THE ROLE OF SOCIAL ANALYSIS IN SOCIAL STUDIES EDUCATION

A Thesis Presented for the Degree of Master of Arts

by

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INTRODUCTION

This document is divided into two major parts. Chapter I constitutes the first part and is devoted to an attempt to answer such questions as (1) what should be the major purpose of social studies education in the secondary school? (2) how has social studies education failed in this purpose? and (3) what general course of action is needed? Chapters II through VI constitute the second major part of the thesis. These chapters represent an attempt to develop a technique of social analysis based upon the discovery of what might be termed "long-range social trends" and the extension of such trends into the future. The task undertaken in the second part of the thesis follows logically from the conclusions presented in the first part.

It might be well at this point to indicate the general method of operation followed by the writer in carrying on this project. The first chapter is in large part a philosophically based analysis. Underlying this chapter is the unstated assumption that democracy is a desirable principle of social operation. Stemming from this assumption is the further assumption that the primary purpose of social studies education should be to impart to pupils attitudes and skills which will enable them, as pupils
and adults, to relieve the cultural tensions which appear to threaten seriously the continued existence of democracy. These propositions are offered as philosophically-based assumptions, because the writer knows of no way at this time to subject them to the process of scientific proof.

Given the assumptions, however, we may adduce various conclusions which can be tested empirically. For example, the conclusion that social studies education has failed should be susceptible of testing. Indeed, some evidence in support of this hypothesis is obvious upon the most cursory examination of the present social scene. A further conclusion of the first chapter, namely, that a major reason for the inadequacy of the social studies lies in the failure of educators themselves to understand the nature of the culture in which they live, should likewise be susceptible of empirical support — though such support is not presented objectively in this thesis. The evidence actually employed to justify this assertion was drawn largely from the writer's experiences as a student and teacher, during which he has been continually conscious of his own bewilderment at the complexities of our culture and has regularly encountered expressions of similar bewilderment on the part of other students and teachers. It is true, however, that a similar point of view is expressed by other writers. For example, Bagley and Alexander believe

1 Bagley, William C., and Alexander, Thomas, The Teacher of the Social Studies. Chapter I.
that in general American teachers in the field of social studies, on all grade levels including teachers' colleges, are inferior in subject matter preparation and in level of maturity to the teachers of many other countries. The same writers also point out that American educators are much less conscious than are educators of various other countries of the need for utilizing education as a means of bringing about governmental or economic reform.

If we grant that the teaching profession is not especially profound in its insights into the culture, then it follows logically that the average teacher can do little to assist pupils to gain such insights. This is bound to constitute a serious weakness in social studies education -- given the prior assumption that the purpose of social studies education is to acquaint pupils with the stresses and strains of the culture.

The social analysis in the second part of the thesis differs fundamentally from the first part, in that its approach is empirical rather than philosophical. The assumptions present in the second part are incidental, rather than complementary, to the major themes. The general method of operation was to read a large number of books devoted to what we might term "social analysis." The criterion for selecting these books was simply "Does the book attempt to throw light on the broad outlines of the culture, particularly those
long-range tendencies which give some indication of future probabilities?"

As a result of this reading, plus some fairly intensive cogitation on the part of the writer, an interpretation was developed which serves to explain certain features of our society, particularly those having to do with the future of democracy. There may be little scientific merit in the approach. The suggested conclusions, however, are to a large extent susceptible to empirical study which suggests that the degree to which they are invalid depends largely upon the failure of the writer to procure sufficient evidence or to interpret correctly the evidence that was available.

When one attempts to include so much material in so little space, as is true of this thesis, gross oversimplification becomes inevitable. Much of the analysis of the second part furnishes but a bare framework, subject to numerous qualifications whose inclusion space does not permit. It is arguable, of course, that, when engaged in, deliberately, in order to conform to space limitations, oversimplification does not necessarily invalidate conclusions.
CHAPTER I
WHAT'S WRONG WITH SOCIAL STUDIES EDUCATION?

1. The United States, 1944

The following news item appeared recently in one of the leading liberal journals: "... When two farmers, in need of labor for valuable crops imported a total of five Negro families into Ash Hill (Missouri) ... a mob of neighbors drove out the newcomers ... A school principal, son of the farmer who had imported four of the Negro families, was threatened with lynching by the boys of his school, as was his wife, a teacher. After some days of receiving obscene warnings both from Missouri and Illinois ... they resigned."¹

Racial bigotry has flamed on the West Coast. Directed at Japanese-Americans, it is being fostered by various so-called patriotic organizations and by the Hearst press. One of these organizations circulates pamphlets bearing the caption "No Jap Is Fit to Associate with Human Beings." A leading financial contributor to this organization is a prominent member of the Northern California Council of Churches. Certain papers of the Hearst press have suggested that the war in Europe is not the real war at all, but simply a "family affair" among like races. The real war is in the Pacific, they say, since

¹ The New Republic, January 31, 1944.
this is a war of races.

On January 9, 1944, "A gang of young hoodlums, yelling anti-Semitic insults ... grabbed Walter Rosen, 17, and beat and kicked him unconscious ... The owner of the bowling alley said that the police... showed sympathy not for the boy who had been beaten up ... but for a group of the hoodlums caught by radio ear a few blocks from the scene."

Attacks on Jews and the destruction of Jewish property has reached an unprecedented height in New York, Boston, and other cities. Swastikas are frequently found chalked on the walls and windows of Jewish stores.

A pamphlet entitled "The Races of Mankind," written by two eminent anthropologists at Columbia University, has been barred from USO centers because it is "controversial." The booklet presents the best available scientific evidence concerning race, but apparently persons in authority to withdraw the booklet cannot tolerate the conclusion that the different races of mankind are equal in potentialities.

Approximately ten millions of United States citizens in the South are disfranchised, largely because of the poll tax. For example, Rep. Gene Cox retained his poll-tax seat in 1942 by winning an election in which only 3,794 persons in the Second Georgia District (total population 273,000) voted.

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1 McWilliams, Carey, "Racism on the West Coast," The New Republic, May 29, and June 12, 1944.

2 FM, January 17, 1944.

3 FM, January 13, 1944.
Only one vote was cast against Mr. Cox, so 3,791 persons wasted their time. He needed two votes." Every effort to date, however, to repeal the poll tax through federal action has met with defeat.

Attempts to pass an effective soldier-vote bill were blocked by what has been termed an "unholy alliance" between southern Democrats and northern Republicans. Senator Overton of Louisiana summed up the southern point of view toward the federal bill when he stated, "We have got to maintain poll taxes and voting registration laws because we have got to maintain white supremacy in the South."

It appeared obvious, however, that the real reason for the rejection of the federal bill was the fear in Congress of the way in which the soldiers might vote.

Recently the Fourth Regiment of the New York State Guard at Queens was instructed in the technique for quelling "agitators." A mob of agitators (a staged affair) carried such signs as "We Want Food" and "We Want Jobs." The Guard leader, Colonel George W. Martin, told reporters that the drill was in preparation for a future time when the Guard would need to quell riots instigated by labor unions and Negroes. Martin was quoted as saying, "After the war if anybody tries to organize labor ... he'll be waited on by

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2 *PM*, January 27, 1944.
an American legion and told to pipe down." When asked what an agitator was, Martin replied, "... somebody who advocates socialism."

Pvt. S. K. writes a letter to the newspaper on the subject of soldier consciousness of war issues. He says, "It has been my experience to find that soldiers are first interested in getting home ... If one mentions to these soldiers what ending the war in a hurry means in terms of negotiated peace, armistice, etc., the reply is usually: 'That is above and beyond me, I want to get home and out of this army as soon as possible' ... generally speaking, the soldiers ... do not discuss or think about the type of postwar world for which they are fighting. They have no understanding of why or how we got into this war. They do not comprehend the world-wide effects of Nazism, Fascism, or Tojoism."

Although it would be impossible to say for certain what is the relationship between lack of a sense of purpose and mental disorder, the following news item is perhaps suggestive: "... neuropsychiatric disabilities accounted for the discharge of almost half the 474,000 enlisted soldiers returned to civilian life lately. In the navy, with a much higher percentage of volunteers, one out of three discharged is a neurotic ... A special 'cause for concern' was

1 PM, December 19, 1943.

2 PM, February 9, 1944.
The number of discharged for neuropsychiatric disabilities, particularly those occurring in the first six months of service.

If the ordinary man in service is confused by the issues of the war, our own State Department appears to be no less confused. In the name of "military expediency" we have come to terms with leaders having fascist sympathies in North Africa and Italy and we have continued a policy of appeasement toward Franco. We have not given full recognition to the French National Committee of Liberation, even though it speaks for the great majority of France. For a long time we refused to recognize the part being played by Tito's Partisans in Yugoslavia; instead we courted the reactionary Yugoslav government-in-exile and its tool, Mikhailovitch. Assorted reactionaries of various European countries have found safe haven on our shores. The fact is, our government has never decided whether it ought to support people's movements or ruling class movements in Europe, and the ordinary citizen probably isn't even aware that such political division exists.

There is currently a strong drive toward fundamentalism in religion in the United States, and the leaders of this movement are at the same time promulgating a political program which is of fascist character. Among the more prominent fundamentalist religionists are the Reverend Gerald B. Winrod of Wichita, the Reverend Harvey H. Springer of Englewood,

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1 *Time*, March 13, 1944.
Colorado, and the Reverend Gerald L. K. Smith of Detroit, the latter of whom is leader of the highly nationalistic and isolationist America First party. According to the New Republic, the ideology of authoritarian fundamentalism may be described as "anti-Soviet, anti-British, anti-New Deal, anti-Semitic, anti-international understanding, isolationist, chauvinistic and purposefully demagogic." The followers of these and other native fascist leaders number in the thousands, most of them fanatically dedicated to a program of hate and destruction. A number of Congressmen, particularly Nye, Hoffman, Fish, and Rankin, associate closely with the fundamentalists and in general follow the same ideological line.

The writer does not wish to imply that the foregoing incidents represent a fair picture of modern American society. Obviously, they do not. Rather, they represent a miscellaneous collection of incidents, some individual and isolated in character. They omit numerous counter-balancing incidents in which liberalism and good-will have prevailed. We have always had our bigots, our demagogues, our professional haters, and our gangster elements. There has always been a certain amount of confusion as to what the common values of our society should be.

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The important point is that the conflicts, hatreds, fear and confusion of modern society appear to be growing in intensity and to have a strength and tenacity unknown in former times. This opinion appears to be shared by social scientists and laymen alike. It is felt by everyone who follows the day-to-day news events. Everywhere there is a sense of impending crisis, and this feeling is heightened by the general realization that the war is doing little to solve the great unsolved social problems of our times. This feeling is well expressed in a recent article by Bernard De Voto, in which he says:

"... this war has begotten one fear which seems altogether new ... it may well be the most truly terrifying phenomenon of the war. It is a fear of the coming peace ... That once the external discipline of war is relaxed, there will be grave danger of our collapsing into disorder, disunity, civil and social strife. That whereas war has brought us hope, or at least courage, the coming peace may bring despair.

"In part it is a fear of the unknown in economics ... In part the fear ... is a social fear ... labor, for instance ... I have alluded to Jim Crowism and anti-Semitism ... Is something like the Civil War going to be fought out in modern terms, over the Negro again, or in suppression of the Jews or Catholics? ... Another element of this general fear ... is fear of the returning veterans ... few doubt that the men who have saved the country will be entitled to run it. Few doubt that they are going to, but just how, in what ways and to what ends? ... If you train ten million men in violence, destruction, and the negation of all law, how many are you conditioning permanently? ... veterans'}
bloc resolved to clean up the mess, or merely resolved to get what it considered its due, might be seduced, exhorted, or merely bribed to support a war on labor, to inflame Jim-Crowism or anti-Semitism, to effect any combination of the possibilities that seem so evil.

"It is true that, historically, the fear is not justified ... Nevertheless the fear is something new under the American sun. Fear of the future and fear of the peace are new elements in the consciousness of a nation which has usually thought of the future as its own domain and of peace as its particular mission."

If it be asked what relevance these symptoms of cultural sickness have to the problem of evaluating the effectiveness of social studies education in the United States, we must keep in mind that education in any society takes its purposes by studying the needs of the society. Unsolved problems and unresolved tensions and conflicts in the culture continually pose a need for their solution. Although some persons will deny that education should give attention to problems of the culture, it seems clear that education is at least one effective way of meeting social problems, even though its effects are usually indirect and not immediately discernible.

2. The purpose of education in a democracy

It would probably be a matter of common agreement that the educational system of any country should serve a two-fold purpose. First, it should protect and preserve those features of the culture which are commonly agreed to be desirable; and second, it should implement the coming of changes in those features of the culture which are commonly agree to be undesirable. Thus education, while preserving parts of the status quo, also becomes an instrument of change. In primitive societies the latter function may all but disappear. In its broad essentials, however, this principle is found to exist in authoritarian as well as democratic states, in primitive as well as industrial societies.

Although this principle, stated in general form, seems quite simple, a moment's examination makes it clear that it meets with special difficulty when we try to apply it to the democratic society of today. Whereas in an authoritarian system the portion of the present culture which is to be preserved and the ideal state toward which the society is striving can be fixed definitely and permanently by the ruling group, in a democracy the people are likely to get into endless controversies over what their current institutions and ultimate goals should be.
The idea of democracy itself is by no means a static concept. Among different segments of the population and at different historical periods we emphasize different features of democracy. We may put great stress on individual freedom, or cooperativeness, or equality, or civil liberties, or Christian brotherhood, or something else, depending upon which will suit our interests most at that particular time and place. Yet, under given conditions, these different points of emphasis may clash sharply with each other.

The situation is further complicated by the fact that even if most of us were able to agree on a theoretical concept of democracy, we would be unable to agree on its specific meaning in terms of institutional organization. Conservatives often seem to believe that if democracy meant laissez-faire in 1776 then it must mean the same for the next ten thousand years; on the other hand, most liberals believe that at one given time and place democracy might mean laissez-faire; at another time and place the "enlightened" capitalism of the New Deal; at another time and place a mixed economy as in Scandinavia; at still another time and place, socialism; and so on.

Although there was fairly general agreement during most of the nineteenth century on the social implications
of democracy, particularly in the realm of economic organization and the relation of government to business, there is no such general agreement today. And the problem of race relations, which flared into civil war during the nineteenth century later to subside, is again mounting in intensity. Out of the violence of this disagreement over the social implications of democracy have risen anti-democratic forces which profoundly menace democracy itself.

The question arises, must democracy be so torn by internal dissension that its very foundations crumble? Are the causes of social cleavage within our power to control? Such questions are difficult to answer, particularly since different persons will assign different weightings to the relevant facts of the case. This much we can undertake to answer: An unprejudiced study of the historical development of democracy, both here and abroad, should go a long way toward enabling people generally to settle on a common concept of democracy. Such study can at least furnish a better basis for discussion and reduce the emotionalism and wild assertion which characterize present arguments. We have no basis for saying that common agreement on the meaning of democracy is not possible until our schools and other media of education have done a better
job in their presentation of the historical development of democracy.

Furthermore, if there can be common agreement on a fairly precise definition of democracy, then an unprejudiced study of the culture should reveal which elements of society are not in harmony with the democratic concept. At a given time and place, democracy is likely to imply a quite definite and concretely definable institutional organization. If young people are permitted to study the stresses and strains of society which result from the conflict of democratic and anti-democratic forces, then it is reasonable to expect that as these youth become adults the social tensions can be relieved. Such study should reveal to the young person's mind the kind of society we must have if our democratic development is to continue in orderly, peaceful fashion, and thus to enable him to work for that kind of society in later years. The schools can carry out this task if they will.

It would be tempting to say that educators, because of their access to reliable sources of information and their relative lack of prejudice, should determine what democracy means in the present cultural context, what institutional changes are called for to make democracy secure, and teach this information to pupils. Since a major aim
of education must be to aid in resolving social tensions, it might seem that an out-and-out program of indoctrination along the lines suggested above would result in a uniformity of opinion and steadfastness of purpose that would enable the coming generation to bring the needed harmony into social relations.

The emphases of social studies education, however, should be upon examination of the problem, rather than upon a comprehensive, ready-made program of indoctrination. We must grant at the outset that those who favor indoctrination have certain arguments in their favor, which space does not permit us to deal with here. But there are at least two compelling reasons why we should be chary of the indoctrination idea.

For one thing, we must entertain profound doubts as to whether or not educators in general -- both college personnel and secondary school teachers, as well as administrators and other personnel who would have a hand in the program -- are sufficiently agreed on the meaning of democracy and its implications for institutional re-organization to be able, even if they wished, to set up a consistent and workable plan for indoctrination. The chances are they would be drilling a thousand and one different sets of absolutes into the minds of their pupils,
which would result in greater confusion than ever. We must remember that because of the different source from which authority springs, the authoritarian state can blanket the schools with a unitary ideology which would be quite impossible in a democracy.

Another thing we must not forget is that historically the reign of reason over prejudice, mysticism, and emotionalism has been an important, if seldom fulfilled, part of the democratic ideology. Today we stress the scientific method of thought as being the method of operation distinctive to democracy. Historical analysis suggests that it is as man applied reason, or scientific methods of thought, to his problems that he has achieved progress and a more decent life; the application of the scientific spirit to social problems, therefore, seems to be our best hope for the future. We can not begin denying the place of reason in our educational philosophy and keep our educational system in harmony with the requirements of democracy. The promotion of respect and aptitude for the scientific method is not likely to come to pupils through a program of indoctrination, but only as pupils themselves are permitted to examine, to study, to discuss, and to formulate hypotheses.

On the other hand, the fear of many teachers and textbook writers that they might be accused of indoctrination
has led them to shun conclusions as one would shun arsenic in the tea. This state of affairs is probably worse than deliberate indoctrination. It is the function of the teacher to present various interpretations of historical phenomena together with the conclusions to which they tend. It is no less the function of the teacher to suggest that one conclusion is more in accordance with the facts than the others, if in his opinion this is true. In fact, the choice of subject matter to be emphasized will point to particular conclusions and these conclusions will usually be those of the teacher. The teacher is obligated to observe the scientific spirit, however, by insisting that no conclusions -- not even his pet ones -- are beyond suspicion; that people must be on the alert for new evidence, even though it destroys cherished beliefs; that all alternative conclusions be given a fair showing; that no relevant facts be suppressed; and that no pupil be penalized for his own opinion if it is honestly held. No self-respecting teacher can do less than this.

By way of summary, then, I should like to say that the function of social studies education in the United States at present should be to assist pupils in examining the historical development of the democratic idea and its implications for institutional organization, and secondly, to assist pupils in examining our present-day culture in terms
of its democratic and anti-democratic tendencies.

3. Has social studies education really failed?

The best answer to this question probably is that social studies education has had both its failures and successes, and it will be impossible to make a final evaluation until we see the results of the impending social crisis in the United States. Even then, it will be difficult to assign to education either its proper blame or praise in relation to the many other social agencies that perform an educational function and the many impersonal social forces which operate to shape our destiny.

The writer contends, however, that failure to live up to potentialities represents failure in a very real sense. And judged in this light, social studies education has a colossal record of failure.

By what evidence must we accuse social studies education of failure? The incidents cited at the beginning of this chapter provide evidence -- not the individual incidents of intolerance, hatred, and violence in themselves, but the deep and incisive cleavages of our whole society to which these individual incidents point.

Again it is difficult to say how much we should expect of education in reducing social conflict. As I shall later
point out, there is a great deal of determinism in modern society which reduces man's ability deliberately to shape his ends. It is quite possible that regardless of the effectiveness of education, we would still be approaching a social crisis. On the other hand, perhaps without social studies education of a certain degree of effectiveness our people would lack those attitudes and skills which have kept our society from flying apart before this.

A few questions reveal quite clearly, however, the basis for my accusations. What have the schools done generally, for example, to acquaint pupils with the scientific facts concerning race? What have the schools done generally to acquint pupils with an economics consistent with the unorthodox economic world in which we are living? What have the schools done generally to acquaint pupils with the meaning of fascism, and the struggle between fascism and democracy in other countries? What have the schools done generally to acquaint pupils with the economic bases of this war, particularly the evils of the tariff system? What have schools done generally to give pupils a stake in this war so that they would know what we are fighting for? What have the schools done generally to prepare pupils for a world organization for maintaining the peace? We might go on and on with these embarrassing questions. The very existence of increasing
racial tensions, our continued inability to solve our economic problems, the sense of frustration and futility suffered by many of our soldiers, the thousands of fanatic followers of our fascist-tinted political movements, the lack of understanding of the meanings of the Russian revolution, the civil war in Spain, class conflicts in numerous other countries, together with our failure to predict developments in other countries and take steps which might have kept this war from occurring -- these and many other facts provide immutable testimony that social studies education of the past few decades has been a tragic failure.

4. Why has social studies education failed?

If we believe that social studies education has failed, let us see, if we can why this is so.

Education is not providing pupils with a clear concept of democracy, or an understanding of the conflict between democratic and anti-democratic forces and the implications of this conflict for the future. The writer submits that the primary reason education is not doing this is because the persons in charge of our schools are as much in the dark on these matters as the pupils themselves. This confusion among school personnel stems from several sources. One is
our failure to interpret history in such a way that it will
tell us the nature of the great social forces that are shap-
ing our world. Another cause for confusion is our tendency
to treat economics as a theology instead of a science. We
are unable to take the subject matter of the social sciences
and turn it into defensible theories which will explain the
great unknowns of society. How can educators prepare pupils
to live in a culture which they themselves do not understand?

It is not easy to assign the blame for this lack of
vital knowledge on the part of those who have charge of our
schools. We could not expect local school boards to con-
form to high intellectual standards because of the personnel
available for such jobs and the manner in which they are
chosen. And in all fairness, we can not expect administra-
tors to become experts in the field of social science, since
their task is that of coordinating effort and this calls for
general rather than specialized knowledge. What we can ex-
pect of these two groups is that they do not stifle effective
teaching on the part of those teachers who can do it -- an
expectation, unfortunately, which often is not born out. To
the extent that governing bodies in our school system hamper
rather than facilitate the needed kind of social studies edu-
cation they must bear their share of the blame for educational
failure.
The greater part of the blame must rest with teachers and teacher-training institutions. Because of the opportunities open to them for a better understanding of the culture, we have every right to expect, and to demand that they do better. What appears to be the source of difficulty?

It can be pointed out that most social studies teachers-in-training come in contact during their college experience with five times as many facts as they can assimilate. They take courses in history, economics, sociology, political science, psychology and philosophy. They frequently take advanced degrees in these fields. Why, then, are we turning out teachers who are as confused as anyone else by the social developments which are menacing democracy?

The main difficulty, it seems, is that the facts of history, economics, sociology and the other social sciences are still being taught to teachers-in-training in much the same way they have been taught since the beginning -- that is, chronologically, indiscriminately, and without relation to the pressing social problems. Facts are fired at pupils like shot from a shotgun, with the expectation that if a few hit home that is the best we can hope for. The dosage is plenty heavy, but the medicine lacks specificity.

Unless teachers-in-training are taught how to use facts in implementing their own thinking about social problems, they
can not become intelligent about our culture. What teachers need is more, not less, facts about certain things — such things, for example, as the development of democracy, the conflict between democratic and anti-democratic forces, and the implications these have for the future. But instead, what do we usually have? We have teachers who know the hour of the day the Pilgrims landed on Plymouth rock, but who are completely oblivious to the anti-Semitism currently being practiced in Boston; teachers who can quote in detail the ideas of Emerson, but who have never thought about the implications for democracy of Sewell Avery's social philosophy — and so on.

By way of reaction to the indiscriminate dosing of facts suffered in the past by teachers-in-training, many teachers are now insisting that a thorough knowledge of subject matter is not essential. It is sometimes held that a teacher need to know but little, so long as he can get that little across to students effectively. Without denying the importance of method, I sometimes think we make a fetish of method to the exlusion of a thorough understanding of the right kind of subject matter. Teachers-in-training take numerous education courses in which they get into involved discussions of the merits of the core curriculum, fusion courses, activity programs, units of work, visual aids, and so on. They study
intensively ways to make subject matter palatable, when this same subject matter is totally irrelevant to the problems of the day. We should consider the task of learning how to discriminate between useless and vital subject matter to be of equal importance to the improvement of methods.

In my opinion, the knowledge of the social studies teacher needs to go far beyond what he expects to impart to his pupils. Unless he is familiar with that part of history, economics, sociology, and the other social sciences which can illumine our present-day culture, he cannot himself be intelligent about the nature of democracy and the development of anti-democratic forces. Unless the teacher is well informed with a relevant kind of information, he can not know what is significant to teach and what is not. And unless he can evaluate the relative significance of the various parts of his subject matter, he can have no sense of direction in his teaching. These teacher, and there are many thousands of them are the ones who are wedded to the textbook, or who improvise aimlessly from day to day and resort to time-filling expediencies.

By way of summary, let me repeat that a major failing of social studies education is its inability to acquaint students with the nature of modern society, its conflicts and tensions, its potentialities for good and evil. As a result pupils are
leaving our schools unprepared to live in the world in which they find themselves, unprepared to understand the issues of the war, unprepared to fight fascism either abroad or on the home front.

The foregoing discussion may seem to suggest that the writer, because of some superior vantage point which enables him to correctly interpret the meaning of the times, is able to point with authority to the major blind spots in the intellects of social studies teachers. Such an implication is of course not intended. Although I have attempted in the remaining chapters to draw together the relevant facts of our culture into a meaningful pattern, the suggested conclusions are in no sense presented as absolutes. They are presented, rather, as tentative answers to some of the leading cultural question marks as they appear to the writer.
CHAPTER II
ON INTERPRETING HISTORY

In order better to understand the nature of modern society we need to concentrate on the kind of facts which will help us explain the dominant social phenomena; and since this is notably a period of rapid and drastic change, we need to study facts which will help us understand the nature and direction of change. We need particularly to understand the long-range tendencies which are at work modifying democracy and paving the way for possible authoritarianism.

In this connection, perhaps we need first of all to examine the broad sweep of history in order to see what meaning the present historical epoch has for us. I propose to begin by presenting a few hypotheses concerning the general nature of historical movement.

1. The pattern of historical change

When we view change in a highly generalized and abstract fashion, we observe that certain patterns tend to repeat

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1 The hypotheses of this section represent a synthesis of my own ideas with those drawn from such sources as the following books:

- Soule, George, *The Strength of Nations*
- Fromm, Erich, *Escape from Freedom*
- Arnold, Thurman, *The Folklore of Capitalism*
themselves under certain conditions. In order to understand why this is so, it is necessary for us to give brief attention to the nature of the relationship between man and his institutions.

Since institutions, in their sociological sense, can be defined as established modes of organized behavior, their function is that of providing permanence to the social structure.

Logically, each social institution should serve a definite purpose; in actual practice, many institutions continue long past the expiration of their original purposes because of sheer social inertia. As long as institutions meet a real or imagined need men will defend them and attempt to prevent their modification. When institutions cease to meet their purposes, however, men will attempt to change them. Institutional change usually does not occur, we might add, until conditions have become intolerable for a large part of the people — allegiance to habit and tradition being very strong among the human race.

It would usually be possible to effect a transition from one institutional pattern to another in orderly, peaceful manner, were it not for the fact that the institutions in question usually are meeting the needs of one sector of the population while at the same time failing to meet the needs of
another sector. In this case, one group will attempt to bring about institutional changes while the other group defends the status quo with equal vigor. Thus, ideological conflicts or in extreme cases even civil war may result.

When most people within a country agree on the desirability of a specific institutional pattern, we can expect a period of social stability ahead. When a large number of persons are dissatisfied with the prevailing institutional structure and at the same time possess the wherewithal to make their opinions felt, we can expect a period of social turmoil, followed by widespread institutional reorganization. Thus we have periods of relative calm in the affairs of men with little outward institutional change, interspersed with periods of turmoil or even open violence during which rapid social change occurs. For example, feudalism existed for many centuries in Europe, then gave way in many countries in the period of a century to the new institutional form of capitalism.

This gives rise to our habit of breaking history down into broad periods — such as the dark ages, the renaissance, the reformation, the French revolution, or as in the case of economic organization we speak of the periods of feudalism, mercantilism, capitalism, monopoly capitalism, and so on. Although such divisions may have an approximate correctness,
and are an indubitable convenience, they may be misleading.

There is a danger that when we think in terms of historical periods we may confuse social calm with staticity. Actually, human society is rarely static and this is especially true of Western civilization. Although the external features of a society may appear to be in doldrums so far as change is concerned, it is usually possible to detect beneath the surface forces at work undermining and sapping the institutional pattern and laying the foundations for future institutional reorganization. The wavelike motion -- crests interspersed with troughs -- which historical movement often appears to follow, may, therefore, be deceiving. A further illustration will make this clear.

When we give attention only to the external features of a social system, we are often surprised at the abruptness with which change occurs. An example of this is the coming to power of fascism in Germany -- an occurrence which seemed to turn upside-down almost overnight the established social pattern of many decades. Yet, one of the important features of fascism, the centralized, authoritarian control of economic institutions by a relatively small big-business class had been long in the process of development. In the realm of economics, German fascism did not start in January, 1933 -- it was already there, waiting for a Hitler to sweep away any
remnants of laissez-faire capitalism that might have remained. We may be certain that when a new social reform appears suddenly it already had deep, well-formed roots.

This leads us to another highly important generalization concerning social movements. There appear to be many times in the affairs of men when one institutional area, by virtue of its special place in society is able to furnish the dynamism for widespread social change, pulling other institutional areas along with it. For example, during much of the middle ages the church was perhaps the dominant social force. But since the industrial revolution economic institutions appear to be the dominant social force and the owners of the tools of production the dominant social class. The requisite for understanding this is not that one be a Marxist, but simply that one not be blind.

When we consider this idea in conjunction with the degree of interdependence of modern society, we arrive at another interesting generalization. In order for a society to operate successfully, there must be a large degree of harmony in its institutional pattern. Otherwise, conflicts will be generated which lead to bickering, indecision, paralysis or violence. If economic institutions represent the dominant social force, then obviously the entire institutional pattern must harmonize with the prevailing modes of production. As
modes of production change, then a general institutional reorganization must occur in order for harmony to be restored. Thus an economic revolution must become a social revolution as well.

We are now ready to suggest an answer to the question posed at the beginning of this section with respect to the meaning of the present historical epoch. The presence of internal conditions within this and other countries giving rise to sharp social conflicts immediately suggests the hypothesis that we are now at one of those nodal periods in the historical process when change is proceeding at a rapid rate, with a new social order about to be born. As we look around us we can see many persons desperately trying to defend the status quo while an increasingly large number of other persons are attacking it. If the hypotheses suggested in the two preceding paragraphs are correct, then we may conclude that it has been primarily economic developments which have furnished the motive power behind the present upheaval. In order to understand what is occurring, therefore, we need first of all to examine changes in the economic structure. The primary task of this thesis will be an examination of such changes and their implications.

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1 Ayres, C. E., in The Theory of Economic Progress, develops this idea. Mr. Ayres feels that lack of harmony may persist for a very long time, however.
One of the most pressing problems, of course, is to
determine in so far as possible where the present transi-
tional era is taking us. Chapters III through VI will be
devoted to this task. Before attempting to answer this
question, we should perhaps ask the prior question of whether
or not it is possible to predict the course of social change
with any degree of validity.

2. Can we predict the course of historical change?

When a teacher or pupil is asked the reason for studying
history, one of the favorite replies is that "By studying
the past, one can learn to predict the future." This is an
easy way to justify the teaching of history -- much too easy,
in fact.

So far, mankind has been disastrously obtuse in its
ability to predict the consequences of its own actions. His-
tory has been taught in the public schools for a long time
and statesmen and business leaders have been reading it for
a long time. Yet, error in prediction is more common than
success, even among people who ought to know.

Let us review a few notoriously wrong predictions of
the past -- all of which a better interpretation of history
and a better knowledge of the right kind of facts, might have
forestalled.
During the 1920's in the United States it was generally believed that prosperity would last indefinitely. Prominent economists as well as businessmen supported this view. Following the advent of the depression, these same persons as well as the public generally believed the country would soon recover without special government action. The President himself was unshakeable in his belief that prosperity was just around the corner. But, unfortunately, it stayed around the corner.

With respect to the foreign scene, it was generally believed in Europe and America that the Russian Bolshevik government would soon collapse following the revolution. The imminent collapse of the Communist system was predicted repeatedly throughout the 1920's. It was believed that Russia could not be industrialized, that the ignorant peasant could not be made to adapt to a modern, mechanized society, and that socialism was so contrary to the laws of economics and to human nature that it must of necessity be unworkable on a large scale. Finally, when Germany attacked Russia in 1941, it was generally predicted that the Red Army could not withstand the Wehrmacht for more than six weeks, that the Russian people would revolt against the Stalin regime and welcome the Germans as liberators.


2 Ibid.
and as we now know so well, these predictions were unanimously wrong.

Very few people in the United States were able to understand the nature of fascism after the advent to power of Mussolini, Hitler, and other fascist-minded dictators. Its necessity for aggression, its hatreds, persecutions, and brutalities, its corruptness -- none of these were foreseen by millions of Americans as an inherent part of the fascist system. We have been unable to understand the ruling class support of fascism, and the tendency of many clerics to toy with fascist ideas. As a result of this lack of understanding we have been unable to predict the future courses of fascist countries and the development of fascism in non-fascist countries.

One could go on at length presenting examples of times when both professional and lay opinion has erred about future events. Is this because the future must always remain in the realm of pure guesswork? The writer does not believe so, although he would readily admit that attempts to predict the future with certainty or in detail are characteristics of the mystic rather than the social scientist.

Ability to foresee the broad outlines of the future with an accuracy exceeding that of sheer guesswork should be well within the range of the social scientist who applies the proper
technique and the scientific spirit to his analyses. What prediction will usually mean, however, is the narrowing of available alternatives to a few, and in some cases suggesting which of the possible alternatives is most likely. Prediction can not entail a concrete description of the structure of probable new social forms; in fact, it can not go beyond a generalized description of some of their major features.

The greatest value of discovering the most probable alternatives for future social organization would seem to be in the fact that such discovery indicates the points at which practical freedom of choice is still operative. A knowledge of the points where freedom of choice still exists should be of inestimable value to the educator. It should provide him with a sense of direction and eliminate the wasted effort that comes from trying through education, to change social tendencies which are already beyond change.

If we assume it is possible to see into the future through other than mystical means we must at the same time assume that the course of history has a certain amount of pattern or orderliness to it. We must assume that certain events will logically follow other events and that by understanding the latter we can know the former. I have previously developed the idea that social change does follow a
broad, generalized pattern; it is evident, of course, that an understanding of this pattern in itself is not sufficient to enable us to predict the probable consequences of present actions.

A knowledge of the pattern suggested in the earlier part of this chapter is important, however, in this respect: I pointed out that during any period of social stability, forces are usually at work undermining the institutional structure and setting a pattern for the ensuing period. For example, under the facade of nineteenth century competitive capitalism in the United States many unprejudiced historians detected trends which were to result in the development of twentieth century monopoly capitalism. And at present, the future pattern embodying the fusion of economic institutions and the state is becoming clearly discernible.

If we know about the future, our task, then, is to uncover the long-range tendencies of the present. The examination of long-term trends in the amount of literacy, the effectiveness of social-studies education, the birth rate, the development of natural resources, the rate of invention, the development of monopoly, and so on, can provide us many insights into the future. It is only necessary to extend these trends to their logical conclusions, making due allowances wherever we can for influences which might deflect, halt, or reverse them.
Such a theory indicates a belief in a large amount of determinism in modern society. Let us examine this idea of determinism more fully.

It seems certain to this writer that there is a great deal more determinism in human affairs than many of us have been willing to admit. It must be understood at the outset, however, that I do not believe in any inherent, predetermined order of things. If there is a divine plan of social development, it hasn't manifested itself -- at least not to me.

What actually appears to happen is that frequently men, by their own choice (deliberate or otherwise) set in motion social forces which can not always be stopped when we want to stop them. At a given time, therefore, man is not necessarily free to choose his destiny. But the reason he is not free is because men at an earlier time were free and exercised this freedom in making choices of their own.

Men, sometimes deliberately, sometimes under compulsion, sometimes unknowingly, make decisions which set in motion a train of events. Thus a social trend is developed which grows through accretion and finally seems to become impersonal and almost automatic in its operation. As John Dewey tells us:
(There) is the intervention of an indefinite number of indefinitely ramifying conditions between what a person does and the consequences which return upon him ... results are produced by factors over which the average person has hardly any more control than he has over those which produce earthquakes.¹

For example, when men learned the method of scientific experimentation and when the ruling classes acquiesced to its use in studying the physical environment, this set in motion a train of events that led eventually to the industrial mass production, to technological unemployment, to the modern bombing plane, and so on. It seems likely that no individual or group of individuals in the world today is strong enough to stop the process of scientific invention, even though the process can be controlled in various ways.

We have reached a point in this discussion where a few words of caution are necessary. Let no one believe for a moment that social change operates only as a result of, and in accordance with, these impersonal, long-range social trends. The evidence indicates that social change operates in a variety of ways, depending upon the situation.

For example, no one can deny the importance of the "great man" in history. Men do by force of personality or superior intellect almost single-handedly work change that eventually affect the entire world. Who can say, for example, that the

Russian revolution could have been accomplished or the groundwork laid for a permanent Bolshevik government had it not been for the genius of Lenin. Even so, of course, the heroes of history are usually those people who can recognize the broad underlying tendencies and ride them to conclusion. In other words, the great men seldom shape the world single-handedly, but with the assistance of an already-established trend.

Again, there appear to be times when waves of public opinion arise to change some previous tendency, or to set in motion new ones. The masses sometimes seem to determine deliberately what they want and by collective pressure gain it. It seems certain that there must be a direct relation between education and such mass movements. An example of such mass movement was the Progressive Period in the United States, dating from about 1900 to 1917. Public opinion was unified and given direction by the widely-circulated writing of the muckrakers, with the final result that popular pressure forced numerous reforms in local, state, and national government, as well as in industry and various other institutional areas.

1 Hook, Sidney, The Hero in History.
In still other cases, sheer luck or chance may be a factor of prime importance in directing social change. For example, the premature death of Lenin resulted in the accession to power of a man with fundamentally different tendencies, and may have reduced considerably the chances Russia might have had for realizing the promise of the 1917 revolution.

3. A technique for historical interpretation and prediction

We can not predict when a great leader will arise or how he may affect the course of history; we can not predict with any certainty when the masses will purposefully apply pressures that force social change; nor can we predict when luck or accident will operate as a decisive factor. But we can predict with some reasonable expectation of accuracy the future course of long-range social trends. To the extent, therefore, that these trends are likely to be dominant over leadership or spontaneous people's movements or other factors such as accident or natural calamity, we can gain insight into future probabilities. Our job, therefore, is to uncover and evaluate these long-range tendencies.

Perhaps the major handicap to uncovering the underlying tendencies of the present is prejudice. The expert as well as the laymen usually reads into historical interpretation
what he wants to see there. Most of us have strong emotional ties to our religious, political, and economic institutions and when we try to describe their direction of change we usually describe the direction in which we want change to go. Deliberately or unconsciously, we ignore evidence which is contrary to our hopes. Probably the reason so many people who should have known better could not foresee the economic collapse of 1929 was that they were profiting in some way from the economic boom and speculative orgy that preceded it, or were so indoctrinated in Mr. Hoover's ideas of "rugged individualism" that they did not want the Utopia of the twenties to end. There were many signs pointing to disaster, of course, and the more sober analysts repeatedly pointed to them.

Once prejudices have been recognized and dismissed, the next task is to learn to look at history with a long view. We must develop an eye for broad movements, for over-all patterns.

The tendency of historians to specialize on one small time-sector from the span of history is a disadvantage in learning to interpret the whole. We probably need to reverse this tendency toward specialization. The graduate student in history should be required to gain a familiarity with the big movements rather than to memorize in minute detail something of such limited span as the life of James I, for example.
By stressing over-all pattern, I do not mean that we dare lose sight of specific facts. It is specific facts which give the broad pattern its validity. What we must do is be more discriminating in our choice of facts. We must learn to watch for those facts that are symptomatic of an important long-range tendency. For example, knowing whether Jamestown or Plymouth was founded first is a valueless kind of information, but knowing the changing relationship between overhead and direct production costs in manufacturing during the years 1900-1940 may be of utmost significance in understanding what is happening to capitalism.

Once important social tendencies have been discovered, the next job is to analyze each trend in terms of its stability or persistence. The investigator must take into account any factors which might deflect, halt or reverse the tendency. In many cases, tendencies which seem soundly established might be pushed in any of two or more alternative directions, depending on the pressure of public opinion, the quality of leadership, or interaction with other tendencies. For example, the process of collectivization in the modern world appears to be an irreversible trend in itself, but at the same time this trend might lead either in the direction of democratic collectivism or an autocratic collectivism of fascist or communist nature.
Furthermore, this is a day when the investigator must be especially free from provincialism. National tendencies must be viewed in their world setting if we are to tell much about the future. To a certain extent this has always been true, but modern communication and transportation make it even more true today. The ease with which ideas may be transfused from one culture to another effectively preclude the cultural insularity that was once possible. For example, it would be difficult to underestimate the impact on world thought which an increasingly successful development of socialist economics in the Soviet Union is likely to have, provided such development occurs. Because of the increasing importance of cultural interchange, it would seem that social studies education should embrace the entire world in its scope, rather than the United States alone. Perhaps the trend away from world history in the high schools is an unfortunate one.

Once the investigator has extracted significant social trends from his masses of historical data, and has checked their likely future direction with all available evidence, he should then not forget to temper his predictions by keeping in mind Professor Schumpeter's dictum about historical analysis:
"Analysis ... never yields more than a statement about the tendencies present in an observable pattern, and these never tell us what will happen to the pattern, but only what would happen if they continued to act as they have been acting in the time interval covered by our observation and if no other factors intruded. 'Inevitability' ... can never mean more than this." 

The reader must therefore keep in mind that the interpretations of the following chapters are intended to be no more than hypotheses, which seem justified by the evidence now available, but which may change as new facts come under observation.

The following analysis is written on the assumption that shaping up in the United States today are certain tendencies, deeply rooted in the past and not unrelated to worldwide patterns, which are in the process of limiting the alternatives for future development. But to the extent that the alternatives permit choice we are free to choose from among them. And to the extent that we are free to choose, the part played by our school system in the education of the masses and the training of leadership may prove of decisive importance.

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1 Schumpeter, Joseph, *Capitalism, Socialism, and Democracy* p. 61.
CHAPTER III
WE MOVE TOWARD COLLECTIVISM

The first long-range tendency that I propose to discuss is the development of what might be termed "collectivism." The term has come to be a sort of bogey word -- one of those fighting propaganda terms politicians like to use in labeling the program of the opposition.

Collectivism has commonly been associated with Communism and more lately with Fascism. In popular usage it has come to mean dictatorial government, the submergence of the individual in the state, the denial of civil liberties -- in short, just about everything of which we disapprove in the totalitarian countries.

I wish to define collectivism in a somewhat different manner, freeing it from such obvious connotations of evil. As I shall use the word, collectivism involves greater centralization of political, economic, and social control in the hands of the governing agency or agencies, whether these be the government proper or some extra-governmental agency such as a trade association or cartel. Collectivism involves less independence for the individual; in an economic sense because most persons work for and are dependent upon some large and
highly organized institution, such as the government or a
great corporation; in a social sense because the individ-
ual is forced to submit to more restraints on individual
freedom than under laissez faire. In a collectivist
system, economic and political controls become closely in-
tegrated, either by a government-business partnership, close
government control, or outright ownership, of business prop-
erty.

Defined in the foregoing manner collectivism does not
necessarily mean political dictatorship, the total submergence
of the individual in the state, or the denial of civil lib-
erties. In fact, under certain conditions the opportunities
for individual development might be greater in a collectivist
than in an individualist system. Whether these things are
true depends largely on the motivating spirit behind collec-
tivism: whether it is an authoritarian collectivism, arbit-
trarily dominated by a despotic ruling class as in the
fascist countries; or whether it is a democratic collectivism
subject to popular control, the beginnings of which we have
seen in Scandinavia, some parts of the British Empire, and in
the United States.
1. The background of collectivism

Those of us who despise the idea of collectivism should not blame Franklin Roosevelt, or even Adolph Hitler or Joseph Stalin. The persons responsible for collectivism were those who perfected the scientific method of research, applied it to the field of mechanical invention, and then adapted it to industrial uses.

If we must blame someone for the growth of collectivism in the United States we should blame such men as James Watt, Thomas Edison, Charles Goodyear, the Wright Brothers, Samuel Morse, Alexander Graham Bell, Marconi, Henry Bessemer, Andrew Carnegie, John D. Rockefeller, James Hill, Henry Ford, J. P. Morgan, and thousands of others who aided in developing mass production industry, modern transportation and communication, and who pulled the great industrial empires together under centralized control.

The industrial revolution resulted in a degree of interdependence undreamed of in the olden days. This interdependence has resulted from an unprecedented expansion of the principle of division of labor, which in turn has stemmed from technological advances in the field of manufacturing, transportation and communication and the constant search for a more profitable form of business organization.
In a highly interdependent society the demand for cooperation and coordination must of necessity be very great. In a social system where individuals and institutions are tied together by intricate webs of dependence, the misbehavior of one individual or of one corporation can dislocate the entire society. Thus, the necessity arises for long-range planning and for better coordination of effort. This in turn requires greater centralization of economic, political and social control, more regulations, more restrictions of individual freedom. Anyone who is familiar with the principles of organization, knows that the larger and more complicated the organization becomes, the more rules, the more red tape, and the less individual freedom are required if the organization is to function. This is true in the army, in business, and in government.

Thus we see that collectivism grows out of conditions dating back for centuries, and which now characterize almost all modern nations. The politicians and businessmen who extol at one and the same time individualism and modern mass production are talking nonsense, and ought to know better, and probably do.
2. The development of economic collectivism in America

During the early nineteenth century, industry was organized in relatively small units, competition was general and unrestrained, and there were wide opportunities for individual initiative. Since the Civil War, however, American industry has been in the process of collectivizing itself, and with industrial collectivization has come greater centralization of political and social control.

It is ironical that the adoption of a competitive system, free from government interference, effectually guaranteed that such a system would commit suicide through its own natural development. For it is a fact, easily substantiated by historical analysis, that when businessmen are left free to their own devices, they will combine to eliminate competition as rapidly as they can arrange to do so.

It may be that economic competition is contrary to fundamental human nature — if there is any such thing. It is certain that one of mankind's most persistent impulses seems to be the gaining of security. Security in turn demands a certain stability in life, an ability to plan for the future and to depend on the fulfillment of one's plans. Whereas competition may be fun in the realm of sports, it may become deadly when it threatens the livelihood of man and his family.  

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1 For an interesting discussion of the tendency of businessmen to avoid competition see: Soule, George, The Strength of Nations, pp. 175-186
And even if economic competition were sought after from a psychological standpoint, it is seldom desirable from the standpoint of economic efficiency. Competition makes long-range industrial planning impossible, because under pure competition who can know what his competitors have up their sleeves? Unbridled competition is conducive to over-expansion and unbalanced economic development. It may result in excessive advertising costs. From the point of view of the businessman monopoly is better almost any way you look at it, and if complete monopoly is unobtainable there are numerous other methods for mitigating the effects of competition.

The history of economic development in this country since the Civil War is a history of monopoly and attempted monopoly formation. The pressure toward economic consolidation has been so great that in general the anti-trust laws have proved without effect. Monopoly has been a hydra-headed monster: for every monopoly destroyed two sprang up to take its place.

It should be obvious that monopoly, not government, is the foremost enemy of free enterprise; yet, when the government attempted to control monopoly, business raised a great hue and cry saying that government was interfering with free enterprise. It could not have been any other way. If government kept its hands off business as it was supposed to do in a

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1 Some writers disagree that monopoly industry is more efficient than a system of relatively small, competing firms. For example, see: Simpson, Kemper, Big Business, Efficiency, Fascism.
system of free enterprise, business itself would inevitably follow a path away from free enterprise. And if government did not keep its hands off, you would not have had free enterprise in the first place.

Actually, what proportions has monopoly reached? One way of judging the extent of monopoly is by examining the organizational structure of business. This is what we find:

In the United States there are a number of industries in which one corporation controls nine-tenths or more of the total industry. Among these are magnesium and nickel (two key industries in tomorrow's world), domestic telephone and telegraph service, shoe machinery, optical glass, trans-ocean aviation, and Pullman cars.

There are a still greater number of industries in which two corporations control nine-tenths or more of the total industry. Among these are aluminum (another key industry), plate glass, electric lamps, and sulphur.

In almost all the rest of large-scale industry, producing both capital and consumer goods (with the exceptions of agriculture, retail merchandising, and textiles), three or four producers control three-fourths or more of the total output. Whenever a few firms dominate an industry they are almost

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certain to form some sort of agreement in order to eliminate competition. Industry in general is tied together by means of holding companies, interlocking directorates, banker control, cartel agreements, patent monopoly, etc.

Another way of judging the extent of monopolies is to study the behavior of production and price statistics. We can tell in this manner if prices and production are being "managed" through some sort of monopoly arrangement.

Between 1929 and 1933, the price of farm products declined 52 per cent; but during the same period the average price of manufactured goods bought by the farmer declined only 29 per cent. Stuart Chase points out that during these same years competitive manufacturing industries reduced production by only 18 per cent, but in so doing had to reduce prices by 52 per cent; and industries which he classes as monopolistic (most of the largest corporations) reduced production 75 per cent while at the same time reducing prices by only 18 per cent. This lack of balance in price structure is evidence that price competition is being eliminated from our economy.

The cartel principle, long accepted in many European countries, is now coming into favor among at least part of the business community here. There is every reason to believe

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1 Chase, Stuart, Government in Business, p. 111.
that the amount of monopoly will increase steadily as
time passes.

Concomitant with the development of monopoly, and an
integral part of it, has been the great increase in size of
business units in the fields of manufacturing, transporta-
tion, communication and finance. The first billion dollar
corporation was founded in 1901, but by 1935 there were
thirty corporations in the United States having assests of
a billion or more. During the period from 1909 to 1929,
the two hundred largest corporations grew at a rate two
and one-half times as fast as the smaller corporations.

Size in itself offers many advantages. Aside from the
enhanced opportunities for monopoly practices, the large
corporation can own its own sources of raw materials, its
own means of transportation, its own merchandising organiza-
tions. It can buy and sell on a vast scale with resulting
economies and can afford to finance large-scale research.

The growth of the giant corporation and the widespread
practice of monopolistic arrangements, make centralized
economic control, planning and coordination increasingly
possible. The extent to which centralized control has already
been carried will be discussed more fully in a later chapter;

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1 Allen, Frederick L., The Lords of Creation, p. 261.
2 See footnote, p. 52.
it will suffice here merely to point out that these collectivist features have become part and parcel of our society.

The operation of the capitalist system has had still other effects of profound importance. In spite of the fact that technological or organizational developments promoted by the big corporations frequently open the way for a number of new small enterprises, it is generally true that the competitive process results in the continuous elimination of the lower strata of capitalist industry. The appeal of rationalization, with its greater apparent efficiency and profits, is more than the managers of big business can resist. Yet, rationalization is aimed at simplifying the channels through which goods flow to and from the factory, which in turn means the elimination of a host of small business units. The pressures of competition, accentuated by the advantages accruing to big business in the way of patent-control, greater funds for lobbying, advertising, and so on, tend to force out more and more small competitors. During depressions the giants survive while the small firms go bankrupt; and during periods of business revival the small firms are slower in making a comeback. The war itself has further encroached upon the domain of small enterprise. For example

1 For data on this subject see: The Temporary National Economic Committee, Investigation of the Concentration of Economic Power, p. 34.
"At the start of the war program in this country 175,000 companies provided 70 per cent of the nation's manufacturing output, while to-day, two and a half years later, the ratio has been reversed to a point where 100 corporations hold 70 per cent of the war and essential contracts ."

The steady growth of manufacturing industries with the resulting urbanization of the nation has served to pull increasing proportions of agriculturalists from the farms to the cities. Technological progress has enabled the relatively small number now remaining on farms to produce more easily than ever the nation's food supply. Something like 90 per cent of our population lived on farms at the beginning of the nineteenth century; now something less than 14 per cent of our total labor force is required to man the farms, and a great many of these who are now on marginal land could be eliminated without agricultural production suffering materially.

Thus we can see that a huge dependent, wage-earning class is developing at the expense of the small, independent entrepreneur of farm, shop, and little factory. Middle class society is giving way to working class society, with all that this implies in loss of independence, initiative, and individualism. Such a change in class orientation has profound political implications, in that it creates a class of voters which has purposes and allegiances different from the traditional

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2 Hayes, H. Gordon, Class Lectures, Summer, 1944. (The Ohio State University)
American middle class. I shall deal with some of these implications later. For the present, it is sufficient to say that the emergence of a new social class whose function is to man the factories is another aspect of the development of collectivism.

In addition to the fact that the small, independent entrepreneur is being eliminated in large measure, the traditional function of the industrial leader — the "tycoon" of big business — is likewise being eliminated by the process of collectivism. We all recall the function of the captains of industry and finance of the past century. These men were sometimes inventors of new technological processes, but more often they seized upon an invention made by others and developed the industrial organization to put the invention to practical use. Their function required boldness of imagination, indefatigable energy, resourcefulness and courage. Frequently the new development was met by various kinds of resistance or antipathy which could only be overcome by determined ingenuity on the part of the entrepreneur. But the acceptance of technological progress by the people, as well as the growth of bureaucratic corporate structures with intricately organized research organizations has resulted in a much different situation. It no longer requires courage and determination to
introduce a new invention. People do not greet television with moral opprobrium nor do they ridicule the idea of the helicopter; instead they are impatient for the use of these and even more fantastic, though yet undiscovered, gadgets. Furthermore, as Professor Schumpeter says, "Technological progress is increasingly becoming the business of teams of trained specialists who turn out what is required and make it work in predictable fashion." It is literally true that inventions are now "made to order" and are utilized in industry by trained staffs of executives using already-established, routine organizational procedures. Leadership, initiative and enterprise increasingly become a routine, mechanized, group function. At the same time, opportunities for individual qualities of leadership decline.

Professor Schumpeter says that as capitalist evolution becomes more automatic the basis of the industrial bourgeoisie "will be reduced to wages such as are paid for current administrative work ... Since capitalist enterprise by its very achievements, tends to automatize progress, we conclude that it tends to make itself superfluous ... The perfectly bureaucratic giant industrial unit not only ousts the small or medium-sized firm and 'expropriates' its owner, but in the end it also ousts the entrepreneur and expropriates the

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1 Schumpeter, Joseph, Capitalism, Socialism, and Democracy, p. 132.
the bourgeoisie as a class ... The true pacemakers of socialism were not the intellectuals or agitators who preached it but the Vanderbilts, Carnegies and Rockefellers ... "

Another feature of collectivism, the fusion of economic institutions and the state, has likewise made great headway in the United States. The number of government economic controls as well as the number of business enterprises owned by government have increased steadily since the Civil War, with the exception of temporary periods of regression. The story of how this trend has operated will be told in Chapter IV, so we shall do no more here than give it passing notice. Another significant feature of the integration of business and government is to be found in the large number of key government positions currently held by members of the big business class. Whether or not there is a trend toward greater businessman participation in government is debatable, since businessmen have frequently filled government positions in the past particularly during the First World War. Furthermore, it seems probable that

1 Schumpeter, Joseph, Capitalism, Socialism, and Democracy, p. 134. It should be noted that this theory has much in common with that advanced by James Burnham (The Managerial Revolution) in which Burnham suggests the rise of a new ruling class, the technicians and managers, to succeed the displaced capitalist class.
businessman participation declined somewhat during the early
period of the New Deal.

By way of summary, it appears that capitalist society increasingly takes on the features of collectivism and that this is largely the result not of government interference but of the natural course of development of modern technology and organization in a free-enterprise society. The extension of government ownership and controls in the field of business is the only phase of collectivism which has not grown from the practices of private business itself.

When we examine the scope of collectivist developments, we immediately wonder what are the prospects of privately-owned economics throughout the world. It appears obvious that the old laissez-faire capitalism of the nineteenth century is dead. We are now in a phase of economic development which has been aptly termed "monopoly capitalism." It should be useful to our purposes here to go deeper into an analysis of capitalist economics than we did in the foregoing discussion of the development of collectivism.

To avoid confusion, we should attempt a definition of the term "capitalism." We all know, of course, what capitalism meant in its traditional nineteenth century sense; private

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For a discussion of the manner in which industrialists have worked through government to achieve their aims, see: Dreher, Carl, The Coming Showdown, Parts III and IV.
ownership of business property; production motivated by the
search for profit; economic units competing among themselves
for profit, power, and prestige; a free market, in which
prices fluctuate according to supply and demand; a mini-
mum of government interference -- and if we wish to digress
from the strictly economic phenomena, we can also mention
parliamentary democracy and civil liberties.

Since what we now choose to call capitalism differs in
so many respects from the foregoing description, we may
wonder if the term has meaning at all. Most so-called
capitalistic countries contain elements of socialism, com-
munism, and fascism in addition to what ordinarily comes
under the capitalist label. Some "capitalistic" countries,
such as Norway and Sweden, have, in fact, a great deal of
socialism. The fascist countries have abandoned many of the
features of traditional capitalism, but have retained such
capitalistic features as private ownership, the profit system,
and the big-business ruling class. Is fascism, then, a type
of capitalism?

The writer believes capitalism in its economic aspects
can be defined in a rather specific manner. The essential
mechanism of capitalistic economics has never under gone
significant change. Stuart Chase describes the central
feature of capitalism as follows:

(Capitalism is) a productive mechanism depending for its stability upon a flywheel of reinvestment in so-called capital goods. This results in something close to a mathematical formula, governed by the laws of compound interest. The division of income between owners and workers being a constant (running about 30 per cent for owner to 70 per cent for worker, including farmer, year in year out), the owner must either spend or reinvest his share to maintain equilibrium in the system. The spending and reinvesting both put men to work and thus provide purchasing power, again to be divided 30-70, in an endless spiral. As the owners can spend but a fraction of their share, they must constantly be on the lookout for new investment. The new investment results in more plant capacity which demands an expanding market. Any prolonged interruption of reinvestment reduces jobs for capital goods workers, cuts back upon the total income distributed to the whole community, and sets up a condition of accelerating degeneration, unless checked by other forces.  

It is thus seen that the successful functioning of a capitalist economy depends upon the speed and extent to which savings, particularly those of the owning class, find their way into purchasing power through the medium of re-investment. Without such reinvestment or some equally potent means of offsetting savings, the consumers in a capitalist economy would never have the purchasing power to buy the products of their own manufacture. Furthermore, it is seen that if reinvestment is to operate steadily, capitalism is under a stern

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compulsion to expand at something like a geometric rate.

The lack of balance between purchasing power and goods on the market can be compensated for, of course, in ways other than the re-investment of savings in new capital goods enterprise. For example, a capitalist nation may get rid of goods which its own people can not afford to buy by selling them abroad. Or credit expansion may boost purchasing power to the point where the market can be cleared. Another device, widely used in recent years, has been the spending of large sums by the government in such a way that purchasing power was bolstered. During the nineteenth century, rapid expansion and foreign markets served to keep capitalism in a relatively healthy state. During this period, capitalistic economies made something approaching total use of their human and material resources.

During the twentieth century, however, virtually all capitalistic nations have been beset with an intensification of economic problems, none of which seem to have been permanently solved. The major difficulties of capitalism during the past few decades can be summed up in the generalization that capitalism has been unable to clear its markets in the manner it once could. Industry has been unable to sell
all it could produce when running at a steady and reasonably efficient level of production. Industry has become stagnated with consequent unemployment, idle plants, and unnecessarily low standards of living.

The most common explanation of capitalist economic stagnation is frequently termed "the theory of declining investment opportunity." According to this theory, opportunities for profitable investment of savings have declined in relation to the size of funds available for investment. The causes for declining investment opportunities are to be found in changes in the social structure. For example, there has been a change in the type of investment outlet available. During most of the nineteenth century, the country underwent what might be termed "extensive" and "intensive" development. By extensive development, we mean the settlement of new land spaces, or the expansion of investment opportunities in foreign nations. By intensive development, we mean new technological advances and the utilization of these advances through the growth of new industries or changed ways of carrying on old ones. It is clear that the rapid territorial expansion of the United States through almost all of the nineteenth century, plus the phenomenal spread of technological advance, made the century
a period of both extensive and intensive development. Since our period of extensive development is over forever, we can depend only on intensive development in the future. Economists point out that investment opportunities now depend largely on the development of new industries -- such as prefabricated housing, the "flivver" airplane, air conditioning, television, and so on.

Another factor which may seriously affect opportunities for investment is the declining rate of population increase. This affects the housing industry in particular. With no increase in the total number of families, new houses will not be built except as old ones fall down, burn, or become obsolete. A declining rate of population increase may also affect various consumer goods industries and discourage investment in related capital goods. Once industry is geared to put an automobile, radio, washing machine, refrigerator, and so on, into the hands of every family the only incentive for further expansion would be an increase in the number of families, the development of new products, or a redistribution of wealth which would enable the poorer people to buy more. Population trends now rule out the first of these.

A number of economists point out that a decline in opportunities for foreign investment has aggravated the problem
of idle funds. During the early part of the century, foreign investment was an important factor in the stimulation of prosperity. Political and economic changes abroad have served to decrease such outlets for investment. It is true, of course, that vast new opportunities for foreign investment may develop as a result of the present war.

There is another factor present in the situation which may explain capitalism's difficulties more accurately than the theory of declining investment opportunity. As the national income rises the rate of savings increases. For example, at one level of national income, 10 per cent of the national income might be saved, while at a higher level as much as 20 per cent might be saved. This tendency appears to be the result of two things: (1) a desire to accumulate simply for the sake of accumulating -- although the desire

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1 For discussions of reasons for declining investment opportunities, see:
Harris, Seymour E., (Ed.), Postwar Economic Problems, Chap. IV.
Chase, Stuart, Idle Money, Idle Men, Chaps. III and IV.

For critical evaluations of the theory of declining investment opportunities, see:
Schumpeter, Joseph C., Capitalism, Socialism, and Democracy.
Friedman, Sherwood M., Public Spending and Postwar Economic Policy, Chap. IV.

2 For concrete data on the relationship between rate of savings and national income, see:
for security or other things may also enter in; and (2) resis-

tence to the new habits that would be necessary to in-
crease consumption commensurately with increased industrial
productivity, a factor which likewise increases savings. It
seems probable that the tendency to increase the rate of
savings as national income increases would cause serious
difficulties in a capitalist economy, irrespective of whether
opportunities for profitable investment were holding steady.
In fact, investment opportunities might show a relative in-
crease without an effective decline in the rate of uninvested

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savings.

The continuance of a privately-owned, profit economy
appears to hinge on whether or not some means can be found
to clear the market at a high level of employment. The fore-
going analysis seems to indicate that we can no longer de-
pend on the medium of re-investment; or even worse, re-
investment at past rates is no longer sufficient in view of
the tendency of people to increase the rate of savings. What,
then, is open to the private ownership economies of the world?

There are persons who believe we can relieve the market
of excess goods and thus keep the factories running by selling
our surplus goods abroad. The Bretton Woods Conference appears

1 For further discussion of this topic, see:
Harris, Seymour E., (Ed.), Postwar Economic Problems,
Chap. II.
to have been aimed at facilitating world trade for this purpose. Although such revival of trade is unquestionably desirable, it is obvious that foreign trade can help a capitalistic nation suffering from jammed markets only if the nation can sell more than it buys. We can only carry on such trade relations with nations which can pay in gold, or to whom we are willing to extend credit. The trouble with world trade as a solution to our dilemma, even for a relatively short period, is that each capitalistic nation is under the same compulsion to sell more than it buys. Imagine, if you can, a world of happy, prosperous capitalistic nations, each selling more goods on the world market than it buys!

When the market can not be cleared by re-investment or foreign sales, the expansion of credit can be of great help. This expedient has been used in the past and there is little doubt that it will be used again. Many of us recall with sweet nostalgia the prosperity of the 1920's. During the period 1923-1929, outstanding short-term consumer debt increased by $5.5 billion. This, together with a favorable balance of foreign trade, did much to explain the thriving business conditions of the period.

1 Hayes, H. Gordon, Class Lectures, summer, 1944. (The Ohio State University)
Another expedient for clearing the market, similar in effect to the expansion of private debt, is the expansion of government debt. Through bond sales, the government collects surplus money from the economy and through a program of expenditures places this money in the hands of low-income groups, or in the hands of business organizations which will in turn place it in the hands of wage-earners. That government spending can induce a condition of prosperity and full employment is amply proved by our wartime experiences.

The question, therefore, is not whether government spending can be successfully used, but rather how long it can be used. At the outset, let us admit that no one can answer this with any degree of certainty. Some economists, such as 1 Seymour E. Harris, feel that so long as national income keeps rising so can the public debt. Furthermore, the public debt can reach astronomical proportions without serious consequences, according to such authorities as Mr. Harris. Conservative economists and business groups, on the other hand, fear a continued rise in the public debt. They point out that part of the tax burden required to support interest payments on the debt falls on groups not receiving a proportionate share of the interest payments. This constitutes a serious danger, they maintain, in that it may tend to limit consumer purchasing power to discourage new investment, thus aggra-

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1 Harris, Seymour E., (Ed.), Postwar Economic Problems, Chap. X.
vating the same problems government spending is intended to relieve. There are also problems involved in determining how large the public sector of the economy shall become in relation to the private sector, and the extent to which government projects should compete with private enterprise. It has also been pointed out that a growing public sector in the economy is likely to effect private costs adversely, thus placing private business under a handicap. The solution of many of these problems rests upon practical political considerations. Much of our nicely-rounded and initially-plausible economic theory exists in a vacuum in the sense that it often does not take into account the political difficulties standing in the way of carrying it out.

What conclusions may we come to, then, concerning the expansion of debt as a means of maintaining a private-ownership, profit economy in the face of a mounting total of uninvested savings? It is obvious that the expansion of private debt through consumer credits, as practiced during the 1920's, is but a temporary expedient. As a means of clearing the market, it is like trying to run from a bear which is

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1 For a discussion of how businessmen feel about public spending, see the *National City Bank Bulletin*, January, 1944.

For a sober, well-balanced analysis of the future of the public debt, including its disadvantages, see Sherwood M. Fine, *Public Spending & Postwar Economic Policy*, Chap. V.
attached to you with a rope. It will always catch up sometime. The expansion of public debt for this purpose can undoubtedly be maintained for a much longer period of time, though for how long we can not say due to the variety of unpredictable factors. The utilization of public debt seems to point to greatly increased government intervention in the economy, with consequent disadvantages to the private sector. Public spending leads, it seems to this writer, in the direction of much greater collectivization and is thus in line with past developments since the beginning of the industrial revolution. Public fiscal policy as a means of maintaining the economy comes under the heading of "public collectivization," rather than "private collectivization," however. The significance of this classification will become clear in the following chapter.

We have still not exhausted all the alternatives available for clearing the market. One such remaining expedient is the deliberate destruction of excess goods. War, although the most drastic, is also the most effective means for such destruction. Much of our productive capacity is converted to war goods which are rapidly expendable, finding their way to the bottom of the ocean or to enemy countries. During peacetime, capitalist nations may also destroy goods, and have done
so in the past: recall the little pigs, the kerosene oranges, the Brazilian coffee?

The necessity for destruction may, of course, be forestalled by failing to produce goods in the first place. The statistics quoted on page 54 are an indication of how monopoly industries during the depression restricted production in order to maintain prices. Corporations often buy out competitors in order to take the competitors' production off the market. They sometimes suppress patents on new processes which would greatly increase production. The expedient of restricted production does nothing, of course, to relieve the problem of unemployment, and in the long run can not serve to prevent jammed markets since it results in declining consumer purchasing power.

None of the foregoing expedients for clearing the market was adequate during the decade of the 1930's. During this period, we utilized our productive plant to about 50 per cent of capacity and capacity at that time was but a fraction of what our maximum effort could have made it. The economic waste involved in idle plants, idle men, and goods destroyed during this decade has been estimated to

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1 have been $200 billion. Only the vastly greater destruction of goods and huge government expenditures of the war years has been capable of restoring a total-use economy.

What may we say about the future of the American economy? Can the trend toward economic collectivism, with all it implies for political and social collectivism, be halted or reversed? There is now much talk about breaking up the monopolies, restoring competition, decentralizing control, and helping small business. This talk ignores the scope of collectivism and the forces behind it. To stop this trend would be similar in difficulty to stopping the industrial revolution of a few centuries ago. Already most of the world is more collectivistic than we. Because of its seemingly greater efficiency under modern conditions, it seems likely that collectivist nations will be able to out-produce both in peace and war any nations which attempt to cling to nineteenth century laissez-faire. Survival in today's world appears to demand increasing collectivism.

As we move in the direction of greater centralization of control, more integration and planning, more inter-dependence, less opportunity for individual enterprise, and more

1 Harris, Seymour E., (Ed.), Postwar Economic Problems, p. 15.
restraints on individual freedom, what name are we likely to apply to the social organization that emerges? If the evolution is slow and if a sector of the economy remains in private hands, it is quite possible that we shall continue using the label "capitalism" to describe the system. Since this label has meant so many things in the past, it can continue to mean many more in the future. On the other hand, it is quite possible that the essential feature of capitalist economy -- that is, the savings-investment cycle -- should function so badly as to result in a severe depression in spite of all available expedients for clearing the market and maintaining employment. If this occurs, a revolutionary political movement may sweep into power. The program of such a movement would inevitably involve drastically increased collectivization and it might at the same time carry a new set of labels into use.

Since the onward rush of collectivism appears to offer two broad alternatives, our insight into the future as well as our ability to control it, hinges upon how well we understand these alternatives. This is the task of the remainder of the thesis.
CHAPTER IV

THE DIRECTION OF DEMOCRATIC DEVELOPMENT

Probably the most fundamental trend in this country and elsewhere is the development of collectivism discussed in the preceding chapter. Recognizing the broad outlines of this trend, however, does not tell us all we need to know about the potentialities of the present for future good or evil. For example, does the development of collectivism mean the eventual end of democratic institutions? If not, what is going to happen to democracy under collectivism? In attempting to answer these questions, it should prove helpful to examine the course of democratic development so far in the hope that such examination can cast light on the probable pattern of the future.

The answer to the question of whether or not democracy can survive in a collectivist society hinges at least in part on what we conceive democracy to mean. The task of defining democracy is made more difficult by the fact that from time to time we may emphasize different aspects of the democratic ideal; likewise, our conception of the concrete institutional structure of a democratic society undergoes evolutionary
development. What we can do is to abstract from the various ideas of democracy that have come to the fore during our life as a nation a principle of human relations which we may think of as being characteristically democratic for all times and places. I believe the following definition carries with it the essence of the democratic ideal as it has been developed in our time.

We may think of democracy as embodying both a social goal and a method of operation for attaining that goal. The purpose or goal of democracy is to provide opportunities for the fullest possible development of the individual personality. The purpose of democratic society differs from that of fascist society in that the democratic ideology holds every person, irrespective of sex, age, race, religious faith, or political belief to be worthy of equal opportunities for personal growth, whereas fascism limits this privilege to an elite. Democracy is characterized by a deep respect for the dignity of the human personality, and a strong sympathy for the unfortunate. The humanity of democracy is in profound contrast to the harsh brutality and contempt for the individual expressed in the fascist philosophy.
The method by which democracy seeks to achieve its aim of maximum personal development for all is the full and free participation of each individual in determining the laws, principles, and customs, as well as choosing the leaders, of the group in which he lives. The successful operation of this method requires the maintenance of freedom of speech and thought and the widespread use of what we might term scientific thought processes. Fascism, on the other hand, limits the right of decision to the elite, and attempts to suppress freedom of speech and thought on the part of the masses whenever such freedom would endanger the central values of the society.

Democracy, regarded in the foregoing sense, represents a principle of human relations that can be applied to any size or type of social group. Defined on this level, democracy tells us little about specific political organization and nothing about specific economic organization. Attempts to identify democracy with free enterprise, for example, and then proclaim this relationship as a timeless absolute, is sheer nonsense; even more, it is a meaningless play on words, since free enterprise in its traditional sense already has been largely erased by the development of collectivism. This is not to say, however, that at a given
time and place the democratic principle does not require for its successful application a particular political and economic organization.

Let us now turn to an examination of the directions in which our democratic development has taken us as a nation since 1776.

1. The development of political democracy

During the early period of our national existence government was conceived to be an instrument of the ruling class for the purpose of maintaining public order and protecting the position of the privileged. There was little faith in the ability of the common man to manage the affairs of government. In fact, such early leaders as Hamilton, Gerry, Randolph, and Morris ridiculed the very idea of democracy. To them, responsibility in government was the prerogative of the rich and the well-born.

Among the various changes that have occurred since that time in the realm of government, three have an especial significance for us here because of their implications for

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1 Much of the historical material from the succeeding two sections was taken from Arthur Schlesinger, New Viewpoints in American History.
for future development. One of these developments has been the broadening of the political base of government through extension of the franchise. Originally only white males capable of meeting certain property and religious qualifications could vote. During the early nineteenth century religious and property qualifications were gradually abolished. After the middle of the century male Negroes were given the vote, to be followed almost sixty years later by female suffrage. The extension of voting rights to eighteen-year-olds is now under discussion in some states, and Georgia has already taken this step. It is true, of course, that the legal granting of voting rights does not always insure that people can vote. As I have already pointed out, about ten million people in the South are disfranchised. This state of affairs has occasioned considerable public protest in all parts of the nation, however, and attempts have been made to provide a remedy through federal legislation.

Another significant political development has been the structural reorganization of government intended to make that institution reflect more closely the desires of the masses. As the founding fathers conceived it, direct popular control was to be kept at a minimum. In one or another, however,
steps have been taken which render government more sensitive to the voice of the people. Early in the nineteenth century the principle was firmly established that presidential electors should do no more than register the will of the voters. Almost a century later the direct election of senators was written into the Constitution. Many states passed laws providing for direct primaries, and the initiative, referendum and recall. In various ways the rules of legislative procedure have been changed so as to make law-making bodies function more effectively in the public interest (we might point, for example, to the elimination of "Cannonism" during the Taft administration as a demonstration of what I mean). At present, we have under discussion such further steps as making cloture easier in the Senate and the ratification of treaties by majority rather than a two-thirds vote.

A third development to which we must give attention has been the changing attitude toward the function of government. Originally, the proper sphere of government activity was felt to be such tasks as maintaining order, protecting property, waging war, regulating the currency, and carrying on foreign relations. Only those activities which were impossible of fulfillment outside government were considered
to be within the province of government. Late in the nineteenth century, however, a considerable number of people were coming to think of government in a somewhat different light. It seemed to them that government should be regarded as an instrument or tool for carrying on a large variety of group functions. This viewpoint of government became more prevalent during the Progressive Period and has become widely accepted since 1932. Now it is held by a substantial portion of our population that any group task which can be performed more conveniently or effectively by government should properly belong to government. This is not to say that we unanimously approve every extension of government activity, but only that enough approve so that such extension has continually occurred. It was inevitable, of course, that given the first two developments named above this third trend should develop. In a large sense, they are all closely related and interdependent.

If our political development has proceeded up till now in the foregoing fashion, what can we say about the future? Keeping in mind the reservations of the last chapter with respect to historical prediction, we should
be able to expect something like this: an eventual lowering of the voting age; extension of the franchise to persons now denied the vote because of poll taxes or other restrictions; and reforms in government designed to insure legislative action more in accord with the people's wishes (in this latter connection, we may have modification of such present practices as filibustering, treaty ratification by two-thirds vote, the too-frequent shelving of needed laws by committees, domination of legislatures by pressure groups, and so on); and finally, it seems likely that we shall have a great increase in the number of jobs performed by the government.

2. The development of social democracy

Under this heading, I shall consider the trend of democratic development in areas other than those which we might specifically label political or economic. Such a division of the story of democratic progress into parts is at best artificial, since it should be clear to all (though it often appears not to be) that democracy is indivisible — that is, either it must be a characteristic of all aspects of the life of a nation or in the long run it will be a characteristic of none of them. Such classification has a certain convenience, however, which perhaps justifies its use. But let
us get on with the story.

An important characteristic of our democratic development has been a decline in what we might term the "aristocratic spirit." During the early part of our history as a nation the social structure comprised a feudalistic division between the aristocratic ruling class and the masses of common people. In New York the landed gentry lived in feudal splendor in their great estates along the Hudson and dominated the affairs of the province. In Pennsylvania a similar position was held by a compact group of rich Quakers living in the eastern counties. And in the South the aristocracy more nearly resembled its English counterpart than anywhere else in America. During the nineteenth century this aristocracy largely disintegrated. Jefferson himself, though an aristocrat, disregarded the formalism and ostentation that had formerly characterized the president's chair. By the time of Jackson's administration the manners and dress of the aristocrat had fallen into disrepute so far as the common people were concerned. At the same time the plain garb of the backwoodsman became a cloak of respect and admiration. By the middle of the century the taint of aristocracy had become a definite political handicap. The Civil War dealt a body blow to the southern aristocracy from which it was
never able to recover. We might say that the development of the United States has been marked by increasing attention paid to the potentialities of the common man, with belief in the validity of a class structured society being practically extinguished -- on the part of the great majority of people, at least. This is not to say there are not now class divisions; it is only to say that a belief in the rightness of a class structured society based on the class divisions of the eighteenth century declined to negligible proportions among the masses. The equalitarian trend of the nineteenth century has led to a number of specific developments which we should next examine.

Among these developments, one of the most important has been the tremendous extension of educational opportunities. In 1800, education was generally considered the prerogative of the wealthy, especially education on the secondary and higher levels. Jefferson argued for free public education with little effect, but by the third and fourth decades of the century agitation for free public schools became pronounced in the East. By the 1840's free public education was common throughout the North and Northeast and the idea of equal education for all social classes had gained favor everywhere but in the South. The latter part of the century saw the rapid expansion of secondary education, so that now almost all youth are
enabled to secure a high school education. Higher education has been made available to many thousands of persons who could never have attended college a hundred years ago. In the public schools poor children are often furnished with free textbooks, lunches, clothing, and medical care. The school offering has become rich and varied, the required qualifications for teachers have risen, and millions of dollars have been spent on magnificent buildings and equipment. No country, apparently, has exhibited a greater faith in the value of education as a means of elevating the common man.

Along with the increasing attention paid to the rights of the plain people in general has come an increasing respect for certain groups which formerly suffered the indignities of an inferior position. The changing status of women is of great importance in this respect. At the beginning of the past century women were legally as well as socially inferior. Men were virtual dictators in the home, a position not unsupported by logic in view of the prevailing belief that women were innately less capable of intelligent behavior than men. In general, educational opportunities were denied women. There were separate moral standards for the sexes, and women were denied almost all professional and vocational opportunities
open to men. Only a hasty glance at the present scene is necessary to indicate the scope of contrast. Women to a large degree have gained equality educationally, professionally, and in the home. We now have female welders, taxi drivers, and transport pilots. The double standard of morality is rapidly being abandoned and in some communities within the writer's experience appears to have broken down entirely. And the present war is hurrying the equalitarian process.

Much of what I have said about women can be repeated for children. There is a growing tendency for family decisions to be made collectively by the entire family group and no longer is the old dictum "children should be seen but not heard" in vogue. Laws relating to child labor, the treatment of juvenile delinquents, abandoned children, and so on, have been increasingly humanized and made more effective. This growing respect for children's rights is well illustrated by the growth of education as I have already noted, and particularly by the Progressive Education movement.

We should also give mention to the changed attitude toward the treatment of the helpless and handicapped. The care of these unfortunate persons has undergone marked change in the direction of greater humanity and sympathy. The a-
are better protected and the criminal, feeble-minded, and insane portions of our population are now usually cared for with a view toward rehabilitation rather than mere punishment or segregation.

And although reactionary tendencies are now in evidence in the area of race relations, any fair comparison of the condition of Negroes a century ago with their present state reveals an equally striking democratic development, particularly in the northern states. When we recall that at one time almost all Negroes were in slavery, stripped of all rights and kept in abject ignorance, the contrast becomes more clear. Negroes have been given legal equality, if not always justice, and the franchise, if not always the vote -- really important forward steps in spite of their faulty application in some parts of the country. Educational opportunities for Negroes have constantly improved. They are entering in ever-largened numbers into the professions and the more highly-skilled types of manual labor. The Fair Employment Practices Commission now in operation, although relatively ineffective, must still be recognized as without precedent. Whereas most persons have seemed apathetic to Negro rights for the past seventy-five years, we now have an extremely vocal and rather large liberal minority which is actively fighting for a reduction in the amount of racial discrimination.
The great social leveling that has come about in America inevitably has been accompanied by democratization in the arts. During recent years the common people have come to be the subject of much of the best art and literature. Artists and writers have shown a deep feeling of sympathy for the underprivileged, and frequent contempt for the privileged.

In the area of religion, equally amazing changes have occurred. Early colonial religions were authoritarian and intolerant. Religious teachings emphasized the Old Testament, and the Jehovah of the early Hebrews. Church dictums tended to stifle independence of thought and personality growth. Among many churches at the present time, however, religious practices have become more tolerant. The liberal philosophy of Jesus is coming to be emphasized over the harsh practices of the God of the Old Testament. Many churches are taking an active part in social reform and are coming to recognize the superiority of science over religious doctrines as a source of truth about the physical world.

Thus we see that the development of democracy so far in this country has involved a great deal of social leveling. This has expressed itself in the dissolution of the aristocratic eighteenth century class structure, even though a new class structure of somewhat different nature has come
to take its place. The process of social leveling can be seen more clearly in the extension of many rights and privileges to women and children, the poor and the handicapped, and to Negroes. If our general development is to be in a democratic rather than authoritarian direction, there seems little reason to believe the development of social democracy will not continue along roughly the same lines as in the past. We may expect to see further efforts made to improve educational opportunities in backward areas, particularly the South. We shall probably see more provision made for the children of the poor so that they may attend school. Opportunities for free education may be extended with the growth of junior colleges; in fact, it is likely we shall see a federally-sponsored college program for capable pupils who would otherwise lack the economic resources to gain a higher education. We shall probably see increasing equality between the sexes with women entering virtually all the occupations. The double moral standard will disappear entirely. The democratization of the home with respect to both women and children will continue. Added emphasis on sympathetic treatment and rehabilitation will probably pervade increasing numbers of penal and other institutions for the handicapped. The Negro and other minority groups will gain equal status politically,
socially, and economically. Art and literature, as well as music, will sing paens of praise to the common man, and finally, religion will increasingly embrace the philosophy of democracy.

3. The development of economic democracy

During the early part of the nineteenth century our economic system offered a relatively high degree of equality of opportunity, as well as security. This is not to say the country was free from economic problems, or that all people were well-fed and certain of gainful employment during their entire lives. Such was certainly not the case, although a rapidly expanding economy with its demands for a growing labor supply, the prevalence of free land, the ease with which one could get started in agriculture or small business or work upward in large enterprises -- tended to provide a degree of individual opportunity unknown in other countries at the time. Very few people questioned the belief that democracy implied private enterprise and freedom from government interference; it was simply taken for granted that such a system was in complete harmony with political and social democracy. This phase in our development lasted until after the Civil War.
A second phase of economic development began following the war. This was marked by the fantastically rapid industrialization of the continent. In order to facilitate the process of industrialization and the mad search for profits that accompanied it, and to gain greater security for themselves, businessmen began to adopt in ever-larger measure certain aspects of collectivism. Consolidation, centralization, growth of size in business units, greater planning and coordination, and the loss of independence of an increasing number of workers were all features of the period. Regardless of the possibilities of collectivist practices for improving the status of the common man, however, very little improvement occurred during the latter part of the century. Actually, the rapid industrialization of the nation accentuated many of the problems that had existed before on a minor scale. The development of a new kind of aristocracy -- the great industrial and financial barons -- together with their monopolistic practices, began to shift actual control of the economic system from the hands of the farmer and small entrepreneur to a relatively small group of wealthy men. Even though the ideology of our early aristocratic society had largely disappeared, a new and very real ruling class had developed
whose manipulations were kept unpublicized insofar as possible. With this shift in economic power came a shift in the political center of gravity from the agricultural West to the industrial East.

Associated with the foregoing conditions was a frequent worsening of the economic status of the working people. Inequality in the distribution of wealth increased. Poverty and slums became a pestilence from which no amount of hard work, perserverence and thrift on the part of the working man could free him and his family. Tenancy in the cities and in the rural districts increased. The livelihood of ever-greater numbers of the people became dependent upon the vicissitudes of the business cycle or the whims of their employers. Legislatures were bought by the representatives of big business and many laws of the period were class laws favoring the new business aristocracy.

Given such conditions alongside a government in which ultimate control was vested in the people (valueless as this right of control at times seemed), a quite natural though revolutionary development was bound to occur. It came to be felt by many persons that economic democracy could be retrieved only as the people, collectively, could devise ways to control the economic system in such a way as to again bring maximum opportunities to the common people.
At the same time, it was obvious that the government was the only agency through which unitary controls could be established. In other words, the need for shifting the new collectivistic economic controls from private hands to a publicly-controlled agency was becoming increasingly evident. This is not to say that people intellectualized it in the fashion I have done, or that great masses of them suddenly came to such conclusions. Actually the development of this idea was a slow and painful one, and its application in actual practice more painful still.

We might make a general principle, perhaps, out of what was happening during the final quarter of the century. Harold J. Laski states this principle quite clearly

... in an unequal society, where what is most impressive is the contrast between riches and poverty, it is inevitable that men should seek to use their political power to redress the balance implied in that contrast ... And as soon as they seek to do so either there must be inaugurated a series of massive social and economic reforms which prove that the balance is being consciously and continuously redressed, or there will be an attempt forcibly to change the character of the state ...

Fortunately, social and economic reforms in the United States have proceeded at a rate fast enough to preclude widespread violence.

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1 Laski, Harold, Reflections on the Revolution of Our Time, pp. 80-81.
That an increasingly large number of the common people came to feel that economic democracy meant government regulation of business is one of the most significant facts of our democratic development. As soon as this turn came into the thinking of Americans, an ideological revolution of fundamental nature was begun. And, as we shall see, its implications stretch far into the future.

This new trend of thinking may easily be illustrated by historical examples. The Granger laws of the 1870's, initially successful, were early examples of the trend's beginnings. The first national legislature of a regulatory nature was the Interstate Commerce Act of 1897, to be followed closely by the Sherman Anti-Trust Act. Although incapable of effective enforcement, such laws were clearly indicative of the nature of the trend that had been established. Much of the Populist program of the early 1890's involved demands for government action of a regulatory nature. The Free Silver movement which culminated in 1896 by almost electing Bryan to the presidency was a further demonstration of the growing belief that government should be used to promote the economic welfare of the underprivileged.

So favorably regarded was the principle of government action by now that trust prosecution, corporate regulation,
the protection of workers' rights, the conservation of natural resources, and so on, came to be identified with liberalism itself. The first period of effective accomplishment of these aims came to be known as the "Progressive Period." This period appeared to be a culmination of the trend indicated by developments of the latter nineteenth century, but as we can see now, was but another step forward in a democratic process that again took a vast surge forward in the 1930's and is still in operation.

The Progressive Period saw the Sherman Act applied with a new vigor, and a new, more effective, anti-trust law passed. It saw the eight-hour day and workman's compensation for government employees come into being, as well as factory inspection and child labor laws in the District of Columbia. It saw a law passed for the regulation of railroads, and the first effective meat inspection and pure food and drugs law passed. It saw provisions taken for regulation of corporations and the securities market.

We should give attention at this point to another type of government economic action which was to have profound implications. With the income-tax amendment of 1913, the people were given a tool for the redistribution of wealth whose potentialities they have scarcely realized. During the past decade income tax rates in the upper brackets, as well
as inheritance and gift taxes, have become progressively steeper, while at the same time more public funds than ever before have been spent in such a way as to increase the purchasing power of the lower economic levels. It is, of course, impossible to say how far this process of wealth distribution through taxation will go, but it would seem likely to continue for a long time provided government controls remain in the hands of the people.

The trend toward government action designed to keep the economy functioning in the interests of the masses received a teeth-shattering set-back during the Republican regimes of the 1920's. It was resumed on a grander scale than ever, however, during the period of the New Deal. But of the New Deal, we might say that "something new had been added," because in addition to the idea that government should be used as an instrument of the people for obtaining better economic conditions, the conviction became widespread that government should assume final responsibility for the economic security of all those suffering from misfortune. Thus, for the first time, there was organized a public works program capable of providing an income at useful labor for virtually all those who wanted it.
It would be pointless here to wade through the mass of New Deal legislation designed to further the ends of government economic control and the underwriting of security. Among the more significant, perhaps, have been social security legislation, regulation of hours and wages, the improved status of labor unions, and increases in the amount of actual government ownership in fields formerly in private hands. The latter development merits special attention.

Everyone is familiar with the old, tried-and-true examples of government ownership -- the postal system, municipal ownership of electricity, the public school system, and so on. One of the earlier steps toward an extension of government ownership was the operation of the Alaskan railway system by the government, begun in the Progressive Period. Even so, the amount of government ownership in relation to private ownership was infinitesimal. During the New Deal, however, vast new government power projects, government-owned housing developments, and government entry into the fields of banking and credit made Uncle Sam America's Number One businessman. During the war the federal government has accumulated some fifteen billion dollars worth of war plant and equipment. Although most of these government-owned plants will probably be auctioned to the highest bidder at the close of the war, such a move is certain to be protested by a liberal minority in
Congress which feels the government should retain and operate a portion of these plants in competition with monopolistic private industry. The very presence of a group in Congress favoring such a step seems to me to point to a changing climate of public opinion with respect to government ownership.

In summing up the course of democratic development in the area of economics, we may say that in the beginning a large measure of individual opportunity, security and equality were automatically generated by our private-enterprise economy. As a consequence, everyone took economic democracy for granted. With the rise of big business and the development of collectivist practices devoted to private ends, the idea of using government as a tool for protecting the welfare of the economically unfortunate became widespread among lower income groups. In spite of numerous set-backs, we may trace the operation of a trend in the direction of greater government intervention in the economy dating from the 1870's. This trend reached its zenith during the 1930's.

The next great question that presents itself is what are the future implications of this direction of development. I think that disagreement as to what our future course of economic development should be is leading us to the greatest crisis in American history since the Civil War. We may explain
this by observing that the trend toward government control and operation of the economy in the interests of the masses has grown up within a framework that was and is ostensibly that of nineteenth century capitalism. The result is that one large sector of the population, particularly the urban working classes, is quite happy over the fact of government economic intervention in the interests of the people. Another large sector of the population, particularly the business class, continues to give lip service to nineteenth century capitalism at the same time bitterly attacking government economic action. We should note, of course, that the business community is not entirely opposed to government economic intervention -- so long as it is a type of intervention that will promote the security and profits of business. What seems to be becoming ever more clear is that most people of all classes are coming to accept most of the features of a collectivist society -- that is, centralization, bigness, planning and coordination, dependence, and the growing unification of economic and political institutions. They are doing this in fact, even though many businessmen and Republican politicians still carry around with them for public display such cadavers of the past as free enterprise, competition, states rights, individualism, etc.
The real issue at conflict, then, is in whose interests is the coming collectivist society to be operated? If we continue along a course of democratic development, it is obvious that the collectivist economy will be operated by and for the masses. If we do not continue in a democratic direction, something quite different will happen, the probable nature of which I shall deal with in the final chapter.

If we assume, however, that the forces of democracy win out and our overall pattern of development follows a democratic direction, what sort of society are we likely to have? That sort of institutional structure is most likely to be dominant in the democratic collectivism of the future?

We have but to extend the long-range trend established with the Granger laws of the 1870's, and sharply illustrated by Populism, Free Silver, Progressivism, The New Freedom, and The New Deal. We may expect an increasing application of government controls over private industry and an expansion of the amount of outright public ownership. We may expect the motivation for industrial production to gradually shift from profit seeking to public need. We may expect greater equality in the distribution of wealth, with economic security guaranteed to all population groups by the government.
We may expect an intensification of the growth of collectivist features, but under the sponsorship of a popularly controlled government.

This is not to say that we may expect these developments in orderly procession. The growth of economic democracy in the past has followed an exceedingly wavy pattern, periods of rapid progress being interspersed with periods of reaction. We should also keep in mind the strong possibility of a sudden and complete collapse of our capitalist economy. If such collapse occurs (and it will be due eight or ten years after the war unless government fiscal policy is capable of warding it off), there will be a drastic and speedy adoption of new economic forms. Such forms will almost inevitably be of a highly collectivist nature, involving a much closer integration of government and business. They might tend in either an authoritarian or democratic direction, a problem to be considered in the next chapter.

No one, of course, can know what the details of a democratically structured collectivist economy would be. Those who are interested in reading about a specific, though hypothetical, plan for such a social order should read the plan proposed by Joseph Schumpeter.

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1 Schumpeter, Joseph, *Capitalism, Socialism and Democracy.*
So far I have avoided using the word "socialism" in connection with the future of democratic development. Actually, of course, the direction of development I have suggested adds up to what liberals commonly mean by socialism. When we deliberately use the word, however, we get into what might be called "the battle of the labels."

Many of us approve the economic tendencies of democracy so long as we aren't forced to call a spade a spade. We have been accepting in increasing measure the practices of socialism, while at the same time opposing all the labels and slogans of socialism. We are rapidly approaching a time when we must openly identify democracy with socialism (or at least the practices of socialism under a different label), or the whole historical development of democracy from the 1870's will become meaningless as will the concept of democracy itself.

The people of a great many other countries recognize quite clearly the inevitably leftist character of modern democratic development, and the democrats of those countries welcome it. It should be something of an education to American conservatives to witness what is now occurring in Europe and China. Competent observers of the European scene agree to the leftist nature of democratic forces of
1 Europe. Leland Stowe reports that "Europe as a whole will take a broad step left of center, politically, after the war." Edgar Mowrer says "In France, initial rule by De Gaulle will give way to a new popular front with strong Communist influences ... Dislike of 'reactionary' Britain and America will spread through Europe, Latin America, and Asia." And of "reactionary Britain" the British correspondent of a certain liberal magazine reports that although "We do not regard Winston Churchill as a dangerous radical in the United States ... he accepts a theory of government economic responsibility and social collectivism (along with most other British conservatives) that makes FDR look like a real Tory."

The New Italian government has a strong socialist flavor, and it is becoming clear that virtually all of the effective underground and liberation movements in Europe which are entitled to the label "democratic" are likewise led by economic and social revolutionaries. The Yugoslav Partisans,

1 Look Magazine, January 11, 1944.

2 Ibid.

who have shown strong democratic tendencies in the political reorganization of liberated Yugoslavia, are led by the Communist Marshall Tito. A recent newspaper dispatch tells us that "Leaders of the butch underground are reported to have scrapped their belief in the traditional free enterprise system and to favor abolition of production for profit, and other 'radical' reforms in the postwar period."  

And turning from Europe to Asia, observers tell us that the most effective democratic political group in China is the Communists who are now in control of a great deal of territory in the interior of China. I think we must grant that the world over the active democratic groups are undergoing a change in political color from various neutral shades to an unmistakable pink or red.

4. Summary

It is doubtful if any other country can point to a one-hundred and fifty year period of advance in a democratic direction such as that enjoyed by the United States. It would

1 PM, August 9, 1944.

2 See such books as Red Star Over China and the Struggle for Asia, both by Edgar Snow; and The Battle Hymn of China by Agnes Smedley. The Free World Magazine also carries frequent articles about the nature of democratic groups and the trend of democratic thinking in both Asia and Europe.
seem to be incontrovertible that there is a strong and seemingly undeniable democratic current in American life. It is not within my province here to attempt to explain the reasons for our democratic progress; many arguments might be adduced concerning the part played by the early frontier nature of the country, the social inheritance of the early immigrants, geographic and physical features of the land, and so on. The point of importance is simply that our course of national development has exhibited tenacious democratic tendencies.

We have answered, I think, the question posed at the beginning of this chapter, that is, does the development of collectivism necessarily mean the end of democracy and if not, what direction will democracy take under collectivism? The answer I have suggested is that collectivism by no means implies the end of democracy, so long as our new collectivist institutions remain subject to democratic controls. I have neglected to discuss the undeniable difficulties which will arise under democratic collectivism—the tendency toward bureaucracy, red tape, and so on. Solutions to these difficulties are suggested by Professor Schumpeter in the book previously cited. The difficulties posed are not insoluble and must be accepted as necessary risks. As to the general social and economic pattern of
democratic collectivism, I have pointed out that it conforms broadly to the major aspects of what we have termed socialism.

The present ruling class may well be worried about the future. If the democratic trend continues it appears as if the dominant position in the culture of the capitalist class is destined for destruction. What are the reasons, however, why the common people should fear the future? That is, what chance is there that the long-term trend toward democracy be deflected or reversed with the resulting supersadure of an undemocratic social organization? This question takes on supreme significance when we reflect for a moment on the depth of the social cleavages that now exist, and the manner in which these cleavages are paralyzing effective social action in a democratic direction. I have pointed out that a basic conflict rages around the course of economic development, and early in this document suggested other areas of conflict in which undemocratic forces are competing for dominance with democratic tendencies. This chapter has presented the exclusively democratic side of our development, whereas by no means has our pattern of development been exclusively democratic. Our national development since the Civil War has been of a dialectic nature and anti-democratic forces have developed at a rate equal if not exceeding the rate
of democratic development. It is only when we view our development in terms of a struggle between opposing forces that we can grasp its meaning for the future.

Our next task, therefore, is to expose and analyze these undemocratic forces that have arisen. And in this task, I shall address my major attention to undemocratic tendencies in the economic area.
CHAPTER V

THE DEVELOPMENT OF UNDEMOGRAPHIC TENDENCIES

At most times during our national history the state has been largely dominated by a minority ruling class. At fairly regular intervals, however, the ultimate political power which resides in the people has been used to force the overall development of the nation in a generally democratic direction. In economic terms, the overall course of development would appear to be in the direction of government-owned business enterprise, with democratic controls remaining vested in the people. Public pressures forcing the extension of government economic controls have grown out of the recognition that in a society developing along collectivist lines it would be disastrous for private interests to retain complete control of the economic structure, with all this implies for control of other related institutional areas. These public pressures have become increasingly effective as a result, perhaps, of improved public education, but still more as a result of changing class orientation; that is, the collectivist process automatically generates an ever-larger wage-earning class which makes itself felt through the
ballot box, even as it generates an ever-smaller entrepreneurial group which must continually resort to minority group tactics to retain its position.

It is only natural that specially-privileged groups should resist the undermining of their position that occurs in the democratic process. As a result, our entire history has been characterized by the conflict of democratic and anti-democratic forces. In the past, conditions have always been such that the democratic forces could make periodic if not steady progress. At no time have the undemocratic forces become so strongly entrenched as to be beyond public attack. There is a grave danger that we are approaching such a time, however, as a result of new technological and organization developments which vastly improve the operation of the privileged classes in the struggle for power. Let us examine, therefore, the precise nature of these new developments.

It was during the first half of the nineteenth century, before the original aristocracy of birth and manners had been fully dealt with by democratic forces, that a new type of ruling class began to emerge. The seat of this development was the manufacturing East, and its early leaders were represented by such families as the Astors, Girards, and Longworthies. These were men who had made money from newly-
developed industries and from land speculation. They were the forerunners of a new ruling class that was to supplant the old aristocracy and become the new conservators of the aristocratic tradition. This new ruling class was not an aristocracy of birth and manners, much as it might aspire to be; many of its members had risen solely as the result of raw ambition and ability.

During this early period -- in fact, until near the end of the century -- this new commercial class lacked cohesiveness. Its members competed among themselves, frequently with utter ruthlessness. At this stage of the game businessmen had not learned the techniques of cooperation, and the very nature of conditions were such as to preclude a high level of cooperation. The ability of businessmen to cooperate against common enemies or for purposes of controlling the government, depends upon the state of development of the economic system. The prerequisite to such cooperation is the growth of very large business units, a relatively small number of which can exercise a dominance over the productive forces of the nation, together with the development of highly centralized controls within the group of dominant corporations.

I have already pointed out (in Chapter III) the centripetal tendency that has been operating among our economic
institutions. I indicated how, from a nation of small, competitive industries we have progressed to a nation which in 1935 had thirty corporations having assets of a billion dollars or more. We know that the two hundred largest corporations control well over half of all corporate wealth and that the process of consolidation has been speeded up by the war. It is within this setting that we must consider the dynamics of the struggle for power.

Although it is easy to demonstrate the long-range trend in the direction of greater concentration of wealth ownership, it may be objected that this does not necessarily mean that effective power to control the economy is becoming placed in a few private hands, or that such power as exists implies the effective wielding of political power. It may be argued, for example, that democratic tendencies have driven us to a point where government can, and to a large extent does, control the economic system in the interests of the majority regardless of the great concentrations of capital. Regardless of what validity this argument may have, its weakness lies in its failure to take

1 Among the numerous sources on this subject are such publications as:
TNEC, Investigation of the Concentration of Economic Power
Paulsker, Harold, The Quest for Social Justice
Allen, Frederick L., The Lords of Creation
Berle and Means, The Modern Corporation and Private Property
Cochran and Miller, The Age of Enterprise
into account changes now occurring which endanger the principle of popular control of government and the utilization of the economic system in the public interest.

Let us next examine the specific developments of recent years which make the future of democracy uncertain. The first of these is the increasing fact of _cohesiveness_ on the part of the capitalist class. By cohesiveness, I mean the ability to work closely together to achieve class ends, to present a united front against all enemies, and to feel a sense of unity and self-awareness as a class. Let us see specifically how this has been reflected in practice.

In this connection, we need but to study the development of the trade association and similar movements among businessmen. The first trade associations were founded about 1885 for the purpose of promoting harmonious labor relations. By 1900 they had changed from their formerly conciliatory view to one of opposition to labor unions in general. To this day trade associations have continued to fight unions and union practices, particularly the closed shop. This is but a minor aspect of the total trade association program, however.

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1 Most of the following material on trade associations has been gathered from the following two books: Bennett, Clarence E., _Employers' Associations in the United States_. Brady, Robert A., _Business As A System of Power_.
Virtually every industry of importance has its trade association, and in most cases the association represents virtually the entire industry. The trade associations themselves are members of businessmen’s associations of regional or national scope, chief among which is the National Industrial Council, a subsidiary of the National Association of Manufacturers. We might think of the manufacturing corporations of the nation as being the rim of a great wheel, the spokes of which are trade associations, and the hub of which is the National Industrial Council and the National Association of Manufacturers.

The NAM is probably the most influential businessmen’s organization in the country today. It functions as a fountainhead of general business policy, a propaganda agency, and a pressure group extraordinary.

The NAM was founded in 1895 and during most of its early life its energies, like those of trade associations, were devoted to attacking labor organizations. With the first World War, the NAM began to promote two other ideas of the utmost significance, however. The first of these was that all business in the United States should be organized into trade associations and associations of trade associations in order that business could work out common policies and present a united front against enemies. The second idea was
such organizations should be autonomous, interdependent, and self-regulating. This latter aim led to the slogan "self-government in industry."

Of these two goals the first has already been substantially accomplished. Together with the NIC, the NAM speaks for 90 per cent of American manufacturing establishments, the other 20 per cent being small, inconsequential firms. Local, state and national trade associations are tied together through the NIC and the NAM into a closely-knit mesh, which becomes more integrated with each passing year. According to a spokesman for the NAM, it now feels that American industry is "synchronized." The NAM, like the trade associations, is controlled by a very small number of "inside firms," and the most important NAM policies seem "traceable directly or indirectly to this inside clique ..."1

The second NAM goal, the promotion of self-government in business, has not been reached. The attainment of this goal is primarily a political problem, since it requires the creation of a public opinion that is antagonistic to government control of industry. The NAM probably felt that little needed doing along this line during the Republican administration of the 1920's, since the government itself was highly receptive to the idea. The New Deal, with its mass of

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1 Brady, Robert A., Business As A System of Power, p. 215.
regulatory legislation, stood squarely in the way, however. As a result, the NAM during the 1930's embarked on a vast new program to sway public opinion its way -- a topic with which I shall deal more fully at a later point in this essay.

The significance of the trade association movement appears to lie in the fact that it is a means by which the top industrialists of the nation are weaving a network of effective control over our economic life. The trade association movement facilitates greatly the cartellization of industry, along both national and international lines. I use the term "cartel" to refer to any monopoly agreement within an industry or group of related industries by which prices are administered, production restricted, sales territory divided up, patent agreements made, and so on. By acting as a fountainhead of policy as well as a clearing house for information, trade associations come to act as industrial governments. To understand the full implications of this development, it is essential to consider the problem of cartellization in its international aspects.

Cartellization, carried to its logical conclusion, means the total collectivization of business under a private government of business leaders. European countries have been
approaching this condition during the past decade or so, but the United States due to its less mature economy has taken but few steps in the direction of real cartel-supergovernment based on international associations.

Although Eric Johnson, president of the United States Chamber of Commerce, disclaims any general desire on the part of American business to become monopolistic or to enter into international cartels, it is certain that some members of the business community have been making use of the principle for some time. The Anti-Trust Department has already brought to light cartel-arrangements entered into by such American firms as E. I. DuPoint, Standard Oil of New Jersey, Winthrop Drug, General Electric, and the Bosch Corporation. Such products as natural and synthetic rubber, a variety of chemicals, diamonds, tin, titanium, quinine and steel have been subject to cartel arrangements, although American firms are not guilty in the case of all of these products.

According to another newspaper dispatch, a plan for a world cartel in oil has been submitted to Harold Ickes by Orville Harden, Chairman of the Foreign Operations Committee.


2 *PM*, December 16, 1943.
Harden is vice-president of Standard Oil of New Jersey and a leading figure in the famous Standard Oil - I.G. Farben cartel. The plan would divide the world supply of oil and determine shipments of each area. It would allow British and American companies to restrict international supplies to a profitable level.

The most audacious plan for cartellization yet in existence is the one submitted by the British economist, Sir Edgar Jones. The plan, called the World Trade Alliance, proposes the post-war apportionment of all the world's resources — natural and manufacturing — among a series of industry-managed supernational cartels with power to fix prices and regulate production and distribution of every product under the sun. The Alliance would be a super-government heading up the world's economic activities. The Alliance would deny effective representation to labor on the grounds that labor men are not "specialists." Likewise, government officials would serve only as "secretarial or statistical officers" and there would be only such government regulations as "appears to be the minimum necessary for its organization and protection." The blue-print for the World Trade Alliance was laid down at the historic Dusseldorf Conference in 1939 between the Federation of British Industries
and the Reichsindustrie Gruppe (both organizations corresponding to our own NAM). The plan is said to be receiving considerable attention in the United States among some business circles.

I have discussed the cartel movement because it points the logical direction in which domestic monopolies are likely to move. It forms an excellent illustration of the temper of business organization and business thinking as it has developed in this century.

The observer might not be convinced even yet that any problem exists beyond the power of a people’s government to rectify. Persons of domestic inclinations will hope this is the case. There is another aspect to the problem, however, which complicates it still further. This is the degree to which big business interests are able to control public opinion through organized propaganda programs.

At this point it is desirable to probe into some of the implications of modern propaganda techniques. Propaganda may be said to have entered a new phase during the past century, not only because of advances in the science of psychology, but also because of inventions in the physical sciences. Rapid mail service, telegraphy, the telephone, the linotype and rotary printing press, the radio, and photography

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1 PM, December 5, 1943.
have all tended to increase the effectiveness of propaganda because they enable the propagandist to reach vastly more people with much greater speed.

Whenever propaganda intrudes itself upon the scene a barrier to the free use of intelligence is erected, since the purpose of propaganda is to prevent the free use of intelligence. Propaganda of whatever type is by its very nature an undemocratic force in society. At the present time we have within this country numerous selfish pressure groups, each aggressively propagandizing for its own point of view. Such groups deliberately set out to confuse public thought, and often do so with telling skill.

Even though widespread propaganda is in any case a serious hinderance to democratic action, the prevalence of organised pressure groups in itself does not necessarily mean democracy can no longer function. It is essential, however, that some sort of balance be maintained so that the people may hear all sides of disputed issues. When one group, because of superior money resources or skill becomes able to dominate public opinion, then the prospects for democracy become bleak indeed. Centralized control of channels of information implies the development of the totalitarian state. The function of propaganda in promoting totalitarianism in various European countries is well
And yet, it is a fact beyond dispute that a very large number of private media of information and communication are controlled by wealthy big-business interests, and that these same interests at times lay heavy on the schools and churches as well. In a recent speech, Morris Ernst, Counsel for the American Civil Liberties Union, stated that "There are fifteen families in control of America's pipeline of public opinion." He named Henry Luce, DeWitt Wallace of Reader's Digest, Colonel Robert R. McCormick, Joseph M. Paterson, Arthur Hays Sulzberger, Roy Howard, and Frank Gannett as owners of newspapers, syndicates and magazines; William Paley, David Sarnoff, Edward Noble, and Mr. McCormick as owners of radio networks; and Louis Mayer of Metro-Goldwyn-Mayer, Stanton Griffis of Paramount, Jack Warner of Warner Brothers, and Wendell L. Wilkie and Joseph Schenck of Twentieth Century-Fox as movie owners.

One observer of the social scene has this to say with respect to the development of journalistic practices in America:

... When the last frontier had been conquered ... maturity wrought quick changes in the press as in the entire economy. Personal journalism gave way to the corporation and the chain. Consolidation and concentration supplanted individualist expansion ...

On balance, freedom (political) parties was not gain ... Yet something deeper was involved. What had happened was that the press had driven the piers of its support down through the soil of politics to the bedrock of the economic structure. Instead of reflecting a variety of opinions thrown out by underlying forces, it turned to throwing out opinions of its own ...

Where on the old basis there might be ample room in one city for a Republican, a Democratic, and perhaps two or three other papers, the acquisition of economic power created urgent impulses toward monopoly ...

Not only did the number of newspapers in each community decline. The surviving owners took on more and more the monolithic character of a class. As businessmen, they reflected the prejudices and attitudes of businessmen ...

In many a community the biggest single fact may be the existence of a certain newspaper and a certain publisher. In a real sense this man is an arm of government and a peculiarly irresponsible arm ...

The Point is that he (the publisher) exercises power. And with few exceptions he exercises it as the representative of a small but nevertheless potent group within the community. His cronies are the bankers, the manufactureres, the utility operators, the department store tycoons ... The ideas
he absorbs and the attitudes he reflects are those of the well-heeled upper crust ...  

This attitude filters down, by well-defined channels, to his staff. In extreme cases it colors the news, and in others the selection and emphasis of news...  

In addition to the fact that our news media are for the most part in the hands of men who by reason of wealth or mere sympathy identify themselves with the big business class, most of us fail to realize the extent to which news may spring directly from business sources outside the publishing field. A more detailed analysis of the propaganda program of the National Association of Manufacturers will illustrate what I mean.

Actual book expenditures of the NAM for its propaganda program increased from $793,043 in 1937 to $1,380,000 in 1943. And a report of the National Industrial Information Committee (the propaganda arm of the NAM) states that to do its job properly in 1944 a budget more than twice as large as large will be required. These sums give no indication


2 Brady, Robert A., Business As A System of Power, p.10.

3 The New Republic, June 26, 1944, p. 832.

4 Ibid., p.832.
of the amount of NAM publicity carried free of charge by newspapers and magazines or sponsored by local trade associations, Chambers of Commerce, and other organizations. President Warner (of the NAM) stated that the total commercial value of the "public information" program for 1937 was at least $36,000,000. There is little doubt that this figure is now much larger.

How, we may ask, is this money spent? Julius Hochman lists the following twelve outlets for these funds:

1. A nation-wide weekly radio program, sponsored by NAM.

2. Three weekly editions of "Briefs for Broadcasters" sent to commentators of 524 radio stations in the United States and Canada.

3. Newspaper releases to columnists and editorial writers of 2,000 leading metropolitan papers.

4. A weekly clipsheet, called "The Industrial Press Service," sent to 8,000 "grass roots" newspapers of the small communities (these papers reach a total of 41,000,000 persons).

5. Distribution of numerous pamphlets and booklets (in 1942, the NAM distributed 2,000,000 copies, mostly to schools).

6. Supplying speakers for all sorts of occasions, whose speeches are written by a competent staff of professional writers.

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1 Brady, Robert A., Business As A System of Power.

2 Hochman, Julius, "Labor and the Public," American Federationist, April, 1943.
7. Billboard, newspaper and magazine advertisements.

8. Distribution of "study courses" for women's clubs.

9. Sponsorship of regional conferences at which clergymen and educators meet with industrialists.

10. Tours arranged for leading newspapermen for the purpose of proving to them that "management" is winning the war.

11. Sponsorship of civic program meetings.

12. Letters to stockholders, and payroll stuffers.

From recent newspaper accounts, it appears that during this year NAM is staging its greatest propaganda program in an effort to wipe out the New Deal at the coming election. A recent dispatch \(^1\) states, "Announced at its convention yesterday, the NAM's gargantuan propaganda campaign will blanket the nation's press, radio, church and theaters to carry to the American people the NAM's message that only 'free enterprise' can restore prosperity to post-war America." This program will "seek elimination of every facet of the New Deal." NAM committees will work with schools, churches, industry and agriculture. They will attempt to enlist the personal interest of newspaper publisher and editors, radio commentators, movie producers, writers and lecturers. They will furnish press releases for the weekly "grass roots"

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\(^1\) PM, December 10, 1943.
newspapers, and buy advertising in the nation's press.

The NAM boasts that two out of three school children in America have read pamphlets of the NAM, although I suspect this is something of an overstatement. Among these pamphlets the foremost is the series entitled You and Industry. The NAM also furnishes to schools films, plays and electrical transcriptions of radio programs -- all free of charge.

Now what are the major ideas being promoted by business interests in their propaganda programs? Their major point, it seems to me, centers around the promotion of "free enterprise." Historically, free enterprise meant a laissez-faire economy -- complete with free competition, individual initiative, profit motive, and absence of government interference. Since the growth of collectivism has erased some of these nineteenth century characteristics, it is obvious the NAM does not really mean free enterprise in its historic sense. What they do mean appears to be "freedom from government interference," or in other words, the same thing they meant by their earlier slogan of "self-government" in industry. As a corollary to the free enterprise doctrine, business groups emphasize another idea: that free enterprise and democracy are one and the same thing, and conversely, that centralized economic control and democracy are mutually exclusive. I
suspect the originators of these arguments write with tongue in cheek much of the time, for reasons I shall soon make clear.

At this point let me summarize briefly some of the more cogent points of our analysis to this point. In Chapter III I pointed out the trend toward collectivism in industry, indicating it to be a quite natural as well as inevitable development having roots which extend as far back as the industrial revolution. Within this broad pattern of collectivism we find in operation two diverse forces. One of these forces is the continuance of a strong democratic trend at virtually all institutional levels. But since democracy implies the effective control by the masses of all areas of institutional life, including the economic, democracy has come to mean ever-increasing government intervention, in the interests of the masses, in the economic system. The second of these forces is the determination of business groups that the central organizations which administer our economic system as well as international trade, shall be dominated by private interests. In virtually all the plans submitted by business groups for the post-war world, labor and government are not to be given a share in final decisions. As these business leaders would have it, we are headed for an industrial super-state on both national and international lines, headed by a
clique of big business leaders. These same business groups are attempting to sell the idea of free enterprise -- which implies freedom of business from democratic controls -- by means of an unprecedented propaganda program, made dreadfully efficient through the use of modern propaganda instruments capable of blanketing the nation.

We thus have a competition between business and the lower classes generally for control of the economy. As the liberals, who tend to represent the interests of the masses, have envisaged their goal of democratic collectivism with greater clarity and have pushed for it with greater determination, so have the business classes seen the issue more clearly and taken steps to organize our economy along more authoritarian lines and maintain this organization through the control of public opinion. Now it should be self-evident that if carried to their logical conclusion these two trends are mutually exclusive. You can not have within a country at one and the same time an economic system dominated by private interests and an economic system dominated by public interests. You can not have at one and the same time a press, radio and school system dominated simultaneously by both public and private interests. So far during our national development these divergent interests have been able to compromise sufficiently to enable us to enjoy progress and prosperity. At times one has been in the ascendency, at times the other.
At no time in the past, however, have we had a situation analogous to the present one. At no time in the past has business been so closely organized as now; never before has it been able to exercise such control over the media of communication and information. And probably at no time before have the believers in democracy, particularly that liberal minority which carries the torch, been so certain that democracy inevitably means socialism.

Are we, then, approaching a time when compromise between those who wish to extend government controls over business and those who wish to retract such controls will be impossible?

This question, of course, does not describe the issue with complete accuracy. It assumes that if business had its way the political and economic functions of society could be separated. Although many sincere businessmen appear to believe this, it is not true in general. The fact is, political and economic life increasingly become intertwined and mutually dependent, and this is not entirely because of the operation of economic democracy as I described it in Chapter IV. It is partially because of the desires of businessmen themselves. During the 1920's, the Department of Commerce came to function almost like a super-trade association as it encouraged and abetted business combination and coordination.

\[1\] Morison and Commager, The Growth of the American Republic, pp. 534-35.
As I have already pointed out in considerable detail, government is taking on numerous economic functions while at the same time business, through the process of self-collectivization, is taking on many functions of government. Political and economic administration are approaching the same point in time and space. Many of our more astute business leaders undoubtedly recognize this, in spite of their arguments that business can go its own way if government will keep hands off.

The real issue that confronts us can be more accurately stated by asking this question: as government becomes business and business becomes government, which philosophy and organizational structure will prevail -- the philosophy and organization of democracy as it has been expressed in the democratic upheavals of the 1890's, the early 1900's, and the 1930's, or the authoritarian philosophy and organization exemplified in the consolidation of arbitrary economic power in the hands of a small business class and the attempts of this class to bend public opinion to its interests in totalitarian fashion?

It is doubtful if you can have both philosophies existing concomitantly in the same social organization, because each calls for a different social purpose and a different organizational structure. Under modern conditions, a permanent
marriage between an autocratic economy which bends related institutions to a totalitarian pattern and a democratic system of popular controls is impossible to imagine.

The end-product generated by this apparently irreconcilable cleavage may be something quite unexpected by either contestant. Fortunately, other countries have been placed in an analogous situation and can supply us with valuable evidence concerning what may be produced by this clash of interests. Let us examine this evidence of Chapter VI.
CHAPTER VI
THE SOIL OF FASCISM

1. Some implications of the authoritarian tendency

I have pointed out that certain factors in the present situation seem to preclude the indefinite continuance of compromise relations between authoritarian economic forces and democracy. This is not to say that such compromise will not continue for several years more. No one can say how long compromise will be possible. But as I have suggested, present lines of development point in divergent directions; their divergence may well become so wide that neither side can grant sufficient concessions for a working agreement.

If we assume that the trends now observable will continue, making the social cleavage steadily more incisive, it is possible to make a number of predictions for which we can claim fairly high probability. It would seem likely that the cleavage would be reflected in Congress on an even greater scale than is now the case. Demands for greater socialization would be met with counter-demands for freedom of private business control. A point might be reached at which government would be unable to act effectively in any direction.
And as the cleavage came to be reflected throughout our entire society, the whole social order would come under the grip of a tightening paralysis. Claims and counter-claims, moves and counter-moves, constant bickering and ceaseless oratory would blanket the scene. But the pressing social problems would continue unresolved.

In such a situation, a state of frustration and eventually of desperation might be expected to develop. Suppose that at the same time we were in the grip of a serious depression with millions of unemployed -- a prospect that is not at all unlikely. Given these conditions, political movements of revolutionary character would almost certainly appear. Those who had not lost faith in democratic processes would gather their forces on one side, and those who wished to turn to authoritarian solutions would gather on the other side. Thus, political movements would reflect the two forces of American society. Both the forces of the left and the forces of the right would be dedicated to a program of action, yet compromise between them would be impossible.

At this point, business leaders plus all other persons on the sidelines would have to make a fateful decision. They would have to decide on which side to throw their weight, or at least with which side to tag along. It would not be a pleasant choice. The movement of the right, being a reactionary
movement, would probably combine a large number of diverse elements who had lost faith in democratic ideals. It would include some respectable, if cynical, people; but it would also include demagogic rabble rousers, fundamentalist religious groups, ultra-nationalists, race-haters, disillusioned veterans, and so on. At the same time, the movement of the left would be one of revolutionary socialism, promising to install a socialist program once it had secured control of state power. The prospects of socialism would be intolerable to the business community as well as to all the other respectable folk of conservative inclinations, since it would mean the total elimination once and for all of the power of the capitalist ruling group. The choice would be an uneasy one for the business community, but to accept a gambling chance is better than to accept no chance at all. Besides, the authoritarian outlook already pervades the business mentality to a large extent.

Let us assume, then, for our hypothetical construction of the future, that the privileged classes throw in their lot with the anti-democratic political coalition and win absolute control of the government. We might then expect to see something of a congealing of these groups into a new ruling class synthesis. Members of the reactionary political condottiere would seek, and again, powerful controls in business just as
members of the former business community would seek, and gain, powerful controls in government. Thus an effective union of political and economic institutions would occur, the resultant structure being dominated by persons whose major interest was to retain, or gain, a position of special privilege in the social order.

In such a structure the gangster element would probably gain control because it would be unhampered by sentimental scruples. The political condottiere with whom the industrialists rode to power might assume a large degree of independent power and even begin kicking the industrialists around. The inability of the politicians to operate the economy without the aid of the industrialists would seem to preclude very much of this, however, and we are probably safe in assuming that industrialists and politicos would continue to lie in the same bed.

Once we had reached the circumstances suggested above, another chain of events would follow quite logically -- from necessity, in fact.

First, we should note that the accession to power of authoritarian forces would not solve the basic social cleavages which made such a development possible. The working classes might be temporarily misled by the socialist varnish with
which the government propaganda would be coaxed. So long as organized labor retained its independence of action, however, it would represent a challenge to the new ruling class. To the extent that labor might share in decisions relative to wages, working conditions or other industrial policies, it would constitute a menace to the authoritarian structure, since authoritarianism implies centralized administration of all these things. Labor unions as independent social forces would thus have to be abolished.

Although most newspapers and magazines would automatically follow over to the side of the new ruling class, there might be a few recalcitrants such as PM or The New Republic. These would have to be suppressed, or the authoritarian structure would be constantly under attack. A central censorship agency would have to be instituted and centralized press and radio controls inaugurated, for no authoritarian regime has ever been able to exist without suppressing free speech. It would go without saying that the schools would likewise have to be muzzled.

The social philosophy of the capitalist ruling class as well as that of the frustrated little people of authoritarian tendencies is a backward-looking philosophy. Those who hold it have a nostalgia for the past and would like to get back
to whatever, in their private version, may be regarded as "fundamentals." Thus we could expect a reactionary, fundamentalist movement in such institutional areas as religion, education, and the arts. And it goes without saying that the products of these institutions would be bent to support the philosophy of the ruling class and to keep it in power.

Since virtually the entire social order would be centrally administered by groups having an authoritarian point of view and since modern propaganda methods are capable of blanketing the thinking of the masses, the nation would become increasingly totalitarian in structure and outlook. Since the economic factors of a society color and influence all other institutional areas, and since the economic order would be an authoritarian one, we should expect the entire society to take on authoritarian characteristics. Thus, a totalitarian state in its truest sense would be born.

In spite of the totalitarianization of the nation, the problem would still exist of enforcing social unity and quelling discontent. This would be especially true since a nation in large part dominated by the big business mentality could not solve the economic problems inherent in capitalism. Since a profit system and private ownership would still exist to a large degree, even though it were centrally administered, the problems of lack of purchasing power, over-production and
absence of profitable investment opportunities would still exist. This is not to say that these problems might not be considerably mitigated by drastic collectivization. The point is, the solution of these problems in a system of private ownership would require the payment of maximum wages, the reduction of profits to a minimum, the total elimination of surplus savings, steeply progressive income taxes, and a high rate of government expenditures designed to place purchasing power in the hands of the poor. It would be difficult to imagine persons of the big business mentality voluntarily adopting such a program unless their entire outlook underwent a revolutionary change.

Thus, we would still have the poor with us and the problem of maintaining social unity would take on an impelling urgency. Several methods might be utilized. The masses might be sold on nationalistic sentiments and drawn their sorrows in love of fatherland. The white gentiles might be united by a program of persecution of Jews and Negroes. If this did not work, the country might be drawn into some dramatic foreign adventure, such as the conquest of Canada or Mexico. In fact, a program of military aggression would serve more than one purpose. In addition to the social unity it would achieve, war-making would furnish an outlet for surplus production. It would be a socially acceptable means of
clearing the market, whereas the free distribution of surplus goods to the poor could never be approved by a ruling class of traditional big-business outlook. Military conquest might also provide access to new markets, as well as opportunities for looting. This is not to say that the ruling class would especially enjoy an imperialist war. Many of them might have to rationalize it as being the sole means of maintaining civilization.

Is this pattern fantastic? If the writer had constructed it out of his head it would obviously be quite fantastic. It would then come under the heading of fortune-telling rather than of scientific social analysis. It is obvious to the informal reader, however, that the foregoing description is not simply an imaginative construction, but a simplified and generalized statement of that has actually happened in several countries.

I should not wish to attempt a more explicit statement than this of what might happen once authoritarian forces gain control. The fascist pattern in some countries has departed considerably from the pattern I have suggested here, and might do so in this country. In fact, what has happened elsewhere

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proves nothing about what will happen here; it can, however, suggest probabilities. We should note, of course, that the steps of development suggested above form a wholly logical concatenation -- though we should also note that actual social developments not infrequently depart from logic.

The pattern I have described is the one we have come to know as fascism in such countries as Italy, Germany, Spain, and to a lesser degree Argentina and France under Vichy. Japan, although essentially fascist, has not followed this pattern exactly, perhaps because the country never had a democratic movement of importance.

There is one distinctive manner in which this pattern departs from the popular conception of European fascism. The ordinary individual in this country had never sensed the part played by economic developments in the rise of fascism, nor has he been able to see the function of the former capitalist ruling class in the new fascist states. This blind spot in American thinking is a serious handicap to further democratic progress. Therefore, I should like to deal with this problem at greater length on the following pages. I shall use illustrative material from the German experience, even though the experiences of Italy, Spain, or Japan would work as well. The major reliance in this analysis is upon the studies of Professor Robert A. Brady. ¹

¹ Brady, Robert A., Business As A System of Power.
2. The development of the fascist economy

The economic development of Germany has been typical of the development of capitalist countries everywhere with possibly a few exceptions. Germany became a manufacturing nation relatively late, but soon caught up with other leading manufacturing nations. The same process of self-collectivization in industry occurred in Germany that has occurred in the United States. It proceeded at an even faster rate in the former country, due in part to the fact that Germany was the seat of the "rationalization" movement.

The collectivist process created in Germany a large working class, dependent upon the great corporations for sustenance. In Germany as elsewhere, such a development was bound to have important political repercussions. In fact, Germany was the site of important socialist movements which gained in strength up to the time of Hitler's entry into the government. The collectivizing process in Germany likewise reduced the importance of the small entrepreneur both economically and politically and consolidated economic power in the hands of a few large corporations. The insecurity and frustration of the German middle classes grew in part from their being the center of a squeeze play between the big corporations and the working class movement, although other factors, such as defeat
in the first world war, played their part in building the psychology of frustration which was behind the fascist political movement.

The trade association movement in Germany flourished even more, or perhaps I should say earlier, than in this country. By 1930, there were 2,272 local, regional and national businessmen's associations affiliated under the Central Committee of German Employers' Associations. The most important of the business coordinating, political-pressure groups was the National Federation of German Industry, which might compare in function to our own NAM.

The Nazified successor to the National Federation of German Industry is called the National Industry Group. Here resemblance to the NAM diminishes in the fact that the National Industry Group (Reichsindustrie Gruppe) is closely integrated with the government. But even under fascism German employers' associations continue to peddle the slogan "self-government in industry."

The cartel principle appears to have originated in Europe and was not hedged in by government restrictions as in the United States. Thus, German industry has been almost completely cartellized for a number of years. Like the trade associations from which they developed, the cartels were

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1 Brady, Robert "., Business As A System of Power, p. 10
integrated and dominated by centralized lines of control. These organizations were largely independent of government controls.¹ German industry afforded a perfect example of what we mean when we speak of "monopoly capitalism." By the time fascism came to power, the capitalist class had become a self-perpetuating bureaucracy.

It was inevitable that as industry became collectivized and the lines separating the owning from the working class became more sharply drawn, the ideology of the capitalists came to be the preservation of position at all costs. Professor Brady points out that "As monopoly stands at the center of the new economics, so status is the heart of its appropriate social outlook."²

The important point we should note here is the insignificance of the changes necessary in the economic structure when fascism came to power. Fascist economics were in full keeping structurally, functionally, and in terms of social outlook with past lines of development. The transition may have involved considerable smoke, but there was little fire. The organizational structure was streamlined a bit, and the fascist party officials came to share in economic decisions. This sharing was less important than is generally supposed.

¹ Brady, Robert A., Business as a System of Power, p. 10.
² Ibid., p. 259.
Under fascism, German industries are organized into
groups, all of which come under the authority of the National
Economic Chamber and various provincial chambers. The policy-
making officials in the Chambers are in large part representa-
tives of the business class. The power of business manage-
ment has become dominant over that of the unions, stock-
holders, and general public.  

The center of gravity in the
National Economic Chamber resides in the members of the Na-
tional Industry Group. The center of gravity of the National
Industry Group is located in the heavy industries. These in
turn are led by giant combines. And German industry, as
here, has its own centralized propaganda program.

We must not forget, of course, that a great deal of
capitalist enterprise has been liquidated and many important
entrepreneurial functions have been curtailed or eliminated.
Necessity dictated the elimination of parts of the capitalist
structure. In their acceptance of such a program, the in-
dustrialists realized that if the political movements of the
left had gained power there would have been no more capitalism
at all. The anti-capitalist propaganda of fascist groups
both inside and outside Germany appears hard to explain in
view of the continued power of the capitalist class. It seems
likely, however, that most of this propaganda is window dressing

1 Ibid., p. 40.

2 Ibid., p. 43.
By way of summary, Professor Brady says that the present system

... has been referred to by people interested in the economic angle as "status capitalism," meaning a monopolistically organized, militarily minded, hierarchically graduated and "feudalistically" directed autocracy in which the upper social reaches, after having made the necessary compromises with the ... demagogy of platform and political tract, banded together to constitute a governing class within a state expanded on a footing highly reminiscent of Plato's microcosmic model, the Sparta of Lycurgus.¹

It can be seen that the element of determinism in the development of fascism is very strong. Totalitarianism is not the inevitable result of previous trends in business organization, but it has been inescapable when ever situations of revolutionary character have forced a quick decision. Strategic business circles committed to no further compromises with democracy have been unable to do anything but throw in their lot with fascism.

We might next ask whether or not fascist development elsewhere has closely resembled the German pattern. Again quoting Professor Brady:

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¹ Ibid., p. 47.
the transformation undergone by business organization in these countries which have re-
amped their national systems along totalitarian lines are fully consonant with, and may be
considered the logical outgrowths of previous trends in structure, policies, and controls
within the business world itself ... (and) along every significant line the parallelisms
in the evolution of business centralization within the several national systems, includ-
ing those within countries still functioning on a liberal-capitalistic basis, are so close
as to make them appear the common product of a single plan ... 1

3. The prospects for American fascism.

With the war against the Axis nations almost won, it is
easy to believe that democracy will inevitably continue its
onward progress. Although it seems likely that the war will
act as a hindrance to future fascist development, not only
because of its actual destruction of fascist regimes but
because of the educational effects of a war originated by
fascist nations, we should not be lulled into false security
by supposing that fascism can be destroyed by war. We have
seen that fascism is essentially an economic development, in
spite of its various surface manifestations which appear un-
related to the mode of production.

The strongest impelling force toward fascism in the demo-
cratic countries, the, is the development of a privately-
dominated economic collectivism -- the private management of

1. Ibid., p. 5 (italics mine).
the trade association and cartel. Already these lines of development have almost completely undermined the liberal capitalism of the past with its elements of freedom. The transition to fascism could soon be made without upsetting the business structure of forcing fundamental ideological changes upon the business community.

With respect to the psychological preparation for fascism, it is instructive to note the fear of further democratic development among business groups. Illustrative of this is the frenzy of hatred against the New Deal. To the business classes President Roosevelt represents the idea that government should assume responsibility for economic security and the control of business in the public interest. Although we may question the President's sincerity in these aims, nevertheless he represents to the ruling class the symbol of them. This is not to say that business groups in the United States actually believe in fascist principles; but rather that such groups do not wish to tolerate the further extension of democracy. Most industrialists are not so outspoken as H. W. Prentis, Jr., Chairman of the Board of the NAM, who is quoted as saying, "Hope for the future of our Republic does not lie in more and more Democracy." In this same speech Mr. Prentis denounced the direct election of senators, the
iniative, referendum and recall -- all of which are bringing us closer to what he termed "the pitfalls of democracy." 1

It is true, of course, that the business class of the United States contains many members who are far more liberal in their viewpoint toward race relations, international relations, civil liberties, and so on, than many members of the proletariat. This serves to mix and confuse the situation. Many members of the capitalist class would refuse thumbs down to have anything to do with a fascist mass movement. On the other hand, the very nature of the situation will compel many well-intentioned ruling class members to support fascist rather than democratic politics when the opportunities for compromise have passed. This choice might be a hateful one, but the socialist alternative would be intolerable. The manner in which this is likely to work out in practice has been graphically illustrated in the case of the Allied Military Government of Italy. In a number of liberated towns, the AMG officials (who in general appear to be conservatives of business-class mentality) have ignored former underground leaders in setting up new governments, in spite of the widespread popular support of these leaders. In some cases local

1 Carlson, John Roy, Under Cover, p. 195.
officials who were formerly fascists, or at least not clearly anti-fascist, have been reinstated in office. 1

There is perhaps little danger that big business would try to seize power directly through a coup d'etat when the crucial decision had to be made. The business classes are notoriously lacking in political talents. As in Europe, the industrialists would probably have to support, and attempt to shape to their ends, some anti-democratic political condottiere. And before a fascist coup would stand much chance of success, it would have to be supported by a fairly extensive mass movement. We should, therefore, examine the possibilities for development of such a mass movement in the United States.

The development of any revolutionary movement is a function of the circumstances and given proper conditions might occur here as easily as elsewhere. Widespread economic insecurity furnishes the ideal soil for the fascist agitator. We have had such insecurity in this country, and are likely to have it again once the war and postwar boom has exhausted itself.

1 For examples of dispatches relating to the aspect of the Italian situation, see PM, July 10, 1944; and, August 15, 1944. Also De Vayo, J. Alvarez, "Goodbye to the Revolution!" The Nation, July 15, 1944.
During the 1930's dozens of minor fascist-tinted organizations sprang up. These movements probably embraced several thousand persons. Although they were regularly supported by certain Congressmen, they were never able to elect their leaders to responsible government office. Furthermore, although these various authoritarian groups were in close communication, they were unable to effect combination under central leadership. And although these groups secured some support from disgruntled industrialists, their major support was from among frustrated "small fry." ¹ What the growth of these groups illustrates is the fact that a fascist spearhead can get started in this country given the proper conditions.

The America First Committee (now America First Party) has served the purpose of temporarily congealing a number of diverse elements in the American fascist movement. It may serve a similar purpose after the war. Edward Atwell, an official of the America First Committee, is quoted as saying

There are a lot of neurotics and frustrated people in the world. Old maids, missionary types, people who have to get a release for their hatreds, neglected people ... they all want to become somebody by joining a movement. They'll all come back (to America First) as soon as they get the signal. ²

¹ For a detailed and carefully documented record of the activities of native fascist groups, see Carlson, John Hoy, Under Cover.

² Ibid., p. 483. Also in this connection see the study of the psychology of fascism by Fromm, Eric, Escape from Freedom.
Any group uprooted from accustomed institutions and placed in a situation where spiritual unity with the environment is impossible is likely to adopt a fascist outlook. For example, a disproportionate number of the members of native fascist groups appear to have been first or second generation immigrants. These people have never come to feel a sense of belonging to America, while at the same time they have lost the sense of belonging to Europe. Of these people, one observer writes

Without realizing it, these new Americans are ready for almost any sort of shallow, ignorant nationalist or fascist movement ... and some of them ... would have no great trouble bringing themselves to deny their parents, pose as old-stock Americans, and serve even a movement which would terrorize the immigrants and their children as the Hitler movement ... terrorized the Jews.¹

The fascism of the masses is crude and obvious. Its activities are conspicuously of a rabble-rousing character. The vulgar anti-semitism which is expressed in obscene literature and the destruction of Jewish property, the hysterical attacks on Negroes, the appeals of fundamentalist religious doctrines, the resort to ultra-nationalistic symbols and allegiances, the unreasoning attacks on the New Deal, and the frank support of violence -- all these are

symptoms of fascism on the lower levels, whether in the United States, Germany, or any other country. When fascism develops among the masses concomitantly with the development of fascist economics, the danger of a fascist regime is certainly very great.

Should a fascist mass-movement get underway in this country, it would require a few simple, ready-made issues to whip up the enthusiasm of neutral bystanders. Anti-Semitism has been used successfully for this purpose in Europe. In Germany, the feelings of inferiority growing from the defeat of World War I and the supposed injustice of the Versailles Treaty were likewise exploited. Nationalistic prejudices also played an important part. Another ready-made issue was that of economic security. Undoubtedly certain of these issues and prejudices could be successfully exploited in the United States. We already have a deep-seated and almost universally-held tendency toward racial prejudice. Our "white supremacy" philosophy closely parallels the racial myths used so effectively by German and Japanese fascists. Americans likewise appear to be susceptible to rather strong nationalist prejudices, as evidenced by the growth of the America First movement prior to the war.
In addition to our increasingly authoritarian economic structure, the anti-democratic social philosophy of a segment of the big-business ruling class, and the grounds which exist for a "grass-roots" mass movement, we find one other major factor favorable to fascist development. This other factor is the ignorance of Americans generally of the issues involved in the struggle between democratic and anti-democratic forces. In general, we seem to be accepting the growth of collectivist practices on the part of private business. But at the same time large sections of the population have likewise accepted -- at times demanded -- collectivist practices on the part of the government. Our difficulty seems to be that as yet we have not visualized in clear-cut fashion that democracy in the future lies in the growth of publicly-controlled collectivist institutions, rather than in the growth and strengthening of the private collectivism of the trade association and cartel. The trend toward democratic collectivism has had great strength periodically (especially during the Progressive Period of the early century and the recent New Deal period) and viewed as a whole has made great progress. But as we extend democratic practices during our periods of democratic resurgence, we hamper our own actions by all sorts of ceremony, exhortation, and
appeals to the ghosts of dead heroes. We can expect reactionary big business to hamper the democratic trend as much as possible; the trouble is that other groups which one might expect to be firmly committed to the continuation of American democratic development likewise oppose democratic practices at many points. Every democratic gain has to be fought out, inch by inch. In a rapidly changing society, in which the crucial decision between socialism or fascism must be made within a relatively short time, conservatism, no matter how well-meant, hampers democratic progress and strengthens fascist tendencies. It is this conservatism, this refusal to recognize the real course of capitalist development, that blinds us to the true nature of fascism. That fascism represents the ruling-class reaction to democracy and that fascist systems incorporate the aims and methods of monopoly-capitalism, are facts that have scarcely entered the thinking of most Americans.

Summary

The last two chapters have held up to scrutiny those tendencies in the United States which seem favorable to the development of a native brand of fascism. The major conclusion which the writer has drawn from an examination of

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1 The conflict between folklore and reality is discussed at length in Arnold, Thurman, The Folklore of Capitalism, and in Ayres, C. E., The Theory of Economic Progress.
these facts is that fascism is a distinct possibility—more of a possibility, in fact, than most social scientists believe. Developments in the field of economics and in the techniques of public opinion control, as well as racist and nationalist prejudices, form ready soil for a full-fledged fascist movement. In the area of economics in particular, our development closely parallels that of countries now fascist.

A second major conclusion to which the writer has come is that fascism is not inevitable. This conclusion stems from an examination of our democratic development as a nation up to the present, an examination which indicates to the writer that the democratic current is relatively strong and persistent, in spite of frequent set-backs and of the recent growth of strong anti-democratic tendencies. Unless we believe that democratic development can continue side by side with undemocratic development for an unlimited period of time, it is obvious that we must choose between them.

It is to be hoped that one of the major values of this analysis (assuming it to be approximately correct) has been in its indication of the point at which we are free to choose. At present, a great deal of waste-effort is being expended by educators who appear to think that the issue is still between
individualism and collectivism. The writer contends that events have already made this choice for us. Education must be made to center upon those cultural issues where choice is still possible. That is needed is to center attention immediately upon the issue of democracy vs. fascism.

The schools could be a decisive factor in determining this decision. That they will be a decisive factor is open to serious question. Much of our democratic development in the past has been induced by cultural factors other than the activities of the public schools. But now, for the first time in history, school enrollment is almost universal, even on the secondary level. Furthermore, it is doubtful if teachers ever before had as much opportunity for studying the culture and imparting this knowledge to pupils as they now have. Thus, the potentialities of the schools for aiding in smoothing the path of social development is probably greater than ever before. At the same time, the place of the schools in our society has never loomed so important for the preservation of democracy. The schools appear to be the only media for mass information available which is not pretty firmly under control of conservative business interests.

As the situation now stands, it is likely that education will be of much less importance in deciding the issue of
democracy vs. fascism than will luck, personalities, and what happens in other countries. A talented leader on either side may be sufficient to swing the course of development his way. We may produce a Hitler during the next few decades -- or a Lenin. Furthermore, if most of Europe and Asia appear to be swinging in a democratic direction, our chances of avoiding a fascist era will be greatly enhanced. If, on the other hand, fascist-minded people retain control in much of the world, our own escape from a fascist era will be much more difficult.
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