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REVIEW

of

Rexford G. Tugwell's

THE INDUSTRIAL DISCIPLINE

By

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BOOK REVIEWS

WORSE THAN SOCIALISM*

There is a language we call English. Those who speak it or write it will convey their meanings so that we can grasp them intelligently and intelligibly. We do not have to stop every now and then to ask what does this or that statement mean. In good writing we know at once. That is the use of language, not to conceal but to convey thought.

Take the first division of this work of Prof. Tugwell, which is entitled "A Note in Beginning." As near as we can understand it it is a protest against the ugliness of modern industry. But wherefore these number of unusual words to voice the protest?

Describing a modern industrial town with its looms, spindles, wheels, dust, smoke, noise, Prof. Tugwell says:

"But there were no values which a free people would have recognized; there was no beauty that was not a travesty of taste; there were no satisfactions beyond the ones in which degradation lay wholly exposed. Its acceptance is suffered only by accustomedness. (sic). Time is helping very little. The growth of our surplus multiplies the bribes but does not change their character." Page 5.

We would not have the reader understand that this vagueness is characteristic of the entire work. Indeed, quite the contrary. When our author gets fairly into his stride we may disagree with him, as we emphatically do, but he can no longer be accused of vagueness or obscurity.

It would perhaps surprise Prof. Tugwell were he told that he is a socialist. The first manifestation of the socialist mind is the refusal or inability to accept the natural laws of production and distribution. Here there are no natural laws as the socialist views it. Again it will surprise the professor to be told that he is a more thoroughgoing socialist than Norman Thomas, for his plan of a nationally ordered industry goes further than we believe Mr. Thomas would go if he had the power.

In his treatment of competition and the laissez-faire doctrine of Adam Smith and his school, he is sweeping in his generalizations. He says: (page 48):

"Nothing could be done about low wages and individual poverty because free competition secured to everyone all that he could get in any case. Interference with its free functioning, by permitting unionization, or by passing legislation restricting hours of work, or by setting minimums for wages, would in the long run, cause industry to decline, and then, of course, the plight of the worker would be even more tragic. For wages which are low are better than none at all."

From the point of view of the employer of labor this assumption had much to support it. The competitive school of the Manchester doctrinaires, as well as the new regulative school of which Prof. Tugwell is the leading exponent, fails to reckon with a factor which militates against both. The law of competition is a natural law, but it operates only where it is free to work, i. e., in a free society. Where land, the source of wealth, is privately controlled it is obvious that labor is not free to apply itself to natural resources. Laissez-faire under such circumstances is a bitter mockery. But similarly in a society of regulative industry such as Prof. Tugwell seeks to establish, labor would still be relegated to the same servile condition, since he does not propose to alter the prevailing relation of man to the natural resources of the earth.

The fatal error which vitiates the philosophy of our Assistant Secretary of Agriculture, as it vitiates the laissez-faire doctrine, is the failure to understand the office which competition fills in the natural process of production and distribution. Had Prof. Tugwell seen this his book would never have been written. He would have known a disciplined or regulated industry is a needless exercise of overlordship. He would have avoided all the painfully and skillfully laborious speculations, the subtly intricate divinations that cumber these pages.

For political economy when reduced to its elements, and its terms correctly defined, is surprisingly simple. Its only complexities are its confusions. The scholastic and pedagogic interpretations which have interlarded the science as taught recall those clever lines of Gilbert Chesterton:

"Oh, we have learned to peer and pore
On tortuous problems from our youth;
We know all labyrinthian lore,
We are the three Wise Men of yore,
And we know all things but the truth."

We do not wish thus to characterize Prof. Tugwell. He is not wholly of that ill-favored ilk. But he has absorbed their habits and methods of speech, acquired some of their vagueness, like his brother economists, and so has written a book that is of little value because he discusses wages while omitting all reference to land, mentions monopoly and omits economic rent, and talks of competition without defining it.

Prof. Tugwell's treatment of the machine is no more satisfactory than that of the technocrat or the socialist. Out of the machine is born more than its immediate product; its by-product, so to speak, is more tremendous in volume, and infinitely greater in extent, and that is *economic rent*. Even the fantastic notion of Prof. Tugwell, at which he more than hints, that machines will finally enable us to dispense altogether with labor, would ensure that the community might still live on its economic rent, and universal leisure become the habit of mankind.

This might seem credible enough if we regard the machine as something fixed once it is invented. But a machine has no such permanent entity. It is a growth, waxing from youth to maturity and dying of old age, when it must be replaced by a new and improved machine. And the progress of mechanization instead of lessening the demand for labor enormously increases it. For while it lightens labor it tremendously increases the demand for technical skill.

This is progress, always so regarded from the time when men made bricks with straw. It is folly to attempt to arrest it, as has been done by short-sighted trades-unionists throughout all the history of inventions. And while Prof. Tugwell seems to think that everything may finally be done by machinery, a notion as fantastic as others that are hinted at, it seems likely that this is not so and never will be so. There are many delicate processes of artisanry which the machine is powerless to replace. And it seems well within reasonable forecast that when the machine has advanced to a point of even greater efficiency men and women will turn to those fabrics which are the result of the trained hand, the sensitive touch and the genius for artistry that the machine, even at its highest point of development, can only feebly imitate. A new and extended market will open for these products of the hand among people who will then be able to afford them, of whom there will be many more in the time to come. This is only a thought in passing, but it will be a direct consequence of the machine, which then will be able to supply in abundance and more cheaply all the coarser necessities of life. The machine is rapidly bringing about an industrial era in which greater numbers of people will share in those satisfactions and enjoyment of beauty whose absence from our modern life our author so gravely deplores.

What is it that troubles Prof. Tugwell? It is the problem of distribution to which Henry George gave the solution. It is those uglier aspects of progress which troubled Ruskin and Alfred Russel Wallace. He is an idealist, but he seeks the realization, not in a free industrial but a regimented democracy. The picture he draws for us is not inviting, but neither is his remedy. Indeed if his remedy were adopted it would mean the end of all progress. There is only this satisfaction that can be felt in the monstrous suggestions for federal incorporation of large enterprises, control of prices, control of wages, etc., etc.,—all the fearful programme before which the mind stands appalled—and that satisfaction is that it assures the dissolution of his plans at the very outset. It must fail as soon as tried. It will not work. But the ominous thing about it is that he is Assistant Secretary of Agriculture in the Roosevelt administration, that he is the head of the so-

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called "brain trust;" and that he has the ear of the President. While there is no fear that his plans will work there is no limit to the harm that such a man so placed can do.

It is assumed, for instance, that he is partly responsible with Secretary Wallace for the Farm Bill, which is an experiment in legislation that the party of Thomas Jefferson should spew out of its mouth. We are prepared in these disastrous days to tread strange paths but hardly such as these. At least we want to preserve our sanity. We are not disposed to reject every sound dictate of economic policy for a drunken orgy into the domain of a more than socialistic bedlam.

What will be the reaction of a business man to these suggestions for taking over practically all businesses? With what emotions, for example, will be read the following from page 86 where Prof. Tugwell becomes really definite and emerges from his verbal incrustations:

"As a matter of fact scarcely any one has maintained a clear and steady view. The business men have been so hampered by the day-to-day exigencies of their situation that they seldom see the larger implications of their policies. So that even the most public-spirited of them have not contributed much to a theory of control. Also it is true that they have been repeatedly frightened by the forecasting of inefficiency among the public servants to whom controls might be entrusted. At any rate they have been actively hostile to suggestions for the enlarging of the sphere of government."

And page 96, in what follows, shows how Prof. Tugwell misinterprets the trend of progress and how the "unfit"—who are they indeed?—are to be supplied out of "the surplus," a hint of a perpetual group of pauperized retainers on society. This is not a suggestion that they might be permitted to share in the growth of economic rent—their unalienable right—but out of the social surplus of a mechanized industry—Marxism with a vengeance!

"If we are correct in supposing that machines are destined to take over physical tasks because they can do them more efficiently than at the cheapest price at which life for the workers can be supported, the unfit will eventually come to be a dead load on society. But this is another problem. Just as serious a one, perhaps, also, is the presumable trend that will increase the qualifications of skill necessary to employment. Such a development would increase the size of this unfit group. These considerations point to difficulties; but they will not stop industrial advance. One thing is clear from a humanitarian viewpoint: it is not the fault of the unfit that they are so. We shall have to keep back a portion of our increasing surplus for their support. We can do this more cheaply than we could meet the problem in any other way. It is unthinkable that we shall mold our operations on the capabilities of the least intelligent among us. That would be too expensive and would prevent further progress."

So it is inevitable that a large portion of our people are destined to pauperism! Is it not time that a new social gospel be preached in season and out to controvert such vicious doctrine?

On page 97 our author writes: "A competitive system will not achieve a sufficient stability to give any one assurance of continuous employment or enlarged opportunity." This is exactly what a free competitive system will insure. With free access to all natural opportunities on condition of the payment to society of the economic value of such opportunity, with the abolition of all restrictions on the exercise of human labor, and with all taxation that now stifles industry abolished, there will arise a stable industrial system of continuous employment.

We quote now from page 99:

"Perhaps it is true that if we move toward industrial democracy it is for other reasons than that superior productivity will result. Perhaps it is done rather to escape from discipline than to attain a more effective one. But again, if we move toward democracy for other reasons, even for seemingly opposite reasons, it may still be true that a genuinely effective discipline will be easier under the new conditions. At present, discipline is mostly imposed from above, and enforced largely through measures which fall into the psychological category of fear—the fear of actually being discharged, the fear of reduced wages and the like."

These quotations might be indefinitely extended. But the same

criticism would apply. It is sufficient to say that what industry needs is not discipline but freedom. What has become of the good old democratic doctrine that the functions of government need to be minimized rather than enlarged, that industry is best conserved as it is freed from regulative restriction and interference? We would not touch upon this point at all were it not for the fact that Prof. Tugwell occupies a high official post that makes him part of a democratic administration, and that his economic theories are listened to with deference, or so we have reason to assume. We have travelled far from Grover Cleveland and Woodrow Wilson. The democratic party has much to answer for, but we do not believe that even in these degenerate days it will go Tugwellian.

On page 100 the Professor again says:

"We are not entirely without precedent for such a planning organization. The War Industries Board was an instrument of precisely this sort. It disappeared, of course, at the end of the war; but its advantages, which are admitted even by those most committed to other features of capitalism, for which it was a substitute, are so great that to come into the position of defending the principle it represented, one has only to admit that peace-time efficiency is as important as efficiency in war time."

The principle of the War Board Industries is therefore to be part of the Tugwell programme. (Observe the use of the word "capitalism," which means so many things and means nothing.) How do our business men like it? Are they content to give up their freedom and be disciplined? Have they been such bad boys that they need to be disciplined? Of course the professor is clever enough—shall we say cautious enough?—to leave much of his programme hanging in the air. He says (page 107): "No suggestion for carrying out this particular programme has been made for obvious reasons." But there is enough remaining that is specific enough to be alarming. For example when he says: "A civil service in industry is not unthinkable." And on page 121 where he says: "What is important to note here is that, though the facts discredit our faith, we still believe in competition." And on page 137 where he says:

"We cannot lower prices, because capital charges are unnecessarily high; capital charges are high because high prices shut off the markets which would open to cheaper products. A better regulated flow of funds into industries which could use capital effectively and continuously might correct the difficulty. But how shall we achieve such regulation as long as we insist on competition, on voluntarism, and on the sacredness of the right of each to do as he sees fit with the property to which he holds the title?"

Here we must conclude. It will be seen that Prof. Tugwell not only contends against the right of business men to regulate their industries, but now, without pointing out any distinction between public and private property, between public and private rights, questions the right of property to which men "hold title," in which he includes by inference all property. Can socialism, which at least contends for a limited right of property, go further?

It is into a fearfully hazardous path he tempts us. Idealist though he is the road to communism seems safer than this, for in communism as preached there is a certain voluntarism which tempers its severity. And all this arises from an inherent distrust of those natural laws on which a true political economy is founded.

On page 223 (now hold your breath for a while, so you may be prepared for what is coming) Prof. Tugwell says:

"If we were thus severely logical in understanding industry, and determined in our purpose to consolidate the gains it furnishes, we should come to conclusions which reverse, in curious ways, some of our conventions. Unemployment, for instance, seems a very bad thing; we are apt to measure our civilization in its terms. But evidently it is a condition which is inherent in the progress of technique."

Twelve million men and women out of employment owing to the progress of technique! Of course, with his usual vagueness he denies this in the statement that follows in the very next paragraph in which he says that "there is much work to be done—plenty of it." It is

not often easy to pin Prof. Tugwell down to just what he does mean. But taking such statement as the one quoted how shall we fitly characterize it, and at the same time be polite?

Why do we not find in any page of this work an acknowledgement of the writer's obligation to the socialistic philosophy? Is he naive enough to imagine that he is proposing a new philosophy? What is new in it are the extremes to which he goes; that is the only originality which he can claim for it.

Twelve million of our people are unemployed and cannot buy. It is not in the regimentation of business but in providing employment for the unemployed that the true solution lies. It is often argued that advances to the banks for loans will facilitate borrowing. But the business man will not borrow of the bank, no matter what resources are supplied him, nor on what terms, if he sees no buying capacity to reward his efforts. He will not go into business nor enlarge his present operations if he sees no market. He will not borrow to go into business until he is assured of buyers for his product.

Therefore suggestions for the regimentation of industry or proposals to take over industries are all beside the mark. The theory of general overproduction ignores the buying capacity of over twelve millions of unemployed. Here is a depressed market which would provide the "effective demand" for the resuscitation of all the industries of the country. To take over these industries is not to increase the buying power of these millions; it will not effect them at all, and government in effect has merely acquired a number of wholly unprofitable industries.

Does it not occur to our "best minds" that these twelve million men and women, perhaps nearer fifteen million now, kept the industries of the country going by buying, and that no increase either in the lending power of the banks, nor any regimentation of industry, can restore this buying power? And does not Prof. Tugwell see that his colossal scheme for industrial regulation, along with plans of inflation such as that tacked on to the Farm Bill, and in the discretion of the President, will not put a single dollar into the pockets of the unemployed?

Years ago there was a meeting in Chickering Hall in this city in which Mr. George was one of the speakers. The meeting was called by graduates and students of Columbia and there were speakers for and against. One of the speakers, the late J. Bleeker Miller, spoke against the George doctrine. Henry George, with a severe incisiveness, said: "Is this the kind of political economy you learned at Columbia?"

May we, with all due respect to Prof. Tugwell for his well meant idealism, ask if this is the kind of political economy he learned at Columbia?

We cannot do better in concluding this review than to quote Dr. John Dewey as follows:

"No permanent improvement in employment; and no genuine prosperity can be achieved, until state and local governments and particularly municipal governments, abandon their shortsighted taxing policies, and raise at least the major part of their budgets by *taxing land values*, so enabling them to exempt from taxation buildings, other labor products, machinery and stocks of goods, and personal property.

The advocates of panaceas for the disaster which we have brought upon ourselves, deserve short shift, but no less do the optimists of ignorance, who ignore the basic importance of our land policy."

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