

The following summary regarding the main schools of thought on post-war planning in the domestic economic field and in the international economic and political field has been prepared by George B. Galloway, member of the faculty of the American University, Washington, D.C., whose latest survey of one hundred and fifty organizations dealing with post-war planning in the United States, is being published by the Twentieth Century Fund, 330 West 42nd Street, New York City.

This is being mimeographed, with the kind permission of Mr. Galloway, by the Peace Section of the American Friends Service Committee as a useful summary of this extremely complicated field. Additional copies may be secured from the Peace Section for 5¢ each.

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PLANNING FOR PEACE

by

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The Second World War had barely begun before individuals and groups in many countries started to speculate about the shape of things to come and lay plans for a brave new world after the war. Post-war interest and activity have grown apace in the intervening months and years until today it seems as if post-war planning has become the ruling intellectual passion of the times.

Aims and Assumptions

The aims that underlie all this activity are clear enough. People want to learn the lessons of last time, to avoid repeating the mistakes of the post-1918 period, to prepare their minds for the new responsibilities of the United States in the post-war world. They want this time to win the peace they lost last time. They also wish to prevent or at least mitigate a post-war depression such as has followed, sooner or later, after every great war in our history. There are many who also desire to preserve the private enterprise system in the American post-war economy. Perhaps there are also some who seek in speculating about the future to escape the stern realities of the tragic present.

Planning for peace is also characterized by some more or less common assumptions. A United Nations victory is generally and confidently anticipated among the democracies. The possibility of an Axis victory enters hardly at all into the calculations of American post-war research, although it would render all our planning abortive. The desirability of preserving the private enterprise system after the war is taken for granted by many private and public agencies, coupled usually with the admission that private enterprise, alone and unaided, cannot provide full employment or guarantee security and abundance for the masses. It is assumed that the war program will effect full employment of our manpower and resources which it will be possible to maintain after the war. It is also assumed that full employment will yield a national income of upwards of \$110 billions during the war and that it will be possible to maintain this level after the war by the proper combination of policies. It is assumed that wartime unity (such as it is) will carry over into the post-war period and that all the rival sectional interests of American life will collaborate fully in the execution of post-war plans, an expectation belied by prewar experience. It is also recognized that the problems of war and peace are inseparable and that war and post-war planning is a continuous and indivisible process.

Reconstruction (1939 -



## Agency Activities

Operating under the influence of these aims and assumptions are scores of public and private agencies in the United States. They are carrying on research, educational, and action promoting programs at all the levels of government, economy, and society. The problems with which they are wrestling are national and international in scope and economic, social, political, administrative, legal, military, and psychological in character.

Since June, 1941, I have been making a series of intermittent surveys for the Twentieth Century Fund of the post-war activities of these agencies. Their number has increased from 25 in June, 1941, to 100 in December, 1941, to about 150 in December, 1942. Of this total, 30 are governmental agencies and 120 are private organizations. About one-half of the latter are doing research and educational work on post-war problems, 21 are commercial and industrial organizations, and 14 are professional societies. They are working in 24 main areas of major post-war interest from agriculture to urban redevelopment. One is tempted to paraphrase Winston Churchill and say that "never were so many doing so little about so much." But that would be unfair to the serious and truly significant work that is being done by both governmental and private agencies to plan for the coming peace. Of the total number, however, not more than 40 agencies at the most are doing really fundamental, systematic, and constructive work.

## Post-War Domestic Agenda

Analysis of the activities of these agencies shows eight areas of domestic post-war planning. First, they are making plans for demobilization, including release of men from the armed forces; and from war employment; the use of war plant and war-developed areas; the use of surplus property; and the relaxation of wartime economic controls. Second, they are making plans with private enterprise, for the encouragement of private initiative; for government aids and controls; and for the location of industrial production. Third, they are formulating plans for public activity, including improvements in physical facilities (urban development, rural public works, conservation of natural resources, development of energy resources, of river basins, and transportation) and the development of service activities (health, nutrition, and medical care, education, recreation, and cultural activities). Fourth, they are making plans for social security against loss of normal sources of income from unemployment, old age, sickness and accident, etc., and to improve low levels of income from gainful employment. Fifth, they are studying population and manpower problems with a view to maximizing the productive usefulness of the nation's human resources. Sixth, they are making plans for financing and fiscal policy, involving taxation, public expenditures, and intergovernmental fiscal relations. Seventh, they are planning for regional, state, and local participation. And, eighth, plans for effective administration.

## Proposed Lines of Action

In the search for full employment and social security in a better post-war America, some five separate approaches can be distinguished. There are the private workers, the public workers, the fiscal planners, the social planners, and the production planners. These five approaches are not thought of by their protagonists as alternatives, but as complementary measures to be taken in a synchronized and coordinated attack on the domestic problems this country will face after the war.

The private workers place chief emphasis upon the restoration of free private enterprise after the war, supplemented by various forms of public aid; subsidies, tax concessions, market guarantees, and the like. They point out that an immense amount of retooling and reconversion of plant and equipment will be necessary when peace comes and they believe that this will make a major contribution to post-war employ-



ment. David C. Prince has called this the "private work reserve" and has estimated that it will require new capital investment of \$23 billions. This approach is being taken by the Department of Commerce and the Committee for Economic Development.

The public workers believe that it will be necessary to supplement this private work reserve with a public work reserve at all levels of government, prepared in advance and held in readiness to cushion a post-war letdown. Public works may not be needed to provide jobs for all during a post-war boom, but they may be needed during the demobilization period immediately after the war and later on during the "long haul." This approach is being taken by the National Resources Planning Board and the Federal Works Agency.

The fiscal planners place chief reliance upon tax reforms, rationalization of intergovernmental fiscal relations, and a government investment program. This program aims to stimulate consumer demand and create full use of resources by means of large-scale public investments in certain strategic areas of the economy: the rebuilding of our cities, public and private housing projects, the integration and modernization of our transportation system, and the development of regional resources and multiple-purpose river valley projects on the model of the TVA. The arch-priest of this school is Alvin Hansen of Harvard and the Federal Reserve Board.

The social planners call for the expansion of the social security program to cover groups not now covered, to provide health and disability insurance, family allowances, dismissal wages, etc. They also urge the development and regional equalization of service activities in the areas of health, nutrition, education, medical care, and recreation in order to promote greater equality in levels of living throughout the country. This approach is advocated by the social planners in the Federal Security Agency and elsewhere.

The production planners advocate an industrial expansion or market guarantee program designed to assure private enterprise of a market for all it can produce. The essence of this approach is a government contract to purchase at a certain price all unsold commodities within a certain over-all production limit. Because of this guarantee, industry would not hesitate, it is believed, to make full use of its plant capacity and expand it to meet an expected demand. This approach is favored by Mordecai Ezekiel, Economic Adviser to the Secretary of Agriculture.

Mention may also be made under this head of the proposal of Adolf Berle to establish a capital credit banking system modeled after the national bank-federal reserve structure. Its purpose would be to make long-term funds available to industry for plant expansion. It would make available at all times an adequate supply of funds for investment purposes and provide for non-commercial as well as commercial increases in national wealth. It would facilitate the expansion of public investments in productive and useful public works and social services if and when private capital construction stops after the war.

### International Political Plans

Turning from the domestic to the international scene, we find a vast ferment of discussion going on and a mounting flood of literature on planning for world peace. Analysis of this literature reveals proposals for both political and economic action.

On the level of international political relations, three or four main types of planning may be distinguished. In the first place, there are those who believe that nothing less than world-wide government will ensure lasting peace. This school of thought advocates reconstruction of the League of Nations or the formation of a new Association of Nations, revival of the World Court, creation of an international police force, establishment of a world bank and similar institutions. The Institute on World Organization and the World Government Association are representative of this approach.



A second school believes that the world is not yet ready for world-wide government. Instead, they advocate the formation of regional federations of varying scope as the inner core of an ultimate world association. Typical of this viewpoint are Clarence Streit's scheme for a federal union of the democracies, the Briand plan for a United States of Europe, and schemes for federations of the Scandinavian countries, Poland and Czechoslovakia, the Danubian peoples, and the Balkan states.

A third group of proposals on the international political level are those for the development of special or functional ad hoc agencies, like the International Labour Organisation, for the judicial settlement of disputes, the administration of mandate areas, and the performance of health and welfare functions.

A fourth school of thought, really a variant of the third, is represented by those who believe that the forms of post-war international organization will evolve principally from methods of cooperation established in wartime. They would make the machinery of wartime collaboration truly representative of all the United Nations and continue the Combined Boards (shipping, munitions, raw materials, food, production and resources) into the peace period, mutatis mutandis, to perform the corresponding tasks of peace on an international basis.

### International Economic Plans

On the level of international economic relations it is possible to identify five different points of view for the post-war period: the free traders, the commodity controllers, the economic nationalists, the welfare imperialists, and the world planners.

The free traders are those who would revive world trade by reducing trade barriers and return as fast as possible to the self-regulatory mechanism of the free market, with unrestricted competition. Secretary Hull is the leader of this school of thought in the United States. It was inculcated by material conditions that obtained in an epoch of human history that has passed away forever down the irreversible stream of time. Only classical economists could dream of its resurrection.

The commodity controllers are those who would retain the socially desirable features of pre-war commodity control schemes for the production and marketing of raw materials and carry them over into the post-war period, subject to public control. They propose to establish an international Raw Materials Union for such commodities as iron and steel, copper, nickel, tin, aluminum, zinc, lead, rubber, cotton, coffee, etc.

The economic nationalists are those who believe that nations can live at home, that the United States can develop synthetics and substitutes for imported raw materials, that we should become economically self-sufficient and maintain the American standard of living behind high tariff walls. They are biding their times, waiting for the post-war reaction when the nation may weary of well-doing for the rest of the world. Their point of view is expressed in such books as Beard's Open Door At Home, Jerome Frank's Save America First, and Stuart Chase's The New Western Front.

The welfare imperialists are those who speak of this as the American Century and talk about our manifest world destiny. Now is the time, they say, for us to take over the mantle of the British Empire, assume the white-man's-burden, and carry the principles and institutions of freedom and democracy to the uttermost ends of the earth. Henry Luce, editor of FORTUNE, is spokesman of this point of view.

The world planners are those who hold that neither free trade nor economic nationalism nor welfare imperialism can assure world peace and prosperity. They advance the idea of an indivisible world economy based on a rational division of labor and a community of human interest. They advocate a World New Deal after the war



based on the principles of equal opportunity, group compromise, economic expansion, and world development. They propose to create a number of international public corporations after the war, e.g., an international RFC to finance the reconstruction of England and the Continent and investments in South America and China; an international TVA to develop the resources of backward regions; an international PWA to undertake the reconstruction of devastated areas; and an international WPA for the relief and rehabilitation of poverty-stricken peoples. Thus, we already have a United Nations Relief Administration which Governor Lehman has been appointed to head.

### Key Ideas

Out of this ferment of ideas and flood of literature on peace plans some key ideas about the future of the United States and the world are beginning to emerge and crystallize. Some of these central concepts concerning the nature of the coming peace are receiving official expression in the pronouncements of public men like Wallace, Welles, Winant, Perkins, and President Roosevelt. Others are articulate in the literature, but still subliminal in the public mind.

Among these key ideas is the obvious truth that war strategy and post-war strategy are indivisible, that the conduct of the war will condition the peace, that "history is a seamless process in which many causes produce many effects." There is a growing belief that long-run trends cannot be reversed and that there will be no return to normalcy after this war; that modern wars do not result in the restoration of the status quo ante. This war will be followed, it is generally believed, by a transition period between the Armistice and the negotiation of peace which will last as long as it takes to pacify the world. During this transition stage the victorious United Nations will exact retribution from the leaders of Fascist aggression, but no wholesale revenge will be attempted against their peoples.

The democracies believe that we are fighting a people's war for people's rights everywhere and that this is the "century of the common man." After hostilities cease, freedom from fear is to be ensured by an international police force and freedom from want by equal access to raw materials and trade. World-wide human welfare will be promoted by international economic collaboration via the terms of the lend-lease agreements. Meanwhile, the machinery of wartime collaboration among the United Nations will be carried over into the post-war period and adapted to the needs and governance of the post-war world.

The present war is seen to be an episode in a world revolution which began in 1914 and is still under way. The contemporary revolution is regarded as a challenge to liberal democracy, national self-determination, and laissez faire economics. It can only be met by applying the principle of integration to government, economy, and nations. This means economic as well as political democracy, the surrender of sovereignty, and economic planning to reconcile democracy and collectivism. The same underlying, impersonal, and inexorable trends are seen to be operating in all industrial countries, which are at different stages of development in the same general direction.

Planned economy is the twentieth century concept destined to replace nineteenth century liberalism. The post-war American economy will be a mixed one in which private enterprise will be preserved as the largest single component, but it will be subject to certain minimum social standards and accompanied by larger doses of public ownership and management.

No post-war planning will be worth the effort, however, unless the machinery for collective security can be developed and actually working before this war ends. Otherwise, exhaustion, mutual recriminations, and cynicism will paralyze common action after the war. Collective security has become essential for the survival of strong states as well as the preservation of weak ones.

Thus, it will be seen, from a sketchy survey of post-war planning both at home and abroad, that the Second World War has given a great impetus to planning thought and study. The commitment to planning for the post-war period is beyond recall, but the process is still in a formative stage. The scene reveals a host of problems and scores of agencies wrestling with them; many proposals and programs, but few clearcut blueprints or fully matured plans. The path to victory and lasting peace will be a laborious and painful one.