

I. F. T. U. Demands for Economic Planning

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Preface

- (1) The objective of the working class is to overthrow the economic order of private capitalism, which is built up on the private ownership of the means of production by the relatively few and which, as its only incentive is to obtain as high profits as possible, pursues its course anarchistically and without regard for the interests of the community. The working class seeks to substitute for this economic order a planned economic administration, the first principle of which will be to ensure an adequate supply of the needs of all. Such planned economic administration is alone able to give all men, and the working class in particular, their share in the natural wealth of the world and to enable them to enjoy the benefits rendered possible by the perfection of technique.
- (2) The working class considers it possible to build up an economic order based on the supply of needs even under present circumstances, especially as the failure of the mechanism of the economic order of private capitalism is steadily driving out private initiative and private economic administration and substituting for them economic administration by the State, its finances and its power. In any case, it will only be possible to put an end to the present economic crisis and to prevent the recurrence of similar catastrophes if the State intervention which has already taken place in certain countries, ceases to be merely sporadic and is adopted universally and systematically.
- (3) To achieve these objects, there must be a fundamental reconstruction of the economic system: the power of disposing of means of production must be transferred to the community and the various sections of a planned economic system must be fitted harmoniously in one with another. This objective can be pursued even within the framework of the present capitalist economic system and, if we are to avoid more terrible upheavals, it must be done on the basis of the present economic system. Hence the working class demands that in all countries the process of reconstruction shall go forward systematically under public control by the planned intervention of the State in economic administration, in order to substitute for machinery which is to-day ceasing to work a rationally-framed administration based on economic planning, functioning in the interests of the community.

I. The World Economic System

- (4) One of the most striking features of the present economic structure is that the world economic system has very largely lost its pre-war characteristics. Countries which, being agrarian states before the war, were then large purchasers of European industrial goods have during and since the war begun to develop industries of their own, so that there has been a great increase in the industrial capacity of the world and also, inevitably, a complete shifting of the markets for industrial commodities. The result of this enormous creation and shifting of industrial capacity for production is that the breaking of world economic ties, due in the first instance to the war, has now been rendered permanent. The end of the war does not stand for the date on which the pre-war interdependence of world economic life could be restored, for all attempts to re-forge these links were doomed to speedy failure: it means that pre-war markets have been lost for ever to the new industries which sprang up during the war and were at once fostered by strong protective measures. In pre-war times there was competition between the European industries for predominance in oversea markets: after the war the fight was more and more a fight with the newly-created industries in these countries, so that, instead of the pre-war competition between European industries for virgin markets, there is now bitter rivalry between European industries both among themselves and with the new oversea industries.
- (5) This struggle has gradually tended to aggravate more and more the world economic situation. It has become clearer year by year that it is the need of the newborn industries to be protected against the powerful assaults of their older European rivals which has caused the abandonment of Free Trade: the conversion of Great Britain into a protectionist country meant the fall of the last important free trade stronghold in the world. A simultaneous phenomenon in the world economic system has been a maldistribution of capital, to a degree never before paralleled in history. This trend has ended in wild errors in the investment of capital, to a degree so colossal that the outcome of this fatal policy has been the "Superabundance Crisis", a catastrophic decline in world trade, and unprecedented mass unemployment. In fact, owing to a mistaken conception of national interests, this new and disastrous policy has succeeded in ousting the principle of international division of labour and international exchange of goods.
- (6) The abandonment of this principle, which has dammed the normal flow of the stream of world credits, and finally led, by way of the credit crisis, to the currency catastrophe, quickly brought to a standstill the partial and tentative resumption of pre-war relations of which there were signs immediately after the war. The catastrophic decline in world trade which is by turns a result of the crisis and a factor in its aggravation, is now drawing perilously near to a complete collapse of the world economic system. But the feature of outstanding importance is the complete transformation of the structure of world economic life in less than two decades. Before the war the distinguishing characteristics of the world economic system were the endless connections and interconnections which formed the fundamental basis of world trade: to-day the partners in world trade are fewer, but greater. Economic areas have become larger; instead of having an economic system consisting of many small countries we see more and more plainly the development of an economic system consisting of continents. The United States of North America, which before the War was one of the chief markets for European industries, has now been converted by its customs policy into a highly protectionist economic unit. Soviet Russia with its wealth of natural resources and its 160 millions of population, is also a united economic block of great size. Since Britain's abandonment of the gold standard and of the principle of free trade, the

agitation to make the British Empire an economic unit has been greatly strengthened.

- (7) But in Europe, outside Great Britain and Russia, there is a very sharp contrast to this trend. As compared with pre-war times, the number of economic territories has been increased, so that the area of Continental Europe outside Russia, already relatively small, has been brought into great inferiority to the big economic units, deliverance from which can only come through the creation of a single European economic unit.
- (8) Without prejudice to its struggle to abolish the dominion of private capitalism over the economic system, the working class in principle approves that tendency of world economic life which is now leading to the constitution of larger economic units, and it will lend its aid to all activities to this end. The present situation in Europe is indeed proof positive of the fatal results of a narrow economic outlook, and makes it the urgent duty of the working class to work hard for the organisation of Europe as a single economic unit. But this approval of the big-economic unit policy must not be confounded with an approval of the objectives now pursued in these big economic areas. They must no longer be strongholds of monopolistic capitalism, but must be converted into carefully planned spheres of regulated production within the world economic system, and organised for the purpose of supplying adequately all human needs.
- (9) The adoption of this view will determine the attitude of the working class to a whole series of questions which are closely connected with the problem of the big-economic unit, such as the questions of customs unions and regional agreements. In so far as the conclusion of customs union and regional agreements, that is, commercial or economic co-operation between two or more states, does not become an instrument to promote political rivalries, the working class approves these measures, because it regards them as a stage towards the creation of still larger economic areas. It approves them chiefly because such commercial agreements make a breach in the policy of protectionism, lowering customs walls and removing trade obstacles generally. But it ceases to approve of them from the moment when they serve, not for purposes of economic division of labour and the promotion of the mutual exchange of goods through the abolition of obstacles to trade, but to make the economic situation, as created by the larger economic units, more difficult for the rest.
- (10) Hence the working class entirely rejects all the activities which can so easily take shelter behind the doctrine of autarchy (which may mean self-sufficiency pure and simple, or may be economic imperialism). Self-sufficiency means the overthrow of world economic division of labour and the international exchange of goods to an even greater degree than now; it means isolation from the world market, and such isolation brings in its train a worsening of living conditions for the masses. It represents yet more diversion of capital into the wrong channels and entails a very great danger of maldistribution of capital, if the achievement of the utmost measure of economic independence, at which it aims, is obtainable only, as is nearly always the case, by creating new industries which merely add to the already inordinate world capacity of output and thus intensify present sufferings. When it is a mere cover for imperialism and is hardened by a determination to obtain by force the elements lacking to economic self-sufficiency, self-sufficiency means commercial war waged not merely, as heretofore, with commercial weapons, but with military weapons. The working class must combat it at all costs, therefore. Hence, working-class approval of the policy of big economic areas must by no means be taken to mean their approval of the principle of self-sufficiency.
- (11) The working class considers that the establishment of big economic areas within the world economic framework is a tendency which it approves, firstly, because a large economic area constitutes a big zone for the play of trade union activities, a zone not hampered or narrowed down by national obstructions; and secondly, because, as it is well aware, an improvement of the social conditions of the workers can only be permanent if it is international, that is to say, established in the biggest possible area. Thirdly and chiefly, the working class is in favour of big economic areas because the principle underlying them is in harmony with its own aim, that of establishing a planned world economic system for the adequate supplying of human needs.



(12) The planning which is needed in the economic process will be the more effective if it is done, not on a miniature scale only, where the economic results could only be slight; but on a very wide scale, covering areas which have a wide measure of economic influence within the economic framework of the world. This in no way lessens the necessity for small national economic units to strive hard to put in hand their own measures for transformation: for the greater the success achieved in establishing fundamentally new elements in the management of economic life, the more rapidly and smoothly will the great economic transformation be effected throughout wide areas. The economic plans which the working class would like to see carried out in conjunction with its demand for economic reconstruction are in view of their aims adapted to big areas: they would have to be applied from the outset to wide districts of production and consumption, and they are meant to serve the largest possible masses of mankind so that they need a big economic area as the basis of their functioning. The objective of the working class must be, therefore, to create big efficient economic areas adjusted to the economic capacities and individual characteristics of the various countries, and thereby to establish a balance in world economic life, not in order to strive for an entirely impossible ideal of self-sufficiency or autarchy, but to build up a world economic division of labour and an international interchange of goods on the basis of these big areas under economic planning.



II. Commercial Policy

- (13) The shattering of the capitalist economic system in the war and post-war period has, especially in the last few years, broken down very rapidly and almost completely the former principles of trade policy. The earlier view was that free trade, as little restricted as might be, was the best basis for supplying the needs and ensuring the prosperity of all countries. But, especially since the end of the War, the extensive intervention in economic life rendered necessary by it has caused ever-widening circles to adopt the belief that the protection of national industries is more important and more highly to be esteemed than a world economic division of labour. Imperialism, militarism and last, but not least, the need of protection of the new industries created in various countries during the war have led to protectionism which, especially in the last few years, has taken on very acute forms in connection with the credit and currency crises. The result is that, despite the nominal recognition that customs barriers, the quota system and other protectionist measures cannot but accentuate the crisis, and in blatant disregard of the views expressed at the World Economic Conference of 1927, world trade has been enormously diminished.
- (14) The working class has for years protested very strongly against this commercial war: it has called for the breaking down of the customs barriers and has urged commercial agreement; but no notice has been taken of its demand. To-day the world is faced with the fact that high protectionism, which has been one of the results of the aggravation of the economic situation, has at the same time enormously accentuated the world economic crisis. To-day, unless the suffering of the masses caused by the economic crisis is to be intensified, it is the world's task to reconstruct as quickly as possible normal trade relations between the countries, although it is, of course, impossible for the working class to advocate a reversion to the ideal of *absolutely* free trade. The working class considers that the only way out of the commercial chaos is, first of all, to make binding agreements between all countries, pledging them to take no more measures which would increase the present degree of protection. Furthermore, the governments of all countries must give binding undertakings for a general reduction of customs walls and protectionist barriers, with a view to reconstructing, in the interests of the welfare of all peoples, the world economic division of labour and the international exchange of goods which have now been so widely destroyed.
- (15) Some of the measures which have to-day been adopted for definitely protectionist purposes would seem to be of practical use in promoting the above end. The attitude of the working class to all the various measures adopted in commercial policy is guided solely by the consideration whether these measures tend to make the present situation more difficult, or whether they are merely transition forms leading towards the establishment of normal commercial relations. The working class does not consider that a solution is to be found either in free trade or in protectionism: it feels that the rejection of protectionism is primarily a problem of organisation, and that there must be many different ways of solving this problem.
- (16) The working class thinks that the maintenance of the principle of most-favoured-nation treatment is an essential precursor to the restoration of normal economic relations, since this is the only way of establishing equal conditions of competition and it is also a valuable means of assimilating wage conditions. Preferential systems, by means of which two or more states grant each other mutual customs privileges, do serve to promote the establishment of closer commercial relations between the countries in point, but they also tend



to hamper commercial intercourse with the states outside the preferential agreements. In the long run such agreements have never made any considerable breach in protectionism. Nor will the present untenable commercial conditions be mended by laying down quota systems, limiting import or export to specific quantities and prohibiting any excess of these. Both the preferential system and the commercial practice of fixing specific quotas, which may not be exceeded, have hitherto only served to call forth either reprisals, or one-sided preferences on the part of the excluded countries, so that both remedies, far from mitigating the general situation, have only aggravated it.

- (17) Quite other is the attitude of the working class to many of the commercial remedies which have been applied during the last few years under the pressure of the crisis, mostly in consequence of the depreciation of certain currencies.
- (18) An attempt has been made on quite a considerable scale to obviate currency and payment difficulties by direct barter, or clearing of *goods*. This direct barter of goods, which is of course a reversion to quite primitive trading forms, is not without its importance: but it is not a method which can ever become the basis of world trade.
- (19) More deserving of attention is the clearing of foreign exchange (*devisen*), a method which is being employed to an increasing degree as an instrument of commercial and currency policy. But this method of clearing foreign exchange, when regarded as a commercial device, conceals within itself great dangers, since, for instance, it facilitates the control of trade in goods the import of which it is desired, for reasons of protectionism or self-sufficiency to restrict or wholly prevent: this because all that the controlling authority has to do is to refuse to release the requisite foreign exchange. In countries in which import is restricted by means of the quota-system—which is of course a form of protectionism—the simultaneous conclusion of an agreement for the clearing of foreign exchange has often served as a very effective means of supervising the quota policy and ensuring strictness in its application.
- (20) The practice of clearing foreign exchange must be rejected *as a means of commercial warfare*, but the working class considers that in other ways it constitutes a startingpoint for the establishment of currency unions (see Section III).
- (21) The working class takes the view that such protectionist measures which are chiefly of the nature of emergency action may facilitate in some measure commercial intercourse — provided they are not specifically intended to hamper it — but that they must not be permitted to import any fundamental change into the basic principles of commercial policy. The working class has always striven to modify commercial policy in the direction of a general reduction of all obstacles to trade. Moreover, its demand for the complete reconstruction of the whole economic system embodies the view that planned economic management on the lines of the supplying of human needs must be based on the principle of state-organised international exchange of goods through *foreign trade monopolies*, which must take the place of the feeble commercial policy in vogue to-day and so often prostituted to the promotion of private interests. If economic management takes as its basic principle the service of the community, then there is no alternative but to organise world trade systematically: and the international division of labour which this would mean is only possible by means of an equally systematic organisation of foreign trade relations. The creation in all lands of foreign trade monopolies controlled by the State or the public serves, therefore, to lessen the confusion of our present system of private profit-earning which, since it cannot be controlled, inevitably leads to chaos and all manner of abuses. If a single central controlling authority were to take sole charge, the wheels of the economic system would run much better and more smoothly, since instead of many divergent private interests, we should have one only, the interests of the community as a whole.
- (22) Without prejudice to the demand for an organised system of foreign trade by means of foreign trade monopolies, import and export offices or other institutions of the kind (under whatsoever name) controlled by the state or the public, the working class demands the most rigorous state control of the big and powerful

economic bodies which private capitalism has created in the form of cartels, syndicates, trusts and other monopolistic institutions, so that these institutions may be prevented from prejudicing the community. The working class believes that, although the founders of these institutions were not thinking of economic planning, but only of how they could secure the highest profits, yet in reality these forms of organisations, a typical product of modern monopolistic capitalism, do represent a starting-point for economic planning, and may therefore facilitate the inception of state control. It demands that these beginnings shall, under the management of the State, be utilised systematically to promote the interests of the community. Such control of cartels, syndicates, trusts and monopolies would also at once lessen the tremendous prejudice caused by errors in the application of capital, such errors being an inevitable feature in a state of things in which the machinery of production is multiplied and these monopolistic institutions are established for reasons of rivalry and the hope of profit, without any question being asked as to whether, in view of the large surplus producing capacity, any further expansion is needed, either nationally or internationally.

- (23) The working class demands, therefore, that the creation of foreign trade monopolies controlled by the State or the public shall be accompanied by similar control of cartels and other monopolistic organisations of the same kind (see Section V).



III. Currency Questions

- (24) The war, with its extraordinarily high demands in all countries alike in respect of finance, wrought great havoc in the currency conditions not only of the belligerent states, but of almost the whole world. It has taken the European states especially years to recover from the pernicious effects of inflation and gradually to stabilise their currencies, and complete success has not even yet been attained. During the whole of the post-war period the working class has always emphasised the demand that currencies be stabilised, because it has recognised that stable currency conditions are essential to the rehabilitation of national and international economic life. When the chief currencies had been stabilised deflation set in and devastated economic life anew, the ultimate result being that the world economic crisis intensified the currency and credit crisis to an enormous degree. When in the autumn of 1931 Great Britain abandoned the gold standard, the number of countries still clinging to it was very small indeed: throughout almost the whole of the world there was either inflation, or the previous stability of currency had been upset by being no longer anchored to the gold standard.
- (25) The chief causes of the currency crisis were the war debts and reparations problems, owing to which there was in the course of a very few years an enormous outflow of the gold of the whole world to the United States of America. The only other way in which the nations paying reparations and war debts could have acquitted themselves of their debts would have been by exporting goods, and this was rendered impossible by the protectionist policy of the States: hence there had to be constant consignments of gold to maintain the balance of payments of these countries. Owing to these and other causes, the last few years have seen an unprecedented migration of gold and unparalleled accumulations of it. The abandonment of the gold standard by Great Britain was as much a result of withdrawal of gold as the open inflation to which many other countries had been driven by their financial straits. The war and the events since the war have therefore been potent factors in the currency catastrophe. Nor can it be doubted that the upsetting of the international economic system has been only too powerful a reason on the commercial side for the exceptionally fatal results of the currency situation. Gold has been rushed into the countries which seemed to offer the safest refuge for it politically and it has been the very countries most in need of it which have lost the most capital and have thereby been deprived of their natural basis for the granting of credit to industry.
- (26) Yet another damaging factor has been the policy of the big Central Banks, which have been universally deflationist, and have thus intensified the crisis instead of helping to overcome it. The banks of issue of the individual countries have sought to stabilise their exchanges singlehanded and independently of the rest. Moreover, political factors from various quarters have played a great part in causing attacks on currencies of other countries: the supreme economic necessity for stabilising the purchasing power of money has been completely lost sight of, being partly hidden in a fog of nefarious political designs and partly annihilated by the collapse of the capitalist economic system.
- (27) The working class has always held the standpoint that a standard international currency is needed to ensure smooth cooperation in the international credit sphere. It has remained equally faithful to the view that the creation of a standard international currency will not be possible without a standardisation of the central bank system and close cooperation of the big banks of issue among themselves. It holds that the only way out of the present currency dilemma is to be found in deliberate planning with the object of putting as speedy an end as possible to the present currency



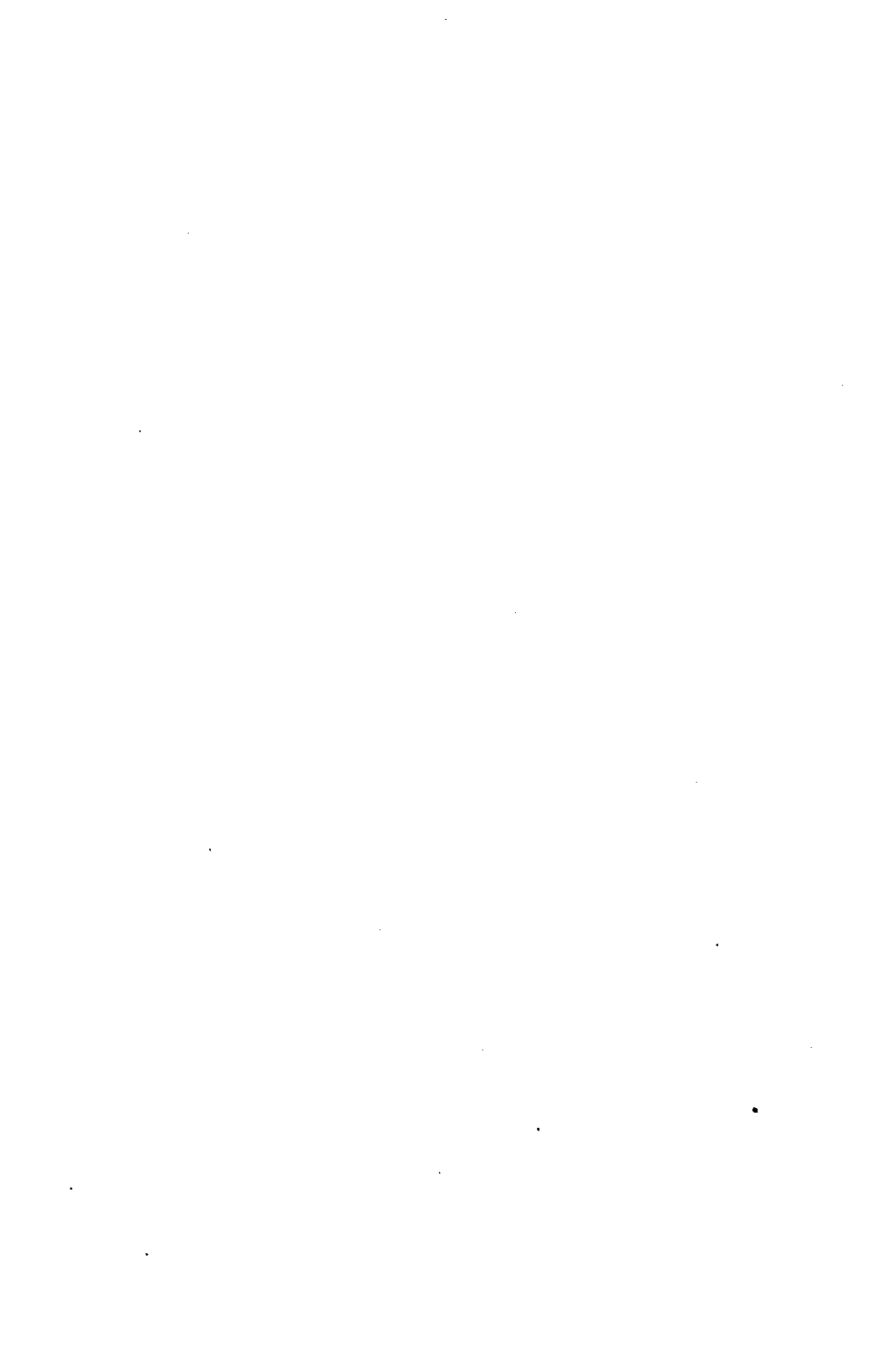
and credit conditions; instead of aimless policy which only aggravates the crisis, there must be, by means of international cooperation, a planned utilisation of such credit as exists.

(28) It is because it holds this general principle that the working class has formulated definite views with regard to the events of the last few months. Under the pressure of the international currency crisis, which has meant for most countries an outflow of gold and a loss of the foreign exchange accumulated by them to pay their foreign debts, various states have now resorted to the method of compulsory control of their foreign exchange. They have usually done this by permitting foreign exchange to be used only in payment of imports immediately necessary for the life of the State. Those European countries which are suffering from a lack of capital and still more, the countries of South America, have also declared their inability to pay and suspended the payment of international interest and sinking fund on their foreign loans. Private creditors, endeavouring to save what they might from the all-too-plain collapse of credit and currency, have taken over this practice of declaring themselves unable to repay the credits taken up, and have done so on so large a scale and in so short a space of time that many states have only been able to protect themselves from financial collapse and the total ruin of their currency by means of moratoriums and other standstill agreements. The working class considers that the emergency policy of limiting the use of foreign exchange is a method which must be abandoned as quickly as possible, if it be desired to prevent the still further shrinking of international trade.

(29) But the working class takes a different view of the clearing of foreign exchange, which denotes more or less cooperation between the banks of issue or big banks of the countries concerned, or, in other words, considerable progress in the working alongside (or against each other) of such banks. The clearing of foreign exchange may well be a starting-point for new forms of international currency policy, inasmuch as the clearing of their foreign exchange by two or more countries may offer opportunities for the formation of currency unions, which would assist very substantially in diminishing the present difficulties of international payments.

(30) The labour movement believes that such currency unions, whose advantages are increased if they go hand in hand with commercial unions, would be definite beginnings of a standard international currency and it will therefore give strong support to any efforts made in this direction. The question of the currency union is of especial importance in Europe, where currencies have been multiplied as a result of the war, so that there are now 30 instead of the 21 of pre-war times. If Europe is to be organised as a single economic unit, it is absolutely essential that there should be a return to close cooperation in respect of currencies, a useful type of which was the former Latin Coin Union.

(31) One of the conditions for the creation of good currency conditions internationally is a prompt move towards the stabilisation of currencies, on conditions agreed internationally, irrespective of whether the gold standard is the basis of the currency or whether some form of 'international index currency' is selected as the basis of the stability which is the paramount consideration. The second condition is that the central banks of issue shall no longer be the organs of private capitalism, as most of them now are, for it would be impossible to establish a currency policy which could be utilised for the international division of labour without shutting out the powerful interests of private capitalists. Labour has for years demanded the democratisation of the banks of issue and placed in the foreground of its policy an intensification of international cooperation between the banks of issue. It considers that other pressing needs of the time are a standardisation of the statutes of central banks, and if a gold standard is restored, in their regulations for gold cover. It has moreover already urged that the Bank for International Settlements of Basel, set up in order to liquidate war debts and reparations payments, would be a very suitable instrument to prepare for and effect the cooperation of the banks of issue, although it cannot be alleged that this desirable object has as yet been even approximately achieved. Labour again demands therefore that the creation of a Central Bank of Central Banks shall be put in hand at once, if necessary on an entirely new basis, should the B. I. S. prove not to be the right instrument to accomplish the purpose. One of the chief functions of this Central Bank of Issue of the world would be the promotion of currency unions for the purpose of establishing a



standardised world currency by way of the creation of continental currencies — this especially in Europe.

- (32) Only when a standardised international currency has been established shall we be delivered from the disturbances which have been so marked in the last few years owing to manipulations of the international exchange rates. We shall then be able to make full use of world potentialities of credit, which will fulfil one of the conditions essential to the overcoming of the crisis and to the functioning of international economic planning.

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IV. Credit Questions

- (33) The chief feature of the banking policy of the present capitalist economic system is that the banks, which are both reservoirs for the accumulation of money capital and distributing stations of this accumulated national property, do not provide or distribute credit in accordance with the economic interests of the community, but are merely actuated by the desire to obtain as high profits as possible. The world economic crisis has shown that the organisation of banks which, like their policy, is based on private capitalism, has been a failure: and that the capitalist system of credit has collapsed owing to its own defects.
- (34) In nearly all lands big banks which held a dominant position in the credit system have either collapsed completely or have been saved **only** through the intervention of the state in the form of state subsidies. The state, that is to say, the community, has thus been obliged to take on itself the responsibility for damages caused by the failure of the financiers of the whole world to do their duty in regard to the capital entrusted to them and to fulfil their rightful functions in respect of national economy and the provision of credits: instead, they have yielded to their lust for power and striven to use their facilities for granting credit to strengthen their hold over the industries, a policy which has been rendered even more deadly by the excesses of speculators. For the sake of profit-seeking and speculation, they have also granted credits, without aim or plan, for competitive reasons: this action of theirs has greatly contributed to **disorganise** the economic system in all lands, an outstanding evil being the support thus given to irrational rationalisation and the excessive capacity for production which has followed upon it.
- (35) Labour takes the standpoint that it will only be possible to put an end to these untenable conditions in banking and the credit system and to destroy speculation and replace the present planless economic confusion by a planned distribution of credit when the influence of private capitalism in the banks has been broken and a state-controlled banking system has taken the place of the present private banking system. It would be the duty of such state-controlled banking system to cooperate closely with the Central Bank of Issue in distributing credit and capital according to plan. The stock and commodity exchanges would have to be supervised and speculation held in check by strict control of arbitrage and forward buying, etc. The working class demands therefore that the banks be placed under public control, the controlling authority being itself under the definite guidance of the state. The same demand is put forward in respect of insurance companies which accumulate the capital saved by the people in exactly the same way as the banks, for the credit policy of such institutions is open to precisely the same objections as that of the banks.
- (36) The working class therefore demands the nationalisation of the banks and insurance companies. Until this has been completed down to the last jot and tittle, there must be state controlling bodies, perhaps the establishment in every country of a board to control the credit and investment policy of banks and insurance institutions, even during the transition period. The numerous failures of banks and insurance institutions have furnished ample evidence that a planned credit policy which will prevent the squandering of national property and eradicate the evils of a biassed distribution of credit will not be possible until the banks and insurance institutions are no longer appurtenances of private capitalism, and until credit is distributed in accordance with a planned scheme and capital guided from the point of view of the interests of the community. The planned distribution of credit and the planned guidance of capital are essential conditions both for the overcoming of the crisis and for a planned administration of the economic system in general.

- (37) Since in so many countries the state has been compelled to intervene in order to protect the economic system from the fatal consequences of a complete collapse of the banks and the whole credit system, the working class demands that the influence which the state, acting in some cases at the express desire of the bank directors, has thus obtained, which influence will be in proportion to the shares taken over by it, be used to put systematic pressure upon the future investment and credit policy of these banks. The State (in other words, the community) is even to-day compelled to supervise the business management of the banks and to safeguard the influence which it even now possesses over the banking institutions.
- (38) Internationally, planned work in connection with Labour demands for currency policy can only be done when there is a guarantee in the individual countries for credit control and capital guidance functioning in the national interests of the respective countries. But the working class also takes the standpoint that the taking over of the banks and the present banking system do not provide *sufficient* guarantee: it is also the duty of the state to guide according to plan the whole of the distributive machinery of the banks (now competing with each other) and incidentally to take steps to put a stop to speculation with all its fatal results. Credit must be distributed with a view to providing all sections of national economic life with the capital needed by them. Hence the demand for a planned distribution of credit is bound up with a systematic planned reconstruction of the whole machinery of credit. A Central Banking Board, which will also supervise the insurance institutions, must vigorously put this work in hand as soon as bank and insurance institutions are brought under control, that is to say, in the transition stage to their complete nationalisation. An important starting-point of the planned guidance of the whole of the banking and credit system is to be found in the public credit system, which is already of considerable economic importance: this takes the form of state or semi-state institutions, such as public credit institutions, savingsbanks etc.

V. Production

- (39) The distinguishing feature of the economic situation of the world to-day is that, both for the production of raw materials and for industrial output, the machinery and plant available is far greater than is needed to satisfy the present demand, the industries making 'capital' goods being much better equipped than those making goods for consumption.
- (40) The cause of this double disproportion is to be found in capitalist economic methods, which are not dominated by the point of view of supplying human needs as efficiently and reasonably as possible, but only encourage private initiative to act when there is an attractive prospect of high profits. Those branches of industry which have promised speculative profits have inevitably been overcapitalised in quite a short period of time, so that there has, of course, been an insufficient yield of profit on the capital thus invested, because it has been impossible to utilise to the full the industrial plant which, being based on speculative expectations, has proved to be too large for normal purposes. This chaos in the realm of production has been greatly aggravated both by the war and by post-war developments, partly because the breaking of world economic bonds by the world war has compelled a number of countries to set up industries for themselves and partly because the growth of nationalism and the reawakening of imperialism have led to excessive protection of native industry. The result has been that an enormous quantity of world trade has been brought to a complete standstill.
- (41) Rationalisation and technical progress have further contributed to raise to gigantic proportions the productivity of human labour and the capacity for output of industrial machinery and thereby also the potentialities of output of raw materials. This tendency has not only caused capacity of production, especially nationally, to rise to a point far in excess of what is needed or what can possibly be consumed: it has also completely changed the structure of the whole economic and social edifice. In the course of this development the once independent employer has gradually become merely one of the constituent parts of an employers' association which, like others of its kind, has arisen partly to counterbalance the working-class organisations, and partly because it is desired, in the interests of employers themselves, to check unbridled competition. Meanwhile, many handicrafts have continued to dwindle and growing sections of the population have slid down into the proletariat or been transferred to new economic functions. Social and economic trends ran on parallel lines, combining to constitute a process of concentration, the final result of which has been that out of a great variety of originally independent small or medium-sized businesses, there have arisen, under the further stimulus of rationalisation and technical progress, enormous businesses, fewer in number, but much more powerful economically. Some of these have taken the form of trusts, so that they constitute single concerns; others are giant combines bound to each other by many a link and holding in economic life the position of monopolies.
- (42) In view of an enormous increase of production and a tremendous rise in capacity of production of industry in the last few years, there is to-day a 'crisis of superabundance'. The world is slipping deeper and deeper into the mire of unemployment and destitution, and this in spite of overflowing stocks of goods! Those who control the raw materials of industry and the means of production see no other way of safeguarding their own profits than to strangle production, to store the goods they have produced and to destroy great masses of products, although the needs of consumers are undoubtedly great enough to justify an increase in production and to ensure the consumption of every morsel of the agricultural raw materials. A chaos of superabundance—this is what unrestricted capitalism leads to, in its planless march towards capitalistic monopoly.

- (43) The working class has made bitter war upon this trend of development, accompanied as it has been by an unscrupulous exploitation of human labor which has gone so far as to rob millions of their daily bread. From its fundamental hostility to the economic dominion of private capitalism springs also labour's attitude to certain partial manifestations of it within the sphere of production.
- (44) In principle, the working class has had no objection to the concentration process because, although this has made the capitalist economic order even more untenable than before by maintaining profit-seeking as the basis of economic activities, yet it did at first bring more order into the sphere of organisation, which had been that of thousands of concerns working planlessly alongside of each other, and these reforms will doubtless become important starting-points for planned economic management when economic life is radically reconstructed. Monopolistic production, too, which has established trusts and other kinds of giant concerns of the same order, is to be welcomed in principle, because planned production could be much more easily established under its aegis than with large numbers of small concerns. But this acceptance of structural changes is by no means equivalent to approval of the economic management of these concerns. In cartels, syndicates and other similar forms of organisation brought forth by capitalism, the working class sees practical possibilities for a planned economic administration, provided that the present widely accepted principle of competition is cast out both from within and outside these forms of organisation, the power of the propertied sections is broken down and, profit being eliminated, the new forms of economic administration are used to promote the principle of a planned supplying of human needs.
- (45) The attitude of the working class to the question of technical progress and rationalisation has also been clearly recognised for years past: the working class endorses technical progress and welcomes rationalisation, because both open up opportunities for lessening the expenditure of human labour. Technical Progress and rationalisation must both be approved when regarded from the angle of supplying mass needs more easily and more efficiently, while at the same time reducing hours of work. But the working class is inexorably opposed to the application of technical progress and rationalisation if economic rulers only use these means to their own advantage and against the working class and whenever partial rationalisation, seen from the standpoint of the community, involves national economic losses rather than gains. Hitherto employers have utilised technical progress and rationalisation merely as means of increasing their own profits and expanding their own personal power: so that, although these new methods have enormously increased capacity for output, they have not helped towards a better supplying of the needs of the masses nor towards cheapening goods. In fact, the frightful result of their adoption has simply been that, in total disregard of all the dictates of mankind's social and economic sense, millions of workers and salaried employees have been rendered permanently unemployed.
- (46) Hence the working class demands that working hours shall be constantly adjusted to the sliding scale of rationalisation and technical progress. Work that is already in hand or that needs doing should be distributed evenly among all the workers available. In its combatting of unemployment the working class demands, first of all, and as a temporary expedient only, the statutory establishment of the 40-hour week or the 5-day week in all undertakings and all countries as the maximum working hours. The working class is well aware that a much greater shortening of working hours is necessary to give all men work again, and that shorter working hours would be sufficient to ensure all men a much better satisfaction of their needs than is the case to-day.
- (47) These measures must be supplemented by a carefully regulated national and international labour market policy, in the controlling bodies of which the working class must have a preponderant influence. Labour exchanges and vocational guidance on a national basis must be in close cooperation with an International Labour Exchange, whose duty it would be to provide internationally the labour required. The authority for the international creation of employment which, in concert with the planning organs of the Department for the Supply of Needs, would have to supply the requirements of the big economic areas under the Economic Planning System, would be an excellent instrument for giving effect to such carefully planned Labour market policy.

- (48) The normal course would have been for technical progress to lead to the reduction of hours of work and of prices, and for this to be accompanied by increased consumption and the reabsorption elsewhere of such labour as was released. But this natural course has been interrupted by the profit-seeking ambitions of the economic rulers, so that rationalisation has been used only to intensify the economic catastrophe which is the natural outcome of capitalism. Hence the working class demands that the means of production and its plant be transferred from private hands to the community. It is the more set upon this because the pressure of the crisis has already made it necessary for the State (that is, the community), to lend its aid to prevent the breakdown of indispensable or vitally important concerns, and thus the State has already become a large financial shareholder in means of production; in addition to which, it is often the chief provider of credit for the economic system in general, through a variety of institutions founded for the purpose.
- (49) The working class demands in the first instance that all those branches of industry which have claimed or received state assistance shall be placed under the permanent control of the State and shall subsequently be converted into constituent parts of a state-owned or state-controlled economic system. For this state-owned or state-controlled economic system the working class demands, as a transition measure, a Central Planning Board. In the view of the working class, however, such state intervention, although it may perhaps prevent any further aggravation of the crisis and thus save a further increase of suffering and destitution, cannot prevent the recurrence of similar economic catastrophes. It is therefore necessary that state intervention in economic life, instead of being granted reluctantly and planlessly whenever there happens to be an emergency, should be guided by a pre-arranged plan. The practical object should be gradually to transform the economic order of private capitalism into an economic order for the supply of human needs and to do this by means of a fundamental change of structure.
- (50) Apart from such transition measures, the working class demands that the key industries, the wealth of the soil, the vitally important raw materials industries, all power and public utility administrations (electricity, gas, water) and all traffic and transport machinery shall be handed over to the community.
- (51) Enumerated in detail, the working class demands the nationalisation of: mining and all its subsidiary industries; the iron and steel industry including the shot industry and all metallic ore mining; the chemical industry, inclusive of artificial fertilisers; the most important kinds of building materials, especially cement, while all public utility undertakings, such as gas, water and electricity, must be under public control.
- (52) For economic and political reasons the working class demands that when the iron and steel industry is nationalised, the whole of the armaments industry shall be brought under state control.
- (53) Not until the whole machinery of production, beginning with the raw materials industry and ending with the finished goods industry, shall have been subordinated, by means of state control, to the supreme principle of serving the interests of the community will the abuses and defects of the present system of production be eliminated and the substitution of an efficient system of economic planning will take the place of the present planless overlapping of the machinery of production which leads so inevitably to economic catastrophe. As soon as the most important branches of industry have been nationalised, controlling bodies forming part of the Central Planning Board must be set up for every section of production, to supervise the volume and form of production and the further shaping of the machinery of production, a special feature being the wise utilisation of technical progress and rationalisation; the volume and form of production will then be determined solely by the principle of the adequate supplying of human needs. This same principle of the supplying of needs also makes it essential that the rest of the machinery of production, which has to be carried on with smaller businesses of great variety, shall be brought under certain rules, so that in the future economic order such businesses as are not subject to nationalisation shall not be able to prejudice the universal principle of economic planning. Economic planning on the sole principle of supplying needs as fully as possible will be unable to dispense with small businesses and handicrafts, for it will need both, especially the latter, in the service of a planned supplying of the masses with all the goods they require for consumption.

- (54) In the great edifice thus erected on the principle of economic planning, individual branches of industry and industrial districts would in each country be grouped under a Central Planning Board, which would direct and control the whole of the national economic system.
- (55) Internationally, the working class demands that there shall be planned and systematic cooperation both in the producing and distributing of raw materials and in the chief branches of industry individually, the guiding principle being always the international division of labour. This would put a stop to the present wasteful exploitation of raw materials and would also ensure the greatest conceivable world economic efficiency from the point of view of the supplying of human needs.
- (56) But until such international regulation of production has been established and safeguarded by the nationalisation of the various branches of production and the cooperation of the national controlling organs, there must, as an intermediary stage, be binding international production agreements for all important raw materials and semi-manufactured goods similar to that which has long been desired in respect of coal; and international cartels and syndicates must be placed under public control and utilised to this end. (See section VII.)

VI. Traffic – Transport – Distribution

- (57) The same defects and abuses which are characteristic of the other parts of the economic machinery are also to be found in the traffic and transport system as a whole, and above all in the commercial machinery serving for the distribution of goods and supplying of the masses. Owing to competition, inland commercial machinery in particular consumes far more labour and energy than it need. Planless work which both overlaps and competes has caused a quite unnecessary and very expensive inflation of the distributive machinery, which raises prices, with the practical result that commodities are forced to go the round of a long chain of commercial middle men before they finally reach the actual consumer. Incidentally, such faulty organisation also involves a great waste of goods which are either wholly or partially spoiled. The needless multiplication of commercial machinery is in almost all countries a typical feature of capitalist planlessness, and it works out very prejudicially to consumers.
- (58) The working class created many years ago consumers' associations to provide the people with mass goods in the most efficient and cheapest way, the distribution being on the basis of cooperative consumers' associations promoting the interests of all their members. In many countries these associations, together with the big departmental store concerns, have already become the chief centres for supplying large sections of the population and as such, they constitute useful models for reorganising the whole machinery of distribution.
- (59) The working class demands that the machinery for the distribution of goods shall be organised on the basis of an economic system functioning for the supply of human needs, the organisation to be by the shortest and quickest methods, to the exclusion of all unnecessary and circuitous processes which only add to the expense. By this means the producer will obtain more for his goods, while the consumer will only need to pay a much lower price, owing to the exclusion of the profits which now go into the pockets of the many intermediaries.
- (60) Until profit-seeking can be entirely eliminated and production and consumption can be systematically based on the supplying of human needs, the working class demands the expansion and promotion of consumers' cooperative societies under state protection. If there are traders' cartels, they must also be placed under the control of the Monopoly Office (see Section VII) as must all undertakings of a similar monopolistic nature, such control being especially strict in respect of price fixing.
- (61) Under an economic system for supplying human needs, mass goods must be systematically distributed on the basis of the common weal, by an Inland Trade Board, whose duty it would be to collaborate with the other organs of economic planning, especially those dealing with production and agriculture, in ascertaining needs and providing for smooth and prompt distribution of goods. This Inland Trade Board would have a trade monopoly in all important mass goods, although smaller businesses would also be retained in order to supply other goods. All trade which is not directly nationalised would be controlled by the Inland Trade Board, in order to prevent the creeping in of abuses which might imperil the standardisation which must be the ruling principle of a planned economic system.
- (62) The supplying of the masses with the prime necessities of life, especially water, gas and electricity, would be the monopoly of the State alone. Even now these public utilities are very largely in public hands. The working class demands that the influence of private capital shall be entirely eliminated from their production and distribution. All public utility companies providing electricity, gas and water must be entirely public-owned (see Section V).

- (63) If the masses are to be efficiently supplied with what they need, the whole of the transport system and the whole network of traffic must be controlled and administered on a pre-arranged plan. The working class demands that the most important means for the transport of mass goods and passengers shall, if this has not already been done, be withdrawn from the private profit-seeking system and transferred to public ownership. First and foremost, the postal, telegraph and telephone system, railway traffic, large-scale navigation and long-distance motor-bus transport must be placed under public control and managed solely in the interests of the community. Similarly, all air traffic and the whole of the aviation system must be controlled by the public, and efforts made for the internationalisation of air traffic.
- (64) Until an economic system for the supplying of human needs has been completely established and the traffic, transport and distribution machinery has been adapted to the general system of economic administration and made a part of it, the working class demands that the traffic concerns which will later be nationalised and the companies engaged in supplying the needs of the masses shall be placed under a National Planning Board for public economic administration. Moreover, in the interim period the State must eliminate the worst defects and abuses of the distributive machinery by creating trading monopolies for specially important mass goods.

VII. The Regulation of Prices

- (65) Under the principle of free competition, which was the original basis of the capitalist economic system, prices were regulated in accordance with the law of supply and demand. That competitor was then proved to be the best whose costs of production were the lowest; the law of supply and demand forced the employer to work at the lowest possible costs of production, since these gave him the upper hand in the competitive struggle. The law of supply and demand operating together with the principle of free competition at first benefited the consumer in general. But the absolutely free functioning of capitalist principles could not but lead first to the ousting of producers who were incapable of competition and then to equality among the remaining producers, which meant their being gradually obliged to reduce their rates of profits as soon as they were unable to lower wages any further. Historical development has shown that the capitalists have shaken themselves free of the principle of free competition, because in this fight of all against all the simultaneous operation of competition and of the law of supply and demand eventually caused the rates of profit to be too low.
- (66) When this point was reached, capitalism proceeded to encroach upon the principle of free competition in order to put a stop to this unwelcome phenomenon. Free competition was gradually ousted by agreements made between the former competitors for the sake of safeguarding their joint profits, the result being that in the modern capitalist economic system there is very little freedom of action left to the individual employer.
- (67) Cartels, syndicates, trusts and other monopolist organisations have enabled employers very largely to eliminate competition among themselves and to secure dominion over the market and the consumers by artificial means. From that moment onwards, the regulation of prices came under the operation of other laws or, in other words, it was subjected to the influence of a dictatorship due to the dominion of the monopolistic organisations. The amalgamation of employers into the cartels, syndicates and the other similar bodies which are so conspicuous a feature of the economic system means that prices are determined by the costs of production and rates of profit of the most unprofitable or worst-managed member of the cartel or syndicate. This has introduced into the economic system a new element of costs, which has had a fatal effect upon further development of these organisations.
- (68) Under the shadow of the powerful cartels and syndicates there grew up new groups of competing enterprises, which owing to the more rational equipment of their plant were able to take advantage of the high prices guaranteed by the monopoly and thus to amass exceptionally high profits. On the one side, the effect was the planless mal-investment of new capital, which tended to intensify the inordinate capacity of production of the various industries, this new capital having, of course, had to be withdrawn from other sections of economic life. But although the creation of cartels and syndicates had put a stop to outside competition, acute competition arose *within* the cartels and syndicates, because they were from their very nature forced to resort to the allocation of quotas of production and sales, and these were usually determined by the different degrees of efficiency of the individual concerns. Thus, any strengthening of power within a cartel or syndicate, and hence also in the economic system generally, brought in its wake the need to increase the output capacity of the concern for the sake of being able to claim a larger share of the quota, whether such increase were necessary or practicable from the economic point of view or not. These quota disputes are an outstanding feature of the monopoly system of economic administration and have contributed enormously to the intensification

of the planlessness of economic administration as a whole: they have also added to that excess of production capacity of favourably-placed branches of industry which is to-day so characteristic of the whole situation.

- (69) Yet another important element in costs arose to influence price-fixing, this being the growing importance of "fixed costs", which have now become the paramount factor. These came into being through an expansion of capacity of production to a degree which could not be utilised for actual production. The advantage derived at first by the economic system as a whole from the stabilisation of prices was quickly sacrificed to the far greater disadvantage of the high levels at which prices were stabilised by the cartels and syndicates. It was possible to fix prices at these unreasonably high levels solely because enterprises which could never, singlehanded, have attained so commanding a position in the economic system were able, through the creation of artificial monopolies, to obtain a power over the consumers which enabled them to exploit the latter, to the prejudice of the whole community.
- (70) The working class regards cartels, syndicates, trusts and other monopolistic forms of organisation as the starting-point of a planned shaping of production and distribution. These opportunities of planned economic administration will however continue to be illusory so long as such organisations are created and administered for the sole purpose of safeguarding profits and attaining to power which is used, not *for*, but *against* the economic order in general, since it is a deliberate blow at consumers.
- (71) The working class demands, therefore, that the power of these monopolistic organisations shall be broken by the creation of a State Cartel and Monopoly Board in every country, whose duty would be to supervise their plant, production and market policy and, most important of all, to dominate their price-fixing. All cartels and kindred organisations of employers, such as combines, trusts etc., which hold a monopolistic or nearly monopolistic position in economic life, must be brought under the control of this Cartel and Monopoly Board. The Office must represent the interests of the community in respect of production and price-fixing: in respect of the maldistribution of capital which has led to the present chaotic conditions it must co-operate with the Banking Board and the Central Bank of Issue and be guided by the necessities of the whole economic system.
- (72) Nationally, the control of prices to be exerted by the Monopoly Board must concentrate chiefly on attaining the right balance between prices and wages, since no planned economic administration is really possible if the two great economic zones of production and consumption are not in harmony. The working class has always waged vigorous war against the principle, always predoomed to failure, of low wages and high prices, since it holds that a disturbance of the balance between production and consumption is the only true cause of the crisis. To cut wages during a time of crisis and so to deliberately reduce purchasing power has never remedied any crisis, but has always tended to aggravate it. The working class defends the principle of high wages, because it knows that it is only through high wages that it is possible to expand capacity for production and again it is only by means of the expansion of economic capacity to the full that the welfare of mankind can be ensured and promoted.
- (73) Internationally, the working class demands international control over prices: partly by bringing international cartels, syndicates and other monopolistic enterprises under the control of an International Cartel and Monopoly Board in close cooperation and in constant touch with the national controlling organs: and partly by ensuring that stability of world market prices which is so necessary for the smooth functioning of the world economic system. The deflationist policy of the various countries and the heavy fall of world market prices have shown all too clearly how devastating and how inevitable is catastrophe if no measures of any kind are taken to maintain prices.
- (74) The working class takes the standpoint that it is impossible to overcome the present crisis until a halt has been called to the further fall of the world market price level and a new level of world prices has been formed and stabilised which will guarantee the countries producing agricultural and industrial raw materials the necessary purchasing power. The stabilisation of prices must be sought, not by strangling production or by destroying goods, but by increasing mass purchasing power through the increase of consumption. In

so far as this leads to a rise of world market prices, the working class is of opinion that it may be possible, when national measures are taken against the price dictatorship of monopolistic organisations, to raise and stabilise the world price level and yet to avoid a rise of the price level in countries whose inland price level has not followed the downward slide of world prices.

- (75) The working class takes the view that the reduction of the prices of specific products by the destruction of the arbitrary power of the monopolistic organisations,—together with a simultaneous change in customs policy—does not preclude the demand for a rise in the world price level: justice can be done to both demands, provided that the right measures are carried through on a pre-arranged plan. It holds the view, moreover, that even a raising of world prices and their stabilisation at the new level would not involve any permanent improvement in the economic situation unless there has also been a systematic eradication of all abuses connected with the regulation of prices in the national economic area.
- (76) The planned regulation of production is the right method for achieving this end (See Section V).

VIII. Agriculture

- (77) Apart from the question of the prevailing economic system, agriculture is of the utmost importance because it is the chief source of the nourishment of the people. This, however, has not prevented the capitalist economic system from adopting an agrarian policy which has attached greater weight to the transitory profits of the agrarian producer than to the safeguarding of the food supplies of the people. The mistaken view held in almost all countries that a national basis of food supplies must either be created or protected has rarely led to any real benefit to agriculture, to say nothing of the economic system in general. The regulation of prices attained by protectionist policy has, on the contrary, injured consumers without being of any effective help to agriculture as a whole or guaranteeing it the necessary yield on its outlay.
- (78) Of paramount importance for the solution of the agrarian question which is in all countries one of the gravest of problems, is a knowledge of the present trend of agricultural development. The chief features of this trend of development are greater mechanisation and the scientific improvement of the artificial fertilisation of the soil. A study of such development shows that agriculture is faced by questions which go down to the very roots of its existence, as for instance the introduction of tractors and combined reapers and threshers in connection with the opening up of enormous new areas for extensive cultivation. Furthermore, by drawing agriculture into the orbit of the capitalist economic mechanism, a change has been wrought in the nature of agricultural cycles which, formerly dependent chiefly upon harvests, are now increasingly influenced by the general causes of the crisis. Added to this, there are other factors making for difficulty, such as important changes in the growth of populations and in the respective proportions of the various sections of the populations, which cause a general shifting of purchasing power and lead to variations in the kinds of goods consumed.
- (79) The working class holds the view that the complete solution of the whole agrarian question and of that of each individual nation is only possible on the basis of the supplying of all human needs and by division of labour and cooperation between the spacious and extensively cultivated agrarian districts of the typical grain-producing countries and the intensively cultivated agrarian districts devoted to dairying, poultry-rearing and the like. Within the large economic units which are to be formed the prevailing nationalism of agrarian policy, too often guided by imperialist considerations, should be replaced by a continental agrarian policy inspired by principles of division of labour. Differences in climate and accessibility of markets are arguments in favour of large economic areas as the basis of farming and of planned agrarian policy.
- (80) But even before this ideal can be achieved, remedies must be found for the chief abuses of economic administration by private capitalists in the domain of agriculture which are to be found in almost all countries alike. These consist, nationally and internationally, of the inevitable planlessness of production carried on for profit only, the lack of any regulation of the markets and lastly, the fundamental error of a policy of agrarian protection in all countries. In respect of agrarian production, then, the working class maintains its general views on trade and customs policy, but desires to emphasise the fact that protectionism in agriculture has almost always ignored the fundamental connection between mass purchasing power and agrarian prices, with the result that high inland prices have indeed been attained, but planless production has led to over-production and yet has failed to secure either adequate consumption or an adequate yield on outlay.

- (81) The working class would like to see the same economic policy applied to agriculture as it demands for the production, trade and distribution of industrial products. Hence the necessity, until the principle of an economic administration aiming at the supply of needs shall have systematically diverted agrarian production towards the needs of consumption, of replacing the present system of commercial policy by a planned regulation of prices by means of state trade monopolies under public control, to cover all the most important agricultural mass goods. This will not only equalise the international differences in prices which have arisen out of agrarian protectionism and cause such great diversity in the cost of living in different countries, but will also tend to prevent the price fluctuations which are due to the unregulated methods of capitalist production and which are so prejudicial to producer and consumer alike: the regulation of prices may also enable us to regulate the channels of production.
- (82) In connection with the demands of the working class in respect of inland trade and price policy, Labour further demands the rationalisation of the agricultural markets. The establishment of widespread sales and distributing cooperative societies will do much to bridge the wide gap now filled by "middle men" and thus ensure higher prices to the farmer while lowering the cost of living for the urban consumer. Close cooperation between the agricultural cooperative societies (distributive and sales) and the consumers' cooperatives of the towns should accelerate this process. The standardisation of agricultural produce is an important step towards the improvement of quality and the regulation of production.
- (83) The working class also demands that large estates and forests shall be transferred to the community and shall be managed either as public monopolies or as large-scale cooperative enterprises. In agrarian districts which are backward in agricultural applied science, especially those of Europe, suitable measures of rationalisation should be adopted (improved machinery, better means of cultivating the soil, planned irrigation and drainage, regrouping of scattered land for convenience of farming, better methods of rearing stock) in order to obtain the maximum yield from the areas available for agriculture, while at the same time reducing the cost of production. The promotion of productive cooperative societies is of especial importance in this connection. The Commission of the International Labour Office dealing with Cooperation Questions would here have a sphere of action to which it could devote its special attention.
- (84) In an economic system for the supplying of human needs, it is the duty of an Agrarian Planning Board, in close cooperation with the other organisations of that system, to draw upon the whole of the resources of agriculture in order to satisfy the needs of the community.
- (85) Another duty of this Agrarian Planning Board would be, in collaboration with the industrial controlling organs, to determine the nature and volume of the international division of labour in such manner as would make it possible for each individual country or large economic area to develop the maximum degree of efficiency and would ensure cooperation between industrial and agrarian states for the benefit of the general public. The stream of purchasing power would then serve to adjust the respective selling and consuming capacities of industry and agriculture and the necessary balance would be restored between these two paramount sections of economic life.
- (86) The solution of these problems is especially urgent for Europe. But they will not be solved till Europe is a single economic unit and till her industrial and agrarian states are no longer adversaries, but partners.

IX. Organisation of an Economic System for Supplying Human Needs

- (87) The working class holds that the transformation of the economic order to one which will supply all human needs—that is to say, an economic order organised from the sole point of view of the best possible supplying of the needs of the population and on the principle of the common service of the community, is possible and must be begun on the basis of the present capitalist economic order. In order to fulfil the demands which have been drawn up for the various sections of economic life, it is both possible and necessary to create a Banking Board in every country, which in cooperation with the Central Bank of Issue would be gradually transformed into a credit planning board with powers covering the whole nation. On the present economic basis it is also possible, in addition to the cartel and monopoly boards which, in controlling cartels, syndicates and other monopolistic organisations and in exercising control over prices, is already working in the direction of the regulation of production, to set up foreign trade controlling organs which in international cooperation with the foreign trade organs of other countries would set about organising trade relations, international division of labour and world exchange of goods. Besides this, the economic branches which are under state control could and would have to be brought together into a single organisation in accordance with a preconceived plan. The Central Boards for public economic administration in every country must first of all control those branches of industry which are already under state influence or will inevitably come under it in course of time. It would be for each state to determine for itself the best way of establishing its own controlling organs.
- (88) From these transition forms, which are instruments for the transformation of the capitalist economic order into a Socialist order supplying all human needs, there would be a gradual development of the institutions which are indispensable for the planned establishment of a complete system for supplying all needs.
- (89) In such system for the supplying of human needs the chief authority taking over the administration of the economic system and the responsibility for all economic measures would be a national planning board, which would be of the same nature as a National Economic Council. It would assess all needs and would then take measures to supply them, aiming always at the steady improvement of its service. Its measures would be decided upon and carried out in the closest cooperation with the other Planning Boards which would be set up for the individual economic departments. The credit planning board, which would take over the functions of the Banking Board in cooperation with the Central Bank of Issue, would have to deal, on carefully planned lines, with the whole question of capital and would therefore have to guide capital and distribute credit, also on planned lines. Then there would also be, according to the economic structure of the country, a production planning board for industry and an agricultural planning board in the form of economic councils. The production planning board would, in cooperation with the controlling organs for the supplying of consumers, take over the functions of the cartel and monopoly board. In addition to the organ controlling distribution, which would regulate the inland market, there would be the foreign trade monopoly board.
- (90) The national grouping together of these economic councils responsible for the planning and carrying out of measures would have to be so managed that in each body all sections of the population which are important constituent parts of the community would be represented in proportion to their importance; the organisations created for the purpose being recognised as the competent representatives of the specific sections of society.

- (91) The whole economic system would then have to be administered with a view to safeguarding the stabilisation of the standard of living of the entire population in proportion, first of all, to the existing economic capacity: and only gradually would there be progress towards an improvement of the standard of living. The national planning board would have to determine the rate of growth of the production and distribution machinery, that is to say, the volume of that part of the social product which would be withheld from consumption in order to be devoted to the accumulation of capital.
- (92) The organisations of economic management for the supply of needs of each individual country would in their turn establish the closest relations with each other and would, through cooperation, substitute solidarity for competition, thus systematically building up a planned economic system for the supply of needs in the large economic areas. When this has been done, a general economic council for large economic areas would be created side by side with the National Economic Councils. Under the principle of international division of labour the economic policy of the general economic council for large economic areas would be decided by a World Economic Council, which would have to fulfil the duties at one time entrusted to the League of Nations, but left undischarged by the latter for lack of adequate opportunity to function. The planning boards for the various economic branches within the national or large economic areas would work in close cooperation with each other and would be called upon to guarantee the carrying out of the economic policy laid down by the World Economic Council.
- (93) Until this objective shall have been achieved, the International Trade Union Movement maintains its old demands, "that the economic bodies connected with the League of Nations be developed into an International Economic Office in which the organised working class shall participate in the degree which is due to them and that all economic disputes which have not been settled by direct negotiation between the States concerned be submitted to an international court of arbitration".
- (94) It is the duty of the working class in each individual country to throw their whole energies into the struggle to establish these principles. The condition for their achievement, beginning with the transformation of the capitalist economic order and proceeding by way of the transfer of the means of production to community ownership, must end with the setting up of a planned Socialist economic order for the supplying of human needs, this being the only economic order worthy of mankind.
- (95) Socialism is not a system to be established in the future, it is a duty for the present time!