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# Planned Society

John Dickinson

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# BULLETIN



The College of William and Mary

Virginia

Planned Society

JOHN DICKINSON

*Fifteenth Lecture Under the  
James Goold Cutler Trust*

WILLIAMSBURG, VA.

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# BULLETIN

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# PLANNED SOCIETY



## JAMES GOOLD CUTLER LECTURE

By JOHN DICKINSON

*Delivered at the College of William and Mary, April 21, 1943*



The last four years have brought us back with the impact of a sudden blow to the consciousness that we still live in history; that our generation is but one of a long sequence leading back to the beginning of human destiny. Only a few years ago most of us seemed to believe that history was a thing of the past, and that we had cut loose from it; that we lived in a brave new age wholly different from those which had gone before; that the new ways of life we had devised had created a new mind and new modes of thought and new attitudes which made us no longer amenable to the forces that had hitherto been at work in human affairs.

It was therefore with a good deal of a shock that we were rudely awakened to the realization that events were happening in our new age substantially like others that from time out of mind had repeated themselves through the centuries—things we had supposed would never happen again and for which we were mentally quite unprepared. From that shock many, perhaps most, of us have not yet recovered. Our thinking is still confused and we have yet to regain the fortitude and assurance which depend on understanding that we are only confronted with situations which men have faced in the past and will have to face again.

The war has already exhibited one fact of which historical generalization might have given us reasonable assurance. I refer to the magnificent self-defense of England during the whole year when she stood alone against the might of Hitler's power, and with spirit unbroken successfully resisted the most terrific attack in the records of warfare. From the time of Rome's resistance to Hannibal down through Napoleon's wars, it has become evident that successful self-defense in

warfare depends as much on national character as success in life depends on personal character. In speaking of national character I do not, of course, refer to unfounded theories about race and blood; I refer to mental attitudes, determinations, inhibitions, which characterize the preponderance of individuals who compose a nation. Of national character in this sense, a large part consists in tradition or inherited attitudes, for character is a thing of slow growth; it is not character if it is something that springs into existence overnight. Tradition is to national character what habits are to personal character; and as personal character is not formed in a day or a year, so national character is not formed in one or two or three generations. It is tradition which binds the generations together into the character that gives strength for the present and the possibility of growth for the future; for the nation that is always changing its ways of life and its views of life has nothing on which to build a future. It may have a blueprint, but it has no foundation.

It is especially appropriate to refer to this matter of national tradition at Williamsburg, because we stand here at the source and fountainhead of our American tradition. Here in the age of Anne, when this town was a new development, and the Capitol and Governor's palace were under construction and Colonel Byrd and Governor Spotswood walked these streets, there were first exhibited on American soil the large enterprise, the executive management, the confident building for the future, the opportunity to produce in two or three generations a breed fit for government and leadership, which have ever since been characteristic and fruitful traits of American national life.

As the efforts of scholars bring to light in increasing measure the records of the Virginia tidewater in the age of Anne, the great age of Williamsburg, it becomes apparent that a modern American would have been far more at home with Colonel Byrd or Robert Carter or Thomas Lee, would have understood them and recognized his own type of life in theirs to a far greater degree, than in the case of their New England contemporaries, or even their contemporaries of New York or Philadelphia. And here we also stand at the fountainhead



of our special American tradition of government through law; that tradition which, drawn from English sources and built on the teachings of Locke and Somers and Holt, was developed first by Wythe and afterward by his pupil, John Marshall, greatest of all lawyers ancient or modern, into the ultimate philosophy of free government.

It is well that Americans from all parts of the country come here to Williamsburg to admire the architecture and the interior decorations and the furniture. It should improve their taste and do something to prepare their minds for the attitudes and values and standards of judgment with which these external things are in conformity, and of which they were the outward expressions. But the thing of greatest value, if we would carry forward our national tradition and thereby strengthen the national character of which that tradition is at the heart, is the mental atmosphere which prevailed here, and which, spreading westward and northward and southward, came to constitute the quintessence of the American way of life as we have known it through the better part of two centuries.

## I.

It may therefore be of interest as well as timely to inquire into a recent and now widely prevalent attitude toward an important phase of this American way of life. I refer to the phase of it which is represented by its sense of personal responsibility, the high value it set on industry and enterprise and on the willingness of individuals to take risks and abide by the results, and its emphasis on home, family life and the duty of founding a family of well equipped and enterprising descendants.

This view of life carried with it by necessary implication a philosophy of government. To that philosophy in its main outlines, all parties and factions among our people, however great their differences on other points, have staunchly adhered until very recently. The essence of that philosophy was that the function of government is to promote and foster in human individuals the attitudes and qualities I have just described, to create and protect free scope for the exercise

of those qualities, and otherwise limit itself to arbitrating differences between individuals and groups which have passed beyond a certain pitch of intensity. In short, the building of the nation was to be the work of countless individuals, striving, planning, toiling, competing and coöperating, and not the work or responsibility of government. This was thought to be democratic, because the energy, the initiative, the intelligence came from below, from anywhere and everywhere among the people at large, and not from above, from the limited circle of government officials.

Today this phase of our national tradition is being brought into question. It is pointed out that in many ways our mode of life has been revolutionized since Colonel Byrd and Governor Spotswood walked in Duke of Gloucester Street, or even since the covered wagons made their dusty way along the Santa Fe Trail only a hundred years ago. The frontier has disappeared, the country has filled up. We have the railroad, the telephone, the airplane, the wireless, annihilating space and bringing distant places together. The great inventions have resulted in mass production, and mass production has been made possible only by the growth of giant corporations which tower, it is said, over the life of the country, although in a relative point of view perhaps hardly so much as the great families of Virginia towered over Williamsburg in the age of Anne and the Georges.

Nevertheless it is pointed out truthfully that these modern developments have been fraught with possibilities of enormous economic disorder, that these possibilities have in recent years become actualities, that at times millions of people have been unable to find work, that the savings of other millions have been wiped out by failure of their investments. It is therefore suggested that the time is at hand for a large-scale revision of our traditional conception of the duties and responsibilities of government.

In the name of democracy and the common man it is urged that this revision should take the direction of what is called a planned society; a society where economic crises are avoided and individuals are guaranteed security against idleness, want, and fear by placing the nation's economy under government



planning. It is pointed out that many of our troubles under a regime of large-scale industry have proceeded from improperly directed and un-coördinated effort. Manufacturers have produced more of an article than they could find a market for, and in consequence have had to shut their plants and throw their employees out of work. Others by the use of borrowed capital have built plants for which there was no need, have therefore defaulted in paying their debts, and so have brought ruin to banks and investors. These maladjustments are due, it is said to defective coördination between the parts of our national economic machine, which can be cured and should be cured by proper planning; and necessarily such planning must be the task of the central government as the only agency having an over-all view of the life of our people as a whole.

This argument for coördination and planning carries a strong appeal to both reason and sentiment. It seems entirely rational that human effort should be productive and not self-defeating, that the wastes incidental to un-coördinated effort should be eliminated, and that there should be the same adjustment of tasks and resources in the national household which characterizes a well-ordered private household.

The appeal to sentiment and humanitarian feeling is even stronger. We have seen so much misery caused by no fault of the sufferer that we feel a sense of moral obligation to further any policy which promises alleviation. We feel that the problem is urgent, that it is one about which something must be done and done promptly. We find no comfort in the observation that, comparing the large-scale economy of our own time to the relatively smaller-scale economies of the past, maladjustments and resulting want are in fact not so great today as they once were under more primitive conditions. Such an answer fails to satisfy, because today the social conscience is keener, our sense of human obligation is more compelling; and for these reasons the argument for socialized planning carries a strong appeal.

There are other considerations which enhance the appeal. For one thing there is the appeal of novelty, always strong and especially so today. Planning is presented as something

called for, made necessary by, and especially adapted to, the new conditions of life of which we are today so acutely self-conscious. The achievements of chemistry and electricity have so thoroughly convinced most of us that we live in an entirely new world that it seems only appropriate to adopt a new conception of government, irrespective of other reasons.

Again there is the attitude with which, as a result of our participation in the war, we view our heroic allies, the Russian people. The magnificent stand they have made against the invaders of their homeland has evoked to the full the generous American spirit of admiration for resistance to oppression. But the Russians have lived for years under the nearest thing to a completely planned economy that has been known in the modern world; and it is only natural to infer that this must be largely, if not completely, responsible for the magnificent strength and prowess they have so unexpectedly displayed. There are doubtless many who cannot help feeling that the case for a planned economy has been proved on the battlefields of Stalingrad and Smolensk.

Finally it is obvious that to some extent and in some degree there has always and everywhere been a certain amount of governmental planning. The very idea of government carries with it a recognition of the need for centralized authoritative public action to introduce into human relations kinds of order and regularity and organization that would not exist otherwise.

The principle thus admitted, what valid ground, it is asked, can be put forward to limit its application? As regulation has in recent years extended step by step from one thing to another, this has usually been because the prior regulation could not accomplish its purpose unless additional matters were brought under government control. So much is already determined by governmental policy that it has come to be accepted that many private rights are no longer enjoyed save on government sufferance. To that extent what used to be called socialism is already with us. Government already has the responsibility for so much of the national life that it cannot successfully discharge that responsibility unless it is made completely responsible for the whole. This of course



entails the frank admission that the individual has no rights, legal or otherwise, against government, and so may be said actually to belong to the government; but this, it is said, need cause no fear because government will be democratic government, devoted to the public interest and the welfare of the common man.

The last argument which I have just outlined makes a planned economy seem inevitable as only the necessary further consequence of steps already taken and which cannot be retraced. The argument has the merit of bringing out that planned economy like everything else is a matter of degree, of more or less. Its fallacy lies in assuming that because we have a certain amount of a thing we ought necessarily to have more of it. Often the contrary may be true. A thing may be advantageous to a point and beyond that point deleterious. Most human decisions consist in finding some satisfactory middle point between extremes; and certainly a planned economy in the sense in which it is being urged is extreme because it contemplates total and complete subjection of all individuals within a state to whatever purposes and directions government as the planning agency may choose to give to any or all of their actions and resources. They must be ready to do or not do whatever government orders, since otherwise there would not be and could not be planning of the kind represented as necessary.

In view of the obvious variance between a planned society of this kind and our traditional American conception of government, it seems not inappropriate here at Williamsburg, at the fountainhead of that tradition, to indulge in a brief inquiry as to what, if anything, experience has to tell us concerning the workings and results of planned societies. Possibly there are blind irresistible forces at work which will transmute us into such a society whether we will or no; but the surest way to create such forces is to believe that they exist. It is worthwhile to reason about public affairs at all only on the supposition that the people have some choice about them; and to stop reasoning about them is an effective way of destroying that possibility of choice.

Assuming, then, that it is not yet too late for reason to have some share in determining whether we are to have a planned society, it should be of interest to become acquainted with the relevant information; and since we are once more aware of history, and that we are living and acting in history, it may be in point to remind ourselves that history is the only laboratory of political knowledge and the only source of experience to which men can turn for information about political affairs.

## II.

Leaving trivial and relatively incomplete instances out of account, there are available for observation five major examples of what is today called a planned society—that is to say, one in which land and other natural resources, and the labor and activities of the population, are all disposed of in ways directed by the State. In view of the conception of socialized planning as something necessitated by our special modern conditions of large-scale technology, it is interesting to note that the first, and in some ways the most complete, example of a planned society is the earliest and oldest state known to history, Egypt of the Pharaohs. For more than three thousand years, from the dawn of recorded time with occasional lapses and interruptions, the disposition of all the land in the lower Nile Valley and the occupations of practically all its working inhabitants were dictated by government. We can only guess at the reasons for this, but they are tolerably clear. The rich lands of the valley could be made to produce their maximum yield only by a system of organized irrigation which called for highly centralized management. The product being at the disposal of government was stored in good years for consumption in lean years, as we are told in the story of Joseph.

Under this system surplus food and labor were available in such quantities that they could be employed for centuries in the gigantic public-works project of pyramid-building. Doubtless without the system many inhabitants of Egypt would have lacked the assurance of food and shelter which the system gave them, and which drew the children of Israel



to the proverbial Egyptian fleshpots. The inhabitants of Egypt had a security which contrasted favorably with the uncertain life of the desert Bedouins. But for this security they paid a price—subjection to the lash of the taskmaster; and the one fact about ancient Egyptian life which has burned itself most deeply into the consciousness of later generations is that God heard the bitter cry of sorrow which went up by reason of the taskmasters, and promised to deliver His people out of the hand of the Egyptians.

Ancient history offers one other outstanding example of a completely planned or managed society—that of Sparta. Certainly Sparta had no fleshpots, but her aim was nevertheless security, although of a different kind. In Sparta it was the poverty of the soil and not its richness which brought about the managed state. Population had to be kept down and there was compulsory exposure of infants. The tillers of the soil; the Helots, were slaves of the State subject to be worked, punished or liquidated as the discretion of the government determined.

The soldiers were the citizens, the ruling caste with a voice in government. They were permitted to own land, but could neither sell their lots nor buy others, and they were made to contribute their surplus produce to the public tables at which all male citizens were required to feed. No citizen was allowed to possess any precious metal or engage in any remunerative occupation. His entire time had to be spent in drilling, or in sports preparatory for war. No one was allowed to enter or leave the country without a permit. Food, dress, architecture, music were regulated and the knowledge of reading and writing was discouraged. Home life was rendered almost impossible. Children were reared in public barracks and domestic ties were negligible. In Plutarch's words, the Spartans were accustomed to regard themselves as bees, simply members and parts of one common whole, for which they lived rather than for themselves.<sup>1</sup>

The end to which this discipline and management were directed was to maintain a powerful army in a very poor

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<sup>1</sup> Plutarch, *Lycurgus*, c. 25.

country with few natural resources. This objective was so successfully attained that for several centuries the military power of Sparta was able to overawe Greece. Her success converted some Greek thinkers who lived in freer and more prosperous countries to the superiority of a managed society, and Plato's Republic is still the most convincing textbook on social planning. The way of life at Sparta appealed to the speculative mind, but Greeks of a more practical cast of thought remarked that it was not surprising that the Spartans faced death so bravely in battle, since a way of life such as theirs was scarcely preferable to death.<sup>2</sup>

Obviously neither the Egyptian nor Spartan planned societies resulted in the kind of social order or individual lives that modern proponents of planning proclaim as their goal. Today planning is urged as a way to bring about a fuller and happier life for individuals, and a greater measure of security from want and fear. In a sense Egyptian and Spartan plans did accomplish just these results, but they did not do so in a way that specially appeals to the modern mind—to the minds of men accustomed to aspire to the enjoyment of material things and habituated to the vocabulary of freedom and personal self-expression. To find plans more congenial to our own mental climate we must come down to more recent planning experiments.

There have been many attempts at some kind or degree of planning in the last three or four centuries, but most of them have to be passed over in a brief survey like this as either confined to too small a local area, like the medieval rule of the guilds, or as not sufficiently totalitarian in the scope of their grasp on the nation's life. This is true, for example, of the so-called mercantilist economic philosophy, which guided the statecraft of most nations for a number of centuries and involved a good deal of government planning, but was primarily limited to the field of foreign-trade relations. Again the French experiment in building a completely planned colonial society under the old regime in Canada was on too small a scale to afford a basis for generalization. The first

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<sup>2</sup> *Athenaeus* iv, 15.



large-scale modern experiment in total planning was an incident of the French Revolution.

In 1793 when the Jacobin faction came at last into power it undertook to extend earlier measures of State control into a widespread scheme of governmentally directed economy. More than half the land and moneyed capital in the nation was, or had already been, confiscated and brought under government ownership. Property of any and every kind was subjected to requisition by the government at whatever price it chose to pay. Banks and financial corporations were abolished. All prices were fixed at artificially low levels for the benefit of the poor. All incomes above very low minima were confiscated by taxation and the proceeds turned over to committees of philanthropy to improve the condition of the poor. Manufacturers and merchants were required under pain of death to continue in business at a loss until their funds were finally exhausted. A program of forced labor was introduced under which artisans, mechanics and farm laborers were forbidden to leave their occupations or were required to work at government direction.

The French revolutionary experiment in national planning did not have an opportunity to work itself out into a developed and settled national policy. It soon went to pieces when the faction which supported it lost control as a result of their excesses during the Reign of Terror. The experiment is important chiefly because of its proclaimed purpose of benefiting the poor, a purpose which underlies most of the modern appeal of planning, and also because it developed measures and techniques which have a striking affinity to some of those adopted in the two great planning experiments of our own time, the Russian and the German.

The Russian experiment antedates the German by more than a decade. In origin, in proclaimed purpose, in program and techniques the two regimes have displayed notable differences. One originated in an uprising of the working class, the other drew much of its original strength from a desire to resist the workers. The Russians professed to pursue only the welfare of the workers and to make war on the so-called "bourgeoisie"; Hitler professes to seek the general good of

the whole German people and to aim at establishing a people's community, a "Volksgemeinschaft." The Russians proceeded at once to confiscate all land and productive wealth; Hitler has not disturbed the title to private property, but has contented himself with complete control over its use. And there are other differences as well, in the motives to which the two governments have appealed, in the form which their propaganda has taken, and in the different scapegoats which they have selected to solidify their emotional hold on their subjects.

In spite of these differences, however, both the Russian and German experiments in planning have shown certain striking similarities in methods and results. Some of these may have been due to Hitler's deliberate imitation of the Russians. Others seem to reflect the normal and natural workings of a planned economy. If two movements, starting from such different points of origin, professing such different objectives, and resembling each other only in the one particular of total planning, eventuate in identical or similar results, it would seem to follow that there is something in the task and conditions of national planning which produces those results. This conclusion will be fortified if similar results are observed in the planned economies of the past.

### III.

The first outstanding characteristic of all planned economies is that political authority or government is necessarily highly concentrated and centralized in a very few hands. In other words, not merely must the government have full and complete power to dispose of all persons and property so as to carry the plan into execution, not merely must all individuals therefore be without rights against the government, but the government itself must be so concentrated that it can formulate, and if necessary alter, its plan promptly, decisively and firmly, without delay, controversy or friction. The whole idea of a plan requires that it shall be consistent and continuous. This means that it cannot be made subject to daily fluctuations and differences of opinion



or purpose, or it would cease to have the advantages of a plan; it would become merely a succession of possibly inconsistent and contradictory governmental fiat. Accordingly in a planned community government cannot be a debating society and cannot even have in its controlling membership a large enough number of persons to develop conflicting views that might be difficult to reconcile. If such a condition develops, it therefore inevitably results in the expulsion of the dissenters through a purge or otherwise.

This characteristic of government in all planned societies has been especially apparent in the modern experiments, where there has been a greater tendency than in Egypt or Sparta for a variety of different views and opinions to obtrude themselves. These have necessarily been rigorously suppressed. Subordination to a unified purpose has been so emphasized as to be identified with the kind of liberty that the plan is supposed to promote. "We will make France a cemetery rather than not regenerate it in our own way," declared a spokesman for the Jacobins.<sup>3</sup>

The devices by which this concentration of power has been achieved have not been dissimilar. In revolutionary France the Jacobin clubs which constituted only a very small proportion of the adult population rigorously excluded all others by force from participating in the government. The Jacobin deputies who constituted only a minority of the members of the Convention prevented the rest from having a voice in its decisions. Gouverneur Morris, a contemporary observer, reported that "the present government is a despotism. The Convention consists of only a part of those who were chosen. These after putting under arrest their fellows claim all power and have delegated the greater part of it to a Committee of Safety."<sup>4</sup>

The similarities to the organization of the Russian government are obvious, with one important exception. In the first place even theoretical participation in government is denied in Russia to all save members of the Communist Party, which

<sup>3</sup> H. A. Taine, *French Revolution*, (Eng. tr.), Vol. III, p. 61.

<sup>4</sup> Morris to George Washington, October 18, 1793, in J. Sparks, *Life and Correspondence of Gouverneur Morris*, Vol. II, p. 369.

some years ago numbered less than two per cent of the adult population.<sup>5</sup> Secondly the function of the party members is limited to the election of an annual Congress which is a mere ratification meeting to approve decisions of the party central committee. At one meeting of this Congress an opposition attempted to make itself heard with the result that the dissenters were subsequently sent to Siberia.<sup>6</sup> All real power is in the hands of a subcommittee of the Party Central Committee, the so-called Polit-buro, consisting of nine members, and when there was an important difference in this Committee a number of years ago four of the leading members were expelled and subsequently purged and liquidated.

The one respect in which Russia has proceeded beyond the French Jacobins is to vest practically supreme power in the hands of a single individual, the Secretary-General of the Party, who is referred to as the *vozhd* or leader. The essential resemblance to the German form of organization is obvious. So essential is unity of purpose and control to the very idea of planning that any other form of organization would be unthinkable, and would defeat the whole purpose of a planned society in any intelligible sense. It is therefore only an evidence of confused thinking that so many humanitarian liberals who welcomed the advent of planning in Russia displayed shocked amazement when the government which emerged proved to be a centralized despotism. This was necessary and inevitable once the premise of a planned society is accepted.

A second necessary characteristic of a planned society is that the central government must have in its service a sufficiently large corps of loyal and devoted dependents scattered among the people to keep watch over their movements, report on their reactions and ensure by all possible means their obedience. This is essential to maintain the power which the government needs if it is to perform its function. Doubtless it would not be necessary if all human beings thought alike, if all were motivated by pure reason and if all the decisions of an absolute government were in conformity to reason.

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<sup>5</sup> W. R. Batsell, *Soviet Rule in Russia*, p. 700.

<sup>6</sup> Batsell, *op. cit.*, pp. 725-6.



Needless to say this is not the case, and absolute governments whose decisions are certain to offend one or another element in the population are no less zealous than other governments to maintain themselves in power by whatever means are most effective for suppressing opposition. These means take various forms. One is to fill posts of influence and distinction with loyal party adherents who are dependent on government favor and bounty. Another is the more sinister institution of a secret police vested with power of summary punishment. This institution is found in a fully developed form in the Krypteia of ancient Sparta, whose task was to spy on the Helots, and which on one occasion is said to have executed two thousand of them in a single coup. Modern instances which need no elaboration are the Gestapo in Germany and the OGPU in Russia.

The necessity of operating through an organization of political or party dependents leads to a third characteristic of planned societies which has an important consequence for the effectiveness of the planning itself and its execution. Today the case for planning rests largely on economic considerations. Modern well-being has come to be thought of so largely in terms of economic goods and as so ultimately dependent on production, distribution, employment and the like, that the economic conception of planning is paramount. Accordingly planning, in theory and as it is advocated, should give foremost consideration to purely economic efficiency. It is in fact one of the chief arguments for a planned society that such a society is able to do this more successfully than the crude politically operated governments to which we have become accustomed.

The strength of this argument is seriously weakened by the necessity to which I have just referred of maintaining loyal party dependents in posts of power. This results in the management of the managed economy falling largely into the hands of a political class who have no industrial experience or ability and who override the decisions of their technical subordinates for political purposes. This development has been noted by all commentators on Germany and Russia. In Germany it is reported that every factory is in charge of a so-

called "factory-leader" whose position is said to be a contradictory one. While he is in charge of production, he is at the same time a cog in the party machine and the party authorities interfere with his management while holding him responsible for filling his production program.

The same condition is reported in Russia. It is said that the position of technical industrialists and production managers is difficult because they are everywhere working under the orders of party men who know nothing about the enterprise they control, since their retention in their posts depends not on knowledge or capacity, but upon being politically reliable. When things go wrong these party representatives always throw the blame on the specialists who work under them, accusing the latter of being wreckers and counter-revolutionaries.<sup>7</sup> In at least one notable instance the technicians were tried and convicted of sabotage for adhering to production estimates which subsequently proved to be correct.

Obviously the condition just described seriously impairs the supposed effectiveness of planning to accomplish the results expected of it and which are urged in its justification. There is an even more fundamental factor working in the same direction. This arises from the necessity that in every planned society the central authority must answer the question, what shall the plan be? There must be a certain amount of concreteness in a plan, however broadly conceived, and if there is to be actual planning rather than a mere acceptance of the theory of planning, answers must sooner or later be found for such very specific questions as, who is to get what? Who is to give up what?

At this point difficulty begins. In a complex modern society with countless groups and interests making claims that cannot all be satisfied, and often shifting their claims from year to year, government, if it is to direct the economic process in accordance with a plan must assume responsibility for making a final and conclusive determination of all such claims. Doubtless this was not the case in such a simple society as Sparta, where effectiveness in war was the sole objective of the plan. Today it is inherent in the very economic situation

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<sup>7</sup> F. Utley, *The Dream We Lost*, p. 227.



which is thought to create the need for planning. Usually an effort is made to shove the difficulty into the background by appealing to some general term like "public interest." Robespierre brushed the problem aside by proclaiming that "Our sublime principle supposes a preference for public interests over all private interests."<sup>8</sup> The Russians say that their objective is to abolish the exploitation of man by man and establish a classless society. The Nazis announce that their goal is the general good of the German people and the prevention of individuals from furthering their private interests at the expense of society.

But the problem will not down in this way. "Public interest" and "general good" are phrases which serve to conceal the competition of interests that goes on behind them. To talk of a classless society is futile so long as different human beings do different things which bring them into competition or controversy. There is always a question as to whose interest for the moment is in accord with the supposed general interest, and by what standard the general interest in specific cases is to be judged. Everything depends on the kind of considerations which are resorted to in giving an answer to these questions.

If national planning has the merit it is supposed to have, these fundamental questions must be answered, or at least an attempt made to answer them, in an impartial spirit and from the standpoint of a disinterested attempt to increase the national product or the national productive capacity. That this is by no means always the case is shown by what we hear from Germany. Old-fashioned political considerations of a familiar kind seem largely to govern. Thus we are told that "the small shopkeepers have the least political influence and make the easiest scapegoats when there is an unpopular rise in prices. The price commissar has granted innumerable price increases to manufacturers at the expense of retailers."<sup>9</sup> In other words, the processes of logrolling and pressure-politics so familiar in popularly elected assemblies do not disappear under a planned economy, but are merely driven back into

<sup>8</sup> Taine, *French Revolution* (Eng. tr.), III, 88.

<sup>9</sup> G. Reimann, *The Vampire Economy*, p. 83.

the secret cabinet of the planning authority. One of the very conditions which planning professes to remove is found to persist under it. "Plus ça change, plus c'est la même chose."

But there is an even graver difficulty in every planned society when the central authority is called on to decide what is to be the goal of the plan. Most of the discontented groups who welcome planning as a way of satisfying their desires answer at once that it is to raise their standard of living, make more economic goods immediately available to them, and decrease the productive effort required of them. To accede to these demands in full would be to sacrifice the future to the present. Private capital, saving, and investment having all been abolished, the maintenance and enlargement of the national plant must necessarily be at the expense of the present income of the workers. There must be compulsory saving through something akin to taxation, the proceeds to be invested in plant by the government. Accordingly one of the largest, if not the largest, economic issue facing the government of a planned society in modern times is to decide between the claims of the future and the present.

It is of interest that in making this decision both the Russian and German governments alike have strongly favored the future; that is to say, they have diverted effort from making consumers' goods, and have proportionately held down or reduced the present standard of living, for the purpose of building new plants and further increasing the supply of producers' goods. This emphasis on plant expansion has been the dominant feature of both the German and Russian economies. It is especially noteworthy because it represents on the part of these socialist plans an exaggeration of one of the very tendencies which advocates of planning have most severely criticized in capitalistic society—namely, the tendency to subtract too large an amount from the current comforts and pleasures of the present generation in the speculative hope of producing more in the future. What has been called "oversaving" was a leading charge in the indictment against the functioning of free enterprise during the nineteen-twenties; yet "oversaving" in the same sense has nowhere been



carried so far as in the planned economies during the last dozen years.

Indeed it was carried so far in Russia as practically to result in famine conditions and in Germany to lead to the strictest rationing of elementary comforts. The wisdom of such a plan from both the social and economic standpoints is open to question. Needless to say, it involves the risk of tremendous wastes of effort from possible miscalculations and erroneous predictions. In any event, to use a vivid phrase, the policy involves "putting a steel hoop around consumption";<sup>10</sup> and "whether the immediate interests of the living generation are unduly sacrificed to the hypothetical desires and needs of generations yet to come is arguable."<sup>11</sup> It is at least clear that under a planned economy operating on a program of this character, which rigorously thwarts present appetites and denies present satisfactions, there is an ever-present danger of grave popular discontents. The possibility of these discontents, the chance that large bodies of people may not like the government's plan or its results, is a thing with which all planned societies have to reckon; and especially so in an age like the present, when, even in Germany and Russia, public opinion is a factor which cannot be completely ignored.

Accordingly one of the common characteristics of planned societies has always been a strict control and regimentation of opinion. In part this has taken the form of creating an atmosphere and mental climate of fear through the unseen but ever-present power of such institutions as the Krypteia, the OGPU and the Gestapo; in part there has been recognition that opinion cannot be effectively controlled through repressive measures alone, but that it has to be moulded through affirmative measures of suggestion, propaganda and mysticism.

This artificial moulding of a nation's mind to the requirements of the governmental plan through studied stimulation of motives, emotions and attitudes is accordingly an outstanding characteristic of all planned economies. In ancient Egypt it was accomplished largely through the dominance of

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<sup>10</sup> E. Friedman, *Russia in Transition*, p. 93.

<sup>11</sup> L. E. Hubbard, *Soviet Trade and Distribution* (London, 1938), pp. 343-345.

a powerful state-religion whose priests and cults were at the disposal of the government. The French Revolutionary government sought to achieve the same result by civic festivals, fraternal banquets, "feasts of reason" and the so-called cult of the Supreme Being. Substantially similar devices in Nazi Germany are the Youth Movement, the marching parades, the cult of "Strength Through Joy" and the religion of race; while in Russia there have been introduced the deification of Lenin and what amounts to a mystic worship of dynamos, power-plants and tractors.

A darker aspect of this planned control over human attitudes is that it has been felt necessary by the governments of planned societies to solidify the loyalty of their subjects, and stimulate enthusiasm to the point of enduring the sacrifices which the plan entails, by selecting as a scapegoat some element of the population against which the hatred of the rest can be focused and concentrated. Antagonism and hatred shared in common against a common object are unfortunately among the most powerful and most readily available human motives to produce mass coöperation and divert attention from the inconveniences and suffering which such coöperation may require; and this has been soon learned and well learned in every planned society of which we have knowledge. Each and all have been built largely around the motive of punishing, persecuting and oppressing some hated group. At Sparta it was the Helots; during the French Revolution the aristocrats, émigrés, and capitalists; in Nazi Germany the Jews; and in Soviet Russia the bourgeois, the NEP men and the Kulaks.

The persistent persecution of these classes has not only given the rest of the population a sense of the necessity of holding together for a common task, but has also inspired them with a feeling of mastery and superiority which has caused them to overlook their privations and, what is perhaps even more effective, has stimulated in them a spirit of fanaticism and blind devotion to a cause or an "ideal" which has inoculated them against the influence of more rational considerations. The extent to which emphasis has been placed on motives of this kind is illustrated by the following report of



the Russian persecution of the Kulaks, or well-to-do small farmers. We are told that:

"In villages where there was a dead level of poverty, the Soviets were nevertheless ordered to find Kulaks even where none existed. Some families must be designated as such even if there were no exploiters or usurers. Dr. Calvin B. Hoover relates how, in one village where he visited, the local chairman of the Committee of the Poor exhibited to him a family of Kulaks quite in the manner of showing one a family of lepers on whom the judgment of God had fallen . . . . When the query was put as to why the family was regarded as a Kulak one, he replied that someone had to be a Kulak, and that this family had many years before owned a village inn. They no longer did so, but there was apparently no hope of their ever losing their status as a Kulak family. If they did, there was no other family to take their place as Public Enemy, and for some reason unknown to anyone, the Soviet Government insisted that each village must produce at least one Kulak family to be oppressed."<sup>12</sup>

This characteristic of planned society in relying upon and stimulating mass-hatred against an oppressed group is especially repugnant to the humanitarian and philanthropic urge of our time from which so much of the demand for a planned society proceeds. It is an ugly fact which most of us would like to brush aside or stigmatise as peculiar to Germany. The same thing is true of the depressingly low standards of living, the starvation level of consumption, which have been necessitated by both the Russian and German plans and which an effort is made to explain away as only incidental to getting the plan into operation, as only a preliminary to the happy new day that is to come in the future. What right have we, asks an occasional disappointed liberal who expected much of

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<sup>12</sup> Uteley, *The Dream We Lost*, p. 53.

the planning experiments, to impose all this suffering on the generation of the living in the hope that our plan, or any plan conceived and executed by any group of planners, will compensate for the wreckage by the supposed benefits it will bestow on generations yet unborn?<sup>13</sup>

We are thus brought to the question of the extent to which planning, in the light of experience, has lived up to its promise of performing the major task expected of it by its proponents and urged as the principal reason for adopting it—the task, namely, of controlling the operation of economic forces under modern conditions of technology, avoiding and smoothing out maladjustments, and ensuring an orderly and rational relationship between production and use, supply and demand. If a planned economy is instituted, to what extent can it be expected that the national consumption will be accurately anticipated and evenly matched by production, so that so-called “crises” will be avoided? In approaching this problem a planned economy has one decided advantage. It has one of the variables under its control—it can absolutely dictate consumption by resorting, if necessary, to universal rationing. In effect the planned economies have done this, so that their only problem has been that of production, of compelling enough to be produced to meet the consumption program, high or low, which the government dictates without regard for the desires, tastes and preferences of the people.

There has already been a sufficient length of experience in the Soviet State to afford some basis for judgment as to its success or failure in this direction. The experience of Germany has been more brief and little information is available. In Russia, as might have been expected, there has all along been difficulty in meeting production schedules. Plants have been built in the wrong places with respect to raw materials or transportation facilities, resulting in delayed output. Others have been built too large or too small for maximum efficiency. Inefficient management or political management has slowed down production. Products composed of a number of parts supplied by different plants have been held up because

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<sup>13</sup> Eugene Lyons, *Assignment in Utopia*, p. 203.



some of the parts could not be obtained in as large quantities as others. Some industries have not been able to obtain sufficient raw materials.

Of course these things occur under the system of private enterprise with which we are familiar. It is human to make mistakes and businessmen make them with a certain amount of damage, and often a very large amount of damage, to others. But it is now clear that planners, and those upon whom they depend to carry out their plans, also make them. The difference is in scale, in degree. Where there is a number of completely separate private enterprises some may make mistakes, while others do not, and a rough balance may be struck for a great deal of the time. If an error is made in one place it may be corrected somewhere else. A separate concern may repair its mistakes without involving a change of national policy. On the other hand where the industry of a whole nation is under central control and rigidly coördinated as planning requires, a mistake anywhere may result in dislocation everywhere and apparently this has happened frequently in Russia and doubtless also in Germany.

Reporting on Russia, an English economist concludes that planning has not eliminated economic crises, but has only caused them to appear under somewhat different forms from those to which we are accustomed. He says:

“Neither has the Soviet Union escaped crises, different in form, but as expensive and disturbing as the crises which occur in the unplanned economics of capitalist states. Between 1928 and 1932 the total head of domestic livestock declined by roughly half; in the winter of 1932-1933 large agricultural regions were visited by famine which resulted in two million deaths. Some branches of national economy have over-fulfilled their plans, while others have failed by considerable margins to realize them . . . . In a capitalist system such circumstances would result in insolvencies and unemployment in the affected industries. Such external symptoms are suppressed in the Soviet Union by price fixing and

by budgetary grants to cover the unplanned losses of industrial enterprises, but the disease is manifested in other forms . . . . The ultimate result of planning errors was a reduction in the consumption of the population . . . .

"If an economic crisis be defined as an unpredicted disturbance in the orderly development of production and consumption, resulting either in a shortage of goods or a shortage of effective demand, then the economic history of the Soviet Union, since planning superseded the relatively free market of N. E. P. has been a succession of crises, for at practically no period during that time has there not been a shortage of something . . . . If planning is immune from some of the defects of capitalism, it seems to possess peculiar faults of its own."<sup>14</sup>

And another commentator concludes as follows:

"For years past there has been a far more general anarchy in Soviet national economy than has ever been the case in capitalist economy even at times of worst crisis."<sup>15</sup>

In any event, whatever may be thought of the effectiveness of planned societies in achieving economic efficiency and eliminating economic crises, there is one direction in which they have definitely proved their effectiveness, and for which they have always displayed a peculiar fitness. It is a kind of effectiveness and fitness which is far removed from the professions and supposed objectives of the humanitarian liberals who, in this country at least, are the leading proponents of government planning. It is effectiveness and fitness for war. All the planned societies, ancient Egypt, Sparta, revolutionary France, Soviet Russia, Nazi Germany, whatever their differences in other respects, have been powerful and effective military states. For this there are obvious reasons.

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<sup>14</sup> L. E. Hubbard, *Soviet Trade and Distribution*, pp. 343-345.

<sup>15</sup> Utey, *The Dream We Lost*, p. 205.



The chief human characteristic of planned societies is the iron discipline to which their populations are and have to be subjected. Whatever the character of the plan and whatever the objectives it professes, the central directing authority understands from the outset that an attitude of complete unquestioning obedience by the people to the government must be created as a preliminary requirement, and that the principal effort of government must be devoted to creating this attitude and sustaining it. Experience shows that this can be done, and, if done effectively, the attitude persists no matter how far the plan falls short in actuality of realizing the promises and professions which constituted its original appeal. Not merely is this attitude of complete obedience highly valuable as an element of military effectiveness, but the devices which are generally used to create and maintain it have in themselves a military value. The parades, the festivals, the mystic attitude toward the state and its ruler, all tend to produce a condition of mind which is valuable in war, and this is especially true of the spirit of hate and fanaticism against enemies or supposed enemies of the regime which we have seen that the rulers of planned societies do so much to stimulate. An attitude compounded of loyalty to the state and mystic savage ferocity against other human beings, coupled with habituation to privation and sacrifice, produces a generation of soldiers who may be almost irresistible for a succession of campaigns.

It is therefore not remarkable that perhaps the fiercest and most intense war in history is being fought out today between the two great planned societies of modern Europe. The discipline, fanaticism and training in hardship which characterize the combatants on both sides made them from their very entry into the conflict foemen worthy of each other's steel. Democracies always require two or three years to organize themselves for battle; the discipline to which planned societies are inured makes them more effective from the outset. If a nation has an ambition to find its chief satisfaction in military achievement, the acceptance of a planned regime is a good way to begin.

#### IV.

In this brief review there have been summarized the common characteristics of planned societies so far as experience and information are available. They are, first of all, an absolute government unlimited in its powers, concentrated in a very few hands or in the hands of a single leader, and permitting no discussion or difference of opinion; secondly, the filling of all posts of importance, economic and technical as well as governmental, with loyal dependents of the party machine; thirdly, the subtraction from the consuming power of the people of enough of the total national product to enable the government to make the capital investments and experiments that it deems desirable, even though there may thereby be entailed, and has hitherto always been entailed, a serious depression of the standard of living; fourthly, a distribution of the consumable national income in part at least along political lines to maintain support for the government; fifthly, a rigid regimentation of opinion requiring resort to the use of a secret police; sixthly, the mass hypnotism of the people into a fanatical spirit of self-sacrifice, often stimulated by the deliberate persecution of some oppressed group; and finally, the development of an effective spirit and attitude of militarism.

In the light of experience these are some of the results that would most certainly be produced by transforming a nation into a planned society. Of course they are not the results that are desired and advocated by those among us who are toying with the idea of planning, and who would almost certainly be liquidated if the planned society which they propose came into being, just as most of the early Bolsheviks were liquidated in due course. It is not the hard realities of a planned society that appeal to the advocates of planning; it is the feeling that something must be done to alleviate economic depressions and give greater security and larger incomes to the mass of the people. The actual experience does not indicate that a regime of government planning will do these things; it certainly indicates that the planned regimes hitherto known have not done them; and it suggests that the very



conditions of planning, the human agencies through which it must operate and the special nature of the obstacles which it must encounter, will prevent it from doing so.

The great defect in the panacea of planning is that it conceals problems and difficulties rather than solves them. In a free economy, we are fully aware of the friction, the conflict, the waste, the maladjustments that characterize the economic and social relations between men and groups of men. They are patent and their results in alternating periods of prosperity and depression are patent. The advocates of planning assume that by concentrating all power in a centralized agency, the factors of maladjustment will be removed. They will not be—they will disappear from the surface, only to be transformed into pressures operating on the agency from within; and with the additional difficulty of imposing upon the agency a responsibility too vast for human executive ability and judgment. The central authority will inevitably seek to relieve itself of this strain by exerting its power to repress the active outside centers of initiative; and in doing so it will deaden the life and intelligence which are necessary for high productive effort and hence for a high standard of living. It substitutes a mechanical military kind of discipline for the organic spontaneous coöperation which is necessary for the works of peace.

But if planning will not solve the problem of our generation, where are we to turn? This is doubtless the question that the considerations here advanced will evoke from the thoughtful and earnest men and women who sincerely desire a fuller and better life for our people. Of course it is a question which could not be answered in much more time than I have already taken, and it is not the question I set out to answer; all that I proposed was to eliminate one widely discussed way of working toward the desired result. However, this much may be said:

There is often much that government can properly and advantageously do to alleviate particular evils as they develop and disclose themselves in modern society. To this extent it may be said that there is a helpful kind of government planning, but it is planning how to deal with an evil rather than

planning the arrangements of the society itself. If this kind of governmental action is extended in too many directions and to too many different problems at once it begins to suffer from a kind of law of diminishing returns—the various governmental efforts get in each other's way. This is apt to lead to a demand for still more governmental interference with other things and to a demand for "coördination" of the various governmental efforts. Out of these demands comes in turn the demand for a "planned society"—for vesting government with a complete general power of making all the social and economic adjustments within the society that it regards as necessary to accomplish its purpose.

This progression of ideas and tendencies from necessary governmental interference with some things to complete governmental management of everything is so inexorable, particularly in the mental atmosphere and climate which prevail today, that it becomes desirable to bring ourselves face to face with what complete governmental management of society would mean. That is accordingly what I have attempted to do this evening. If when we look the prospect in the face it is not pleasing, then there is certainly suggested the conclusion that any proposal for an extension of the field of governmental control and management should be viewed with caution and that there is a presumption against it unless clear proof can be given that it will not create more problems and maladjustments than those which it promises to remove. Certainly the data of experience reviewed in what I have here said permit no other conclusion than that governmental management, so far from eliminating the maladjustments which irk us, is likely to produce other and even graver maladjustments of the same character; and this should make us at least somewhat more tolerant and more patient of the maladjustments incidental to the regime of free enterprise in which we have been bred.

Any system of free enterprise, just because it is free and just because it permits and expects initiative and effort to spring up in unexpected places and in unexpected ways from anywhere and everywhere throughout the mass of the people, is bound to result in a good deal of conflict and competition



and disappointment and frustration and success and inequality. Success will not always be achieved by the most deserving, and failure is not always a stigma of incompetence. The rewards of life, under any social or political system, individualist or communist, are always partly the result of chance and partly of rules of the game that are rough and ready and do not recognize the finer values. Sometimes all this competition and conflict and restless effort are drawn into directions which result in wholesale frustrations, failures, destruction of accumulations and unemployment. Within limits there are things which government can do to alleviate the resulting individual suffering and to lessen the likelihood of its recurrence, but only within limits, whether we have a planned society or not.

The maladjustments of life, economic, social and individual, are in part the result of conflict between human aims and purposes, in part of lack of foresight, lack of patience, lack of intelligence, lack of skill. The real tragedies are when some such lack on the part of one individual or a few individuals brings frustration and suffering to many. This is always more likely to happen as more power is concentrated in a few over the many, and especially as more power is concentrated in government; for the very essence of government is that the force of its decisions is felt by all and its failures and mistakes come home to all. A miscalculation by the absolute government of a planned society can produce results more disastrous than a stock-market panic or a glut in the wheat-crop, or a shrinkage in the demand for steel.

The argument for a planned economy assumes that government will be all-wise and wholly disinterested, conditions not likely to occur; and it assumes also that the way to solve economic difficulties and social difficulties is to suppress and iron out all conflicts and inequalities. Supposing that this could be done, which it cannot be, the loss would be greater than the gain; for it is precisely the conflicts, the competition, the shifting inequalities in the mass of the people that contain the hope of all progress and improvement and spell the meaning of democracy.

Accordingly even if it could be proved that a planned society would eliminate some of the particular things that we feel today as evils in the system of free enterprise, we would not do wisely to change one system for the other because of all that we would lose; and in this connection there is a final consideration which is not always given due weight. I referred at the beginning to national tradition as corresponding in the body politic to character in an individual. A nation attempting to step out of its tradition is like an individual acting out of character. It leads to disintegration, ineffectiveness, paralysis of will, impotence of accomplishment. Neither the German nor the Russian people in submitting to planned economies stepped out of their traditions. Both had traditions of absolute government and social servitude. Both had traditions of dominant militarism. They have merely translated their traditions into forms more effective for modern purposes.

Our American tradition is a different one. It is a tradition which vests initiative and decision in all individuals everywhere and calls the result democracy. It puts a man's fate at the mercy of his intelligence and skill and therefore holds him entitled to an education. It expects him to develop enterprise and therefore throws him on his own resources to find and hold a job if he can. It believes in incentive rather than compulsion and therefore insists that the right to acquire and own property shall be protected. It abhors the idea of men being supported by the government except in unusual emergencies. It recognizes that a system of free enterprise does not automatically prevent booms and panics, but it believes that these may also occur under systems of government dictation, and that in the long run their effects can be overcome more satisfactorily by the efforts and decisions of thousands and millions of men and women than by the wisdom of a centralized government. This is the tradition which would have been as well understood at Williamsburg in the age of Queen Anne as by the men who are responsible for the operation of our industry today in North Carolina and Pennsylvania, in Illinois and California. It is the tradition which we inherit from the Williamsburg period of our history.



We have not always kept this tradition in mind in shaping the course of our national policy, especially during the past half-century, and therein lies the source of many of our present difficulties, especially those of the last twenty years. Necessarily there have had to be some readjustments of governmental functions and some increase in governmental powers, but the line has not always been wisely understood between the things that government can advantageously do and those in which its interference means ultimate mischief. Indeed the supposed collapse of our economy a dozen years ago was due not so much to the operation of economic forces as to the effect of the unwise governmental policies of prior years. In the face of this, many of us have not yet learned our lesson and are turning to more governmental interference as a cure for the evils that too much governmental interference has caused. The point has at last been reached when some of the more advanced advocates of reform are suggesting a planned society with all that it involves.

But there is one thing upon which we may pin our hope of turning back the tide. There is one point in which a planned economy outrages the deepest layer of our tradition, and which can be understood, I believe, by common men everywhere. A planned society is completely inconsistent with government by discussion and debate, with free elections and with legislation by representative assemblies. It does not tolerate compromise. It necessarily insists upon absolutism, upon supreme uncontrolled power in the ruler and his immediate coterie of advisers. Without this, as I have already pointed out, there can be no planned society, for a free legislature could upset the plan at any time and would certainly do so.

I do not believe that the American people are ready to accept this kind of absolutism. We may no longer know our history but hatred of absolutism is still in our blood and bones, at least in those of us who are of English descent. Our deepest roots go back to the time when England shook off the last shackles of an absolute king. The age of Anne, when Williamsburg was founded, was the dawn of that era of freedom finally achieved. All our most treasured national

memories ever since are linked with the onward march of political freedom. We are not yet ready to turn back the clock and plunge into the night that lies behind the Williamsburg dawn. Williamsburg and what it stands for still have meaning for us. We are not yet ready to accept the Pharoahs and the old kings:

"Over all things certain, this is sure indeed:  
Suffer not the old King, for we know the breed.

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He shall mark our goings, question when we came,  
Set his guards about us, as in Freedom's name.

He shall take a tribute, toll of all our ware;  
He shall change our gold for arms—arms we may not bear.

He shall break his judges if they cross his word;  
He shall rule above the law, calling on the Lord.

He shall peep and mutter; and the night shall bring  
Watchers neath our window lest we mock the King.

Hate and all division; hosts of hurrying spies;  
Money poured in secret, carrion breeding flies.

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Here is naught at venture, random nor untrue—  
Swings the wheel full circle, brims the cup anew.

Step by step and word for word; who is ruled may read,  
Suffer not the old Kings; for we know the breed."