procedure plays in economic and political life even under our system of laissez faire and political individualism. But for purposes of precision in analysis, it seems to me that we must insist on a clear and larger concept of national economic planning as distinct both from technical and industrial planning and from partial governmental regulation and partial government ownership. National economic planning implies a collective procedure which treats all individual and separate plants, enterprises, and industries of a country as coördinated units of one single system for the purpose of achieving the maximum satisfaction of the needs of the people within a given interval of time. The essential features in

such planning are the interdependence of all productive units, the maximum utilization of productive forces for the needs of consumption, and the conscious direction of the social system toward nationally recognized objectives.

It is obvious that if we define economic planning in such terms, we are forced to conclude that there is as yet very little of it outside of Soviet Russia. The operations of state and municipal enterprises in Western Europe can at most be compared in the political realm with schemes of partial planning in specific industries in the economic domain. The operations of the Viag in Germany, the largest single state-owned enterprise in the world outside of Russia, are similar to the operations of large corporations or holding companies in the United States.

But while there is as yet little national economic planning in Western Europe or America, we may say that the elements of such planning are in process of development. Italy has adopted a structure of economic life which, under proper conditions, may be used for planning. The growth of state-operated industries in Germany and in other western countries is in itself a factor which undermines the operation of laissez faire and calls into play the alternative procedure of planful management. The expansion of government regulation of transportation, agriculture, and especially of credit, in the United States implies a reliance on collective effort which tends in the same direction. The work of the national economic councils in the several countries where they exist is furthering the idea of national economy and of the need for treating it in a unified way. It may thus be said that economic planning is now in process of emergence in the Western World as a principle opposed to that of laissez faire. The question is how, and to what extent, that principle is destined to replace laissez faire, and what institutions it will call forth in different countries.

It is from this point of view that I have attempted to distinguish several types of national economic planning. The assumption is that while the economic and social systems of the Western World have similar foundations, they show variations significant enough to warrant classification into types. That was true of feudalism, of the earlier stages of capitalism; it is true of present-day industrialism. The types of national economic planning which I distinguish are five in number: (1) absolute socialist planning, (2) partial state socialist planning, (3) Fascist, or nationalist, planning, (4) business planning, and (5) social progressive planning.¹ In these types of planning, many of the differences center primarily around specific economic questions, such as the control of prices, the type of in-

¹ For definitions, see Lewis L. Lorwin, *The Problem of Economic Planning*, published by the International Industrial Relations Association (The Hague, 1931); also *Survey Graphic*, Mar., 1932.

dustrial management, the relation of agriculture to industry, the method of adjusting consumers' demand to production, the direction of capital resources, the distribution of wealth and purchasing power, and so on.

But aside from these economic issues, the types of planning differ on points which are usually designated as political. These are the rôle 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 of national objectives. It is to these questions that I wish to call attention here.

Planning undoubtedly involves changes in the form and methods of the democratic state. The conception of the state which underlies Soviet planning is that of a class dictatorship to be used by a rising class to exterminate a formerly dominant class and to establish forcibly a socialist order. That is quite different from the Fascist concept, according to which the state stands above groups and classes and has the function of resolving class conflict into national coöperation. This difference affects the practical operations of the two dictatorships and their efforts at planning. The idea of the state which underlies business planning is still essentially that of *laissez faire*, with the concession that a closer coöperation between the state and business is called for. The social progressive type of planning holds to what may be called the theory of the social state, viewing the state as an instrument for the gradual modification of the social system, allowing group conflicts within certain limits, but rationalizing their forms and methods and using them as a means for creating a constantly expanding sense of national solidarity.

The attitudes toward personal freedom involved in the different types of economic planning are in some measure related to the idea of the state. It is inevitable that certain individual freedoms should be either curtailed or entirely eliminated under a system of Soviet planning. Whether the transition from the present planning in Soviet Russia to the final socialist system which is envisaged will be accompanied by the relaxation of restrictions or by the imposition of still greater ones is a debatable question. The Russians themselves look forward to greater freedom, which is interesting as a recognition of the ultimate value of individual freedom. Whether economic planning of any kind is compatible with a large degree of individual freedom and liberty is a crucial question which is more often answered in the negative. In fact, many who would accept planning because of the destructive results of *laissez faire* hesitate to do so because of the fear that it implies an abdication of individual freedom.

My feeling on the subject is that in order to answer the question we need a clearer analysis of the changing content and forms of freedom. If the freedoms which are important to the individual are the freedom of

movement, the freedom of thought, of expressing opinion, of selecting one's mode of life, of determining the choice of things to use or not to use, of finding one's place in the productive system in accordance with one's capacity, we may say that most of these freedoms could be retained under a system of economic planning, provided that techniques of guidance are worked out in accordance with economic needs and changing psychology. That many of the repressions and restrictions which beset the individual's life today under *laissez faire* are not resented, and indeed are even accepted as forms of freedom, is evidence of the fact that the present system has worked out a technique of giving the individual the illusion of freedom where the latter does not really exist. Even under Soviet planning today, there would be more individual leeway, were it not for the extraordinary conditions under which the economic development of the country is proceeding and for the Soviet reaction against western democracy, which makes the Soviet planners unduly impatient, for the time being, with the problem of individual freedom.

The third problem involved in national economic planning is the formulation of objectives and plans. From an economic point of view, this is a question of reconciling the divergent interests of individuals, groups, and classes. The political aspect is that of finding the method of achieving such reconciliation. Even under Soviet planning, regardless of the dictatorial form of government, the formulation of national plans cannot, and does not, proceed without conflict. We have heard about the fights between Trotsky and Stalin, between the Rights and Lefts, and so on. Aside from the struggle between individuals for power and control, these fights reflect a conflict which goes much deeper, namely, differences between persisting economic groups and the inevitable disagreements due to differences in temperament, backgrounds, logic, and imagination. No philosophy and no methodology can completely eliminate such conflicts. The communists who think that Marxism supplies them with a basis of judgment and forecast are no less subject to this law of conflict than other people. For Marxism does not contain an answer to every question of the moment, and the application of Marxist methodology must be made by individuals whose range of vision and basis of judgment differ.

One must admit that under a system of dictatorial government, these differences can be much more easily handled. Stalin could exile Trotsky without much ado, and he can suppress differences of opinion which seem to him intolerable at any one time. Such a procedure is possible also under Fascism; though there, even more than under the Soviet government, the issuance of an economic decree does not always mean its full and easy enforcement.

The question of greatest interest is, How can such conflicts be reconciled

under a system of economic planning that would allow the largest play to individual freedom. How can national objectives be formulated under a system in which group conflicts are allowed to have a certain sway, and in which no dictatorial force is exercised to compose them? It would seem that the answer lies in willingness to proceed slowly and to rely on the cumulative effects of rational thinking. Analysis and research can elucidate those facts of a situation which may be called inescapable, and which must be accepted by rational human beings. Conflicting groups may be brought to see the possible value of reaching agreements on the basis of such facts. And when compromises are not reached, regardless of everything that may be done, the power of decision may be placed in the hands of a final arbiter, be that the government or some other agency.²

There is here a task which falls peculiarly to that group in society 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 to give them the right to play the part of arbiters in society. But I have faith that they can do so. For, as it seems to me, the only alternative to dictatorial government is the growth of such a class in 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.

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² See Lewis L. Lorwin, *Advisory Economic Councils*, 1931.