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THE DISPLACEMENT  
OF COMMUNIST IDEOLOGY

How 20th century fact outdates Marxist 19th century theory,  
opening the way to a new area of Free World agreement.

by

[Redacted]

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The age-old law of survival asserts that man must work with all his strength to stay alive. The law of privilege proclaims that if enough men work hard enough, a few may hope for something more than mere survival.

We Americans believe that we have broken the tablets on which these ancient laws were inscribed. We have broken them with the work-energy of half a billion machines, some in factories but most in homes, some the size of a thumb and others bigger than a house. These machines perform many thousands of tasks that in ages past only the muscles of men could perform.

Here, then, is our special genius; we are the masters of the machine. We Americans have come to understand fully that the machine is not a god, not a devil, not a slave-driver, and not a power symbol, but only a big brother in our labors, who rewards us in the degree that we cherish or abuse him. It is the machine which makes it possible to offer to all the opportunities once limited to the select few.

Who are we Americans? We are polyglot. We are millions of Russian birth or ancestry, more millions of German, Polish, Chinese, African. We are English, Indian, French, Irish, Greek, Scandinavian, Egyptian, Italian, Indonesian, Javanese. Working together in laboratories, offices, factories, and markets, we have proved that anything we have done, our cousins the world over can do. If our special genius as a nation is mastery of the machine, then our

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special significance as a nation is the evidence we offer that mastery of the machine, and everything that goes with it, lies within the grasp of any other people anywhere. And remember that we are not the elect of the earth; most of us are the sons and daughters of immigrants rejected in the lands of their birth, who have come here in desperate search for a new land of opportunity.

Still in the early stages of our vast social experiment, we are already beginning to see the outlines of a new philosophy which challenges many of the assumptions of accepted doctrine. In time this may well develop into an international political movement; certainly the need for it exists. It is possible, but unlikely, that such a movement will proceed under United States leadership - unlikely, because the new philosophy is so deeply ingrained in both of our political parties that it will probably never appear as a clear-cut issue.

In Europe, however, with her many-party systems, it might become a rallying point for the dynamic center against the reactionary forces of the extreme right and the extreme left. In the Muscovite dictatorship it will probably continue for some time to be what it is now, a formless protest movement. Our sympathy for the Russian people in their bondage leads us to hope that it might someday become the basis for an opposition party even in the Soviet world.

Energic liberalism is suggested as a working title for such a philosophy, and I shall present at a later point in this discussion a suggested 16-task platform for its formulation into an active political force. Energic liberalism proclaims that the true liberator of mankind from the long centuries of insecurity and scarcity is not a self-proclaimed champion of the underprivileged, but mechanical work-energy itself. The world mission of energic

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liberalism is to perfect a group of modern societies, differing in their political institutions, but each rooted in a balanced consumer-centered economy of plenty. It seeks to exploit to the fullest the boom of mechanical work-energy, while treasuring and refining the magnificent humanitarian bequests from the past. It maintains that in no other way can national energy be absorbed in peaceful undertakings, and the threat of war avoided.

If the United States does not furnish the future leadership for such a movement in political form, she is at least a rich source of clinical data, because of our advanced position in many important phases of modern industrial progress. Though our experiment is far from ended, we have come a long way, especially in the last ten years.

Our progress is best measured by the degree by which mechanical work-energy has replaced or supplemented muscular energy in our day's work. This is revealed in a few simple figures. Our total stand-by horsepower in machines of all sorts is approximately  $6\frac{1}{4}$  billion, exclusive of those in military use. Our population is 160,000,000. Engineers estimate that the potential work-energy represented by the muscles of an adult human worker is about  $1/20$ th of a horsepower. Hence, each man, woman, and child in America has on the average at his or her disposal the equivalent work-energy of 780 able-bodied servants.

It is hard for us to realize that there are places in the world today where this situation is reversed, where machines yield only a tiny fraction of the work-energy required for survival. There may be some consolation in remembering that this is exactly where we started two centuries ago - and that two centuries is only a paragraph in the history of mankind.

Where do these mechanical servants come from? We are told that all work-energy, except that which comes from human muscles, is derived from

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special form of capital. But what is capital? In general, capital is not money, as many of us have come to believe; it is buildings, work-animals, hand tools, machines, highways, and many other things we can see and touch. It is stored work-energy serving mankind. It is not dollars; dollar value is merely the measure we use to make it easy to pass capital from one hand to another.

We Americans have always been especially interested in a type of capital which we call dynamic, or mechanical. This is the kind which produces goods and services from energy sources other than human muscles. It is not new. The sail, the water-wheel, and the windmill go far back into history, and the work-animal perhaps even farther. We are told that the word capital originally meant a count of the heads of cattle, and that in the time of Chaucer "catel" meant all wealth. Today dynamic capital refers primarily to the electric motor and the gas engine.

Cattle were the beginning also of a very special kind of dynamic capital, which might be called procreative. Originally, this referred to the increase of the herd at calving time, whereas the modern example is a factory that makes motors. In a week's output of these motors, there might be as much horsepower - potential work-energy - as in all the factory machines involved in their manufacture. We Americans seem to have understood better than most the significance of procreative capital, its effect on our national economy.

We have attempted to define dynamic capital in terms of work-energy. What is the modern meaning of capitalism in the same sense? Capitalism refers to the ownership of capital and the social significances arising out of that ownership. In the past there were thought to be only two kinds of capitalism.

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These were first, private, and second, public or state. In modern times, however, we recognize five distinct types. Public or state capitalism is now divided in two. One is public service, the other military. The function of the first is to undertake tasks which serve all people in a national economy; the function of the second is to destroy the capital - and manpower - of a rival nation's economy.

A third type - private capitalism - includes that capital which is owned by individuals or families and employed by them in the hope of profit. For the most part, it now refers only to farms or small retail or service businesses. The traditional single or family owner of the large factory has almost disappeared and these large enterprises almost without exception now take the form of corporations whose ownership may be divided into hundreds, thousands, or tens of thousands of shares. This we call joint-venture capitalism, the fourth basic type. It is the powerhouse of our national economy because of its emphasis on procreative capital and because of the fine balance it maintains between cooperation within and competition without.

The fifth type, and now the most significant of all, is home capitalism. Home capitalism comprises capital owned and operated by a family for its own benefit without expectation of profit. Up until the turn of the century, there had been practically no dynamic capital owned by individuals, except farm animals. All else was static capital - homes, hand tools and the like. The most striking development of the 20th century has been a spectacular growth of home dynamic capitalism, work-energy delivered by electric motors and small gasoline engines in the home and on the highway.

At this point I submit, as a basis for discussion, a table which has enormous significance in the war of ideas that is raging throughout the world

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today. It suggests a new approach to economic theory which may free it from the straight-jacket of 19th century thought-patterns.

### The Five Types of Dynamic Capitalism

Units of potential work-energy in U. S. reduced to a common denominator and separated into the five types of dynamic capital now characteristic of free national economies - 1953 figures except as noted.

	<u>HORSEPOWER</u>
1. HOME CAPITALISM Passenger automobiles, motorcycles, motor boats and yachts, light planes, home work shops, home and garden mechanical appliances, etc.	4,707,631,000
2. JOINT-VENTURE CAPITALISM Manufacturing, mining, warehousing, construction equipment, locomotives, busses, trucks, commercial aircraft, trolley cars, electric central stations, gas utility stations, etc.	1,093,007,000
3. PRIVATE CAPITALISM (Chiefly Farms and Family Businesses) Light trucks (city delivery and farm), farm tractors, stationary and mounted engines, irrigation pumps, etc.	403,607,000
4. PUBLIC SERVICE CAPITALISM Federal and municipal non-central power stations, 3½ per cent of central station potential devoted to public authorities, government-owned automobiles and trucks, etc.	76,154,000
5. MILITARY CAPITALISM (1945 figures) Military aircraft, trucks, Naval vehicles, tanks, Merchant Marine.	1,146,474,000
TOTAL	7,426,873,000

The five types of capitalism noted above exist naturally side by side in the absence of forced collectivism. In each free national economy the problem is simply one of finding among these five the ideal balance at the current stage of its own development. Some of us may want more public

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service, less joint-venture capitalism; others are convinced the drift has gone too far in the direction of public ownership. There may be disagreement about how much energy should be earmarked for military purposes. These are family disagreements, however; all nations in the free world stand together for the principal of modern balanced capitalism against the narrow, obsolete 19th century dogmas of the communist world.

The more mature the society and the more it is dedicated to true democratic principles, the broader the distribution of mechanical energy in private homes. Thus, the most significant fact revealed by this table is that the energy represented by machines in U. S. homes today is far greater than that in all industry and State enterprises combined, including the military.

This fact is of immense significance in our ideological war with the Communist world, for home capitalism is the deadly foe of collectivism. It has forced the Soviet ruling clique to withhold deliberately the home machine from the masses because of its anti-collectivist implications. In defense of the moribund Marxist dogmas, it has set up elaborate, wasteful devices to achieve false collectivism: the collective farm, which has degenerated into a nest of informers and sloganeers; the Red Army, its size justified only as a means of mass indoctrination of men while they are isolated from the facts of economic life, the controlled labor union which has degenerated into a debating society, with the last word always reserved for the Marxist sloganeers.

At this point, I should like to discuss certain significant trends in the shifting balance among the five types of capitalism, as we have observed them here in America. Energetic liberalism does not insist that any nation be forced to copy the balance of any other nation, but rather that the ability to shift is the first consideration. Current trends in one country, however, may be worthy of study in others.

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First, consider military capitalism. During the 20th century, this has been of highly volatile nature with us. On three separate occasions in the past fifty years we have been confronted by violent eruptions of nationalistic ambitions, aimed at imperialistic world conquest and have been obliged to divert a large part of our production to meet the threat. Twice the threat has resulted in war, against a Prussia-dominated Germany and her allies. The third threat, posed by Muscovite-dominated communist allies has not yet ended in war, but it would be folly indeed to ignore the unmistakable evidence of war-like intent of world communism. This intent is perhaps less clearly revealed in Soviet military preparations than in the activities of the Muscovite-dominated world communist party, with its confessed mission of inciting wherever possible mob violence and small wars which will drift into big wars.

During the 20th century we have observed a very substantial increase in public service capitalism, financed in very large measure by taxation on the earnings of private and joint-venture capitalism.

To us it appears that the success of public service capitalism depends on the existence of a dedicated bureaucracy. We have such a dedicated bureaucracy - in our schools, our courts, our military orders, our local police and fire services, in the maintenance of our highways, and in an increasing number of insurance and referee functions, and in hundreds of similar career activities which serve our whole people. We are very proud of this dedicated bureaucracy.

During recent years, it has expanded in the direction of many new public service functions of an insurance or referee character. Most notable perhaps among new insurance features are a series of massive safeguards against the destructive effect of business crises. These have taken the form of



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intangible storage facilities for our immense productivity, operating in much the same way that tangible storage facilities have been used in the past to hold the surplus of a good year's harvest against the threat of future famine. Another important insurance function is the protection of workers against the hazards of technological progress which may abolish the need for special skills, requiring a long period of retraining in new skills.

Our dedicated bureaucracy is also engaged in new types of referee or semi-judicial tasks primarily designed to bring industrial competition under limited social control, without hampering the immense vitality of free enterprise on which our progress has depended. Certain measures which we have evolved, such as those against monopoly embodied in our anti-trust laws, are still almost unique in the world. Their purpose is the antithesis of the cartel movement which has degenerated into monopolistic State corporations in totalitarian states. Other new functions in the referee category are the protection of the consumer against his own ignorance and gullibility, and the protection of the public against anti-social abuses arising out of disputes between organized labor and management.

Certain types of government bureaucratic expansion seemed to us to be dangerous, especially the management of productive enterprises still in their growth period. In such periods - and most of our private and joint-venture capitalism is still in a period of active growth - the output is never enough to supply all the populace immediately, and hence there must be an element of favoritism somewhere. This creates an insoluble moral dilemma which undermines the attitude of dedication. Usually the bureaucracy favors itself by claiming a lion's share of a limited output as perquisites of office, thus creating a privileged class with interests increasingly alien to that of

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the common man. Eventually, this corruption poisons the bureaucratic structure, spreading even into sections which have a clear-cut public service mission.

This suggests a discussion of the difference between totalitarian corruption and democratic corruption. Democratic corruption is well known and its symptoms easily recognized. It can be defined as money received by a public servant, in defiance of legal and ethical rules, over and above the salary he earns. In a true democracy it is in the interests of the opposition political party or parties to expose it in the noisiest way possible and, although there may be delays, eventual exposure is almost inevitable. Furthermore, exposure brings a quick and salutary cure.

In a totalitarian government on the other hand, such unearned rewards are more often in terms of perquisites of office than spendable income. Totalitarian corruption thus takes the form of personal intrigue. Promotion to a better job is due to shrewdness in trading personal influence in a black market of intrigue more than to just rewards in the open market of proven performance. Personal conspiracy rather than group productive effort is the order of the day in the communist world.

When an ambitious understudy finds his promotion blocked by an immediate superior who is buttressed by the rules of bureaucratic seniority, he has only two choices. First, he can bend every effort, by trading favors with others, to find a way around the block by creating a new supernumerary position. Totalitarian bureaucracy is burdened down with these useless vestigial appendices which no one dares to challenge because he will find no personal benefit in doing so and may risk personal retaliation. The only other alternative for the ambitious understudy is to undermine the position of his superior, which results in a type of personal sabotage which injures the whole enterprise.

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Modern totalitarian governments have attempted to cure this form of corruption by a system of purges, as warnings to the lazy, incompetent or over-ambitious official or manager. These purges, however, are so lost in the vast number of purely political purges resulting from the internal struggles for personal power that they have little salutary effect.

Thus, totalitarian corruption, taking the form of personal intrigue, is an incurable cancer in the body politic and the body economic. It steals from the common man the just rewards for his labor, in the form of high taxes, far more than the most notorious class of laissez faire capitalists in history have ever done in the form of high profits.

Another curious phenomenon in communism and in some splinter socialistic dogmas is a relic of the historic emperor-god concept. This appears as a belief that a man, when he leaves a job with industry and takes another job with government, is somehow endowed with a special holiness which improves his morals and makes him more efficient. Perhaps the reason why we Americans disagree with this assumption is that so many of us are the sons and daughters of refugees who have fled from the tyranny of the emperor-gods. We know that there are among us many men and women with exceptional talent and idealistic motives who are happiest and most productive in government work, provided such work is a genuine public service for all the people. Put them in a position, however, where their task is not to serve all the people, but to determine who shall get priority in the possession of automobiles, coal to heat their homes, good service on railroads, and a multitude of other consumer benefits, and their idealism boomerangs against them.

In Russia this emperor-god complex has taken a curious form. Here the emperor-god has become the trustee-pretender. This is one of the consequences of

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the Russian Revolution, and it is a pattern which is being forced on other countries dominated or threatened by the Red Army. Here we have a situation where a minority party seizes autocratic power in the confusion of mob violence which it has itself created; now the members face the problems of endowing their autocratic rule with some semblance of legitimacy in order to maintain popular support for the privileged class which they have become - a sort of communist party bourgeoisie.

They then declare that all industrial capital is the property of the worker, a curious symbol representing the unknown soldier of Marxian economics, and in his name assume monopolistic control of all industry. The mass-men are so flattered to be called owners that they can be easily beguiled into failing to observe who obtains and enjoys the products of the factory which they in theory own. The fiction of the trustee-pretender is kept alive by powerful controls over all the creative, literary and artistic manpower of the nation, emasculating all creative talent and debasing it into a petty bureaucracy of sloganeers.

Since the turn of the century, there has occurred another historic shift in the balance among the five types of capitalism - this from private to joint-venture capitalism.

As I have suggested above, the private capitalism of the 19th century, on which so much of our modern economic thinking is still based, now exists only in the modified form in a limited number of areas: chiefly, farms and retail or service business, large in number but small in capital. Most of our massive industrial and commercial enterprises now take the form of corporations, creatures of the State in which a share of private ownership is permitted only under the laws and regulations of the State, with dividends controlled by the taxing power.

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The fact that the evidence of ownership is intangible has vitally weakened the pride of possession which has always been characteristic of private capitalism, and has opened the door to social controls which would have been unthinkable a century ago. It has also resulted in a new science of taxation which together with the new controls, has abolished the need for violent social revolution. History proves that revolution is futile unless followed by scientific taxation (which the violence usually inhibits) whereas taxation can accomplish peacefully and effectively any and all social reforms that revolution could possibly hope to accomplish.

Of all the 20th century developments in work-energy, the most sensational has been the birth and growth of machines in the home. As noted before, the potential horsepower of home machines is far in excess of the total horsepower potential in industry, government, including the military, transportation, communication and all other activities. The work-energy potential in home workshops and home appliances is double that of all factories combined. The horsepower of workers' automobiles parked outside the average factory is many times that of the machines in the factory. The combined horsepower of all the outboard and inboard motors in private boats - a large number of which are productive inasmuch as they are used for fishing - is greater than that of all ocean liners, freighters and river craft.

Even more remarkable than the total horsepower of home machines is the breadth of distribution. Lacking a complete inventory of all tools and appliances in U. S. homes, we cannot give a precise figure. Our statisticians have no easy job, due to the furious pace of our progress; they complain that their task is like trying to make a land survey of an avalanche. No inventory has been made of the electric motors in our homes. There are now so many that it would cost many millions of dollars just to count them. In spite of these handicaps, we can make a close estimate.

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We know from registration statistics that 72% of American families own at least one automobile. We know, also, that many others - city dwellers who use taxicabs, the physically handicapped, those too old to drive, and many others - could afford them and do have household machines. Data from manufacturers and other sources indicate that between 90% and 95% of all American families possess some sort of machine - the most dynamic form of property that the world has ever known. This, of course, explodes Marx's two-class theory. Our "propertyless proletariat" is now but a tiny fraction of our citizenry and is growing smaller every day. Ours is indeed a consumer-centered economy of plenty.

Since the war there has been a sudden spurt in the popularity of home wood-working and metal working shops. One item alone, the  $\frac{1}{4}$ -inch electric drill, is now to be found in one in every <sup>six</sup>~~four~~ homes. The rapid expansion of the home "factory" together with the growing popularity of the small garden tractor and similar implements, points to a new type of energetic society. The trend is still in an early stage and is remarkable more for the swiftness of its drift than for its present weight.

More and more homes are becoming combined factories and mechanized farms which support the basic needs of family survival, while the enjoyment of greater opportunities come from the earnings in the outside world of one or more members of the family. In the future, these outside earning careers will probably be, for the most part, control operations in industry, the maintenance crafts; distribution and communications, the dedicated bureaucracy; research and the professions.

There are already many pilot operations of this type in American homes and others are fast taking shape. Unquestionably a powerful new impulse

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will be given in this direction when the threat of communist imperialism is relaxed to a point where our leading scientists are able to transfer their research and development from atomic power and devote their talents to the trapping and use of solar energy. The significance of this is that it will bring work-energy into many parts of the world where industrial progress has been impeded by scarcity of mineral fuels. The weight and bulk of coal and petroleum, and their random occurrence in nature, have created transportation difficulties which only the sun can dispel.

Parallel with the spectacular birth and growth of the home machine, there has occurred an equally sensational evolution in the factory machine. This crude, clumsy dinosaur has gone through a significant qualitative change during the past century which has widened the gulf between modern countries and those still in the bondage of the outworn 19th century idea-patterns set by Karl Marx and his contemporaries.

What these false prophets lacked was engineering foresight. They assumed that the pattern of the 19th century machine was fixed, that it might multiply in number but never in nature, that its effect on the worker and on society was clearly and permanently fixed.

The other day I studied such a machine in a local museum. I reminded myself that it came before the electric wire was broadcasting its power to multitudes of electric motors, and before the day of the internal combustion engine powered by gasoline. At that time, machines were huge, clumsy masses of steel using falling water or steam from burning coal for energy, and performing a limited number of tasks previously performed by the muscles of man and of animals. Sometimes, also, thanks to their vast concentration of raw power, they were able to perform individual tasks requiring work-energy beyond the combined strength of all the men or animals which could be concentrated in their place.

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Marx described with vigor the impact of these dinosaurs on the life of his times. Because they were in such a rudimentary stage of development, they never finished the jobs they started, laying huge demands on the muscles of men to complete the process of production. This caused a massing of workers in collectivist work patterns and shelter patterns near the machines, a massing which made them easy prey to agitators, especially since many of the tasks required were uninspiring and degrading, involving only repetitive muscular activity.

In the Communist Manifesto, Marx's assumption is stated thus: "Owing to the extensive use of machines and the division of labor, the work of the proletarians has lost all individual character, and consequently all charm for the workman. He becomes an appendage of the machine and it is only the most simple, most monotonous, and most easily acquired knack that is required of him."

This concept of the machine as a slave-driver of the worker, forcing him to give his life to repugnant, repetitive routine is a perfect example of how the observations of a thought leader in one age may become the frozen cult of a succeeding age. What Marx did not realize was the inherent capacity of the machine, reborn with advancing technology, to take to itself all repetitive routines, thus converting the worker from a slave to a caretaker and partner. This shattered the collectivist work-pattern, just as the automobile shattered the shelter pattern, by dispersing the factory worker over wide suburban areas distant from the factory.

In the absence of engineering foresight, which might have anticipated the disappearance of the dinosaur machine, the future of these workers looked black indeed. The distribution of the benefits of this new source of energy lay entirely within the power of the owner-adventurers who had built and now



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owned the machine. There was no modern science of taxation to challenge a selfish distribution of benefits, and modern joint-venture enterprise had not yet modified the traditional concept of private ownership. According to Marx, and his analysis seems to be supported by much historic evidence, these owner-adventurers together with their servants, entertainers, and captive careerists formed a ruling class, the bourgeoisie, whereas the propertyless worker class made up the proletariat. The bourgeoisie appears to have operated much as the Russian communist party does today but it was much more loosely organized.

The cure of this condition proposed by communism was to create a small minority group of agitator-adventurers who would convert the slumbering discontent of the workers into mob violence under cover of which the agitator-adventurers would seize dictatorial power. Once in power they would swiftly change roles, claiming to be trustee-pretenders of the rights and interests of the workers. The task assigned to these trustee-pretenders was to convert their minority dictatorship into a worker's paradise.

The Marxist paradise was vague in outline and he gave no indication as to how it was to be achieved. Nor do we find directions as to how the corruption inevitable in a dictatorship is to be avoided. No one has yet found an answer to the ancient truism that "power corrupts and absolute power corrupts absolutely."

The newer bourgeoisie of the trustee-pretenders is still the same privileged class as the bourgeoisie of the owner-adventurers. It differs only in its slogans, which are newer, in that they are now only a century out-of-date.

A true engineer-prophet - a Leonardo da Vinci of philosophy - should have been able to forecast the evolution of the factory machine by studying the

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rudimentary forms of an electric switch and a camshaft fifty years ago. But none did. Even today, there is too little recognition in philosophic circles of the social significance of automation. Automation refers to the inherent ability of the machine to take over all repetitive muscular routines of the worker and to convert him into a maintenance man, a trouble-shooter, and a caretaker.

Some weeks ago I saw one of the most modern machines of this type in a branch factory of the Ford Motor Company in Cleveland. A single machine - or continuing complex of machines - occupied acres of floor space. It took huge, rough steel cylinder blocks - the rough, basic bodies of automobile engines - as they came fresh from the foundry. Hundreds of steel hands turned *the block* At, shifted it, and pushed it along. Thousands of electric switches controlled various processes as it moved. Holes were drilled, surfaces were polished - hundreds of separate operations all controlled by electronic devices.

All was mathematically precise. There was little room for human error. Of course, provision had to be made for mechanical errors, and failures could be predicted on the basis of theoretical chance. Hence, the whole process was divided into sections. When a line of cylinder blocks came to a section where the probability of switch failure or machine breakdown was high, the line split in two and identical processes took place in each line. The purpose was to increase the chance that at least one line was in operation at all times. In addition to this, a bank of cylinder blocks finished up to that point was maintained at each section break. If a failure occurred in the preceding section, this reserve supply was then fed into the section following.

There were workmen attending this machines, but they bore no resemblance to workers who clustered around the dinosaur machines back in the days of Marx.

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They were maintenance men, trouble-shooters, switch control men, inspectors. Not one of them was engaged in repetitive, muscular work. Every man was truly a technician.

Automation is still not the invariable rule in American industry, but the trend is moving very fast.

In another 20 or 30 years, it is quite possible that we will have abolished most "repulsive" repetitive routines, and thus remade the whole pattern of industrial society. At present, of the 800,000 odd hourly production workers in automotive factories, less than half are engaged in such routine work as assembly, punch and drill press operations, and they are rapidly being replaced by control operators, maintenance men, trouble-shooters, inspectors and the like. Moreover, automation, by cutting costs, is making it possible for more people to own automobiles and trucks, and this is true also of household mechanical appliances. This creates a growing demand for the services of mechanics and marketing specialists who must be conveniently located to every home and farm. Naturally, the work pattern of these individuals is highly decentralized. In addition, there are over  $5\frac{1}{2}$  million truck and taxicab drivers whose work-pattern is decentralized to the Nth degree.

Altogether there are about  $9\frac{3}{4}$  million workers in all branches of the automotive industry, with only a fraction holding jobs involving physical massing and repetitive work routines. Thus, every step made in the direction of automation, the inevitable goal of the evolution of the modern machine, is a step away from the social function and influence of the 19th century dinosaur.

It may be claimed that I am placing too much emphasis on our mechanical servants, ignoring many other types of consumer goods in the non-mechanical category - such as food, clothing, and shelter. Yet, here the penalty of 19th

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century thinking is equally tragic, for a crucial error of the old philosophers - and many of the new - is to under-rate problems of distribution and marketing as compared with those of production.

It was Marx's theory that the distribution of consumer goods was a relatively unimportant function of their manufacture, a distortion of economic fact which still prevails in left-wing ideology. In the Short History of the Communist Party, the bible of modern communism, the author of the chapter on dialectical materialism, now known to have been Stalin, mentions "production" or "productive" forces over 200 times and "marketing" or "distribution" only twice, and then simply in terms of transportation. This is significant because the communists give so much lip-service to dialectical materialism as the means of modernizing their dogmas.

Here is a factory making shoes and there, 100 miles away, is a farmer who needs a pair of work shoes. Inside the factory is a worker who needs a bushel of potatoes. Both of these men are producers, but the work-energy each puts into production is wasted unless he can convert it into consumption, and 100 miles is a long walk. It would require an amount of muscular work-energy far greater than that required to make the shoes or grow the potatoes.

The gap between the factory and the farm, between producer-consumer and producer-consumer, must be filled by some sort of distribution system. This system may be a relatively simple one, if the standard of living is low. In such a case, the farmer will be able to afford only a few articles, like shoes, and hence he can afford the time it takes to walk or take a bus to the retail outlet and to stand in a queue for a long time waiting to be supplied.

Now suppose that his buying power is increased, together with that of tens of millions of other producers. What happens? Not only does the number of shopping trips increase but the busses are more crowded and the

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queues are longer. The problem of volume is immensely complicated by the problem of variety. There is strong evidence that as a nation prospers, the problems of distribution increase more nearly in ~~arithmetical ratio~~ <sup>geometrical</sup> than in arithmetical ratio.

In the U. S., we have been forced to learn this lesson and to learn it well. Fortunately, one of the most valuable heritages we carried away from our British mercantile colonial period is an instinctive feeling for the importance of marketing and distribution. This has been a cardinal feature in the development of our consumer-centered economy of plenty, equal in significance to our mastery of the machine.

One of the best measures of the importance of distribution in our economy is in terms of potential work-energy. The horsepower of our goods-carrying railroads, merchant ships and trucks is over 10 times of that of all our goods-making factory machines combined. Yet even this does not tell the whole story. Our vastly complex system of distribution of consumer goods would be wholly inadequate but for the motorizing of the consumer himself.

Surveys have indicated that over 20% of our use of private motor cars is in connection with shopping. This means that there is far more potential work-energy dedicated to that part of the distribution system that lies between the retail outlet and the home, than that lying between the factory or farm and the retail outlet. This astounding fact, largely ignored by traditional economists, lends further support to the contention that the total distribution problem expands more in ~~arithmetical~~ <sup>geometrical</sup> than in arithmetical progression.

Is the neglect of distribution in the communist world, as revealed in the failure even to build an adequate hard-surface highway system, accidental or deliberate? Is it merely a confession of failure of bureaucratic organization

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or is it deliberate and reactionary opposition to progress? There is strong evidence that it is the latter. Many Russian towns do not have a single hard surface road. City dwellers not far away from farm areas face starvation while crops rot for lack of transport. Why this neglect? Because free travel is in itself a menace to dictatorship, because it disrupts the whole concept of an identity-card civilization? A man on a truck cannot be forced to listen to propoganda broadcasts. Retail outlets are of their very nature anti-collectivist because of the small size of the typical unit and the scattering of units, and the more widely shops are scattered, the more difficult it is to control the thought-patterns of the managers and clerks.

We have seen that, as our economy of plenty has matured, there has taken place a massive transfer of workers from the manufacture of consumer goods of the food-and-shelter type into their distribution, paralleling a similar transfer from manufacturing to distribution, maintenance and operating tasks in the case of home mechanical goods. Both are highly decentralizing trends working directly against the collectivism projected by 19th century economists.

The net result of automation, removing men from the repulsive status of unthinking slave of the machine, plus the huge demands for labor in the maintenance of mechanical servants in the home and on the highways, plus the vastly increased need for manpower in the distribution industries have created a work and shelter pattern for American workers which is diametrically opposed to the basic Marxian thesis and to certain of the socialistic dogmas which are popular today. This helps to explain why the extreme left in most countries of the world seems to us to be at least as reactionary as the extreme right. In fact, it is probably moreso because of its exclusive commitment to an outworn

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dogma, whereas the extreme right, while its precepts may be even more out of date, is more divided and therefor less damaging in its effect on a national economy.

We do not condemn all types of socialism. Socialistic thought has had a powerful effect on the evolution of our American institution. Our American socialism, however, has not been beguiled by the false lure of government ownership. It has applied itself to making our amazing industrial advances of broader benefit to all the people and has played an important part in the evolution of a new type of government function - the referee-insurance state.

The same in general can be said of our union labor movement. In the United States the rank and file workman has looked with keen suspicion on any effort of his union leader to use his office to promote his personal political ambitions in the larger sphere of national politics. The rank and file worker expects his union official to work for his interest as a consumer equally as much as his interest as a worker. This has been responsible for the great emphasis on collective bargaining as against the development of pressure politics in legislation. The Labor movement in America is not a producer movement. It is a well-balanced producer-consumer movement. The American workman is more interested in what his earnings can buy than in who owns the factories which produce the things he needs and wants.

In summary, 20th century decentralizing influences have now become more violent than the centralizing influence of the dinosaur machine of the 19th century. Political and social organization based on an assumed collectivist pattern of workers are doomed. It must be expected that political and military leaders whose personal and political fortunes depend on forced collectivism will fight the new trend with desperation, and that they will defend their reactionary position with military force if necessary. And no one is more dangerous than the defender of a lost cause.

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It seems inevitable, therefore, the modern communist autocrats will be forced to continue to expand military capitalism at the expense of home capitalism. The Muscovite communists are trapped by their own outworn dogmas, and their cause is doomed. We must be alert, but we can be comforted by the fact that ours is the true wave of the future. Neither the Red Army nor the Cominform can stop the surge of progress.

This discussion, fragmentary as it is, may be enough to indicate that the concept of energetic liberalism is the most modern and up-to-date philosophic approach. It is also in complete agreement with modern scientific thought. Modern 5-part capitalism as it exists today in many countries is the only true type of scientific capitalism.

The advance of scientific thought has thrown a new light on the nature of capital. When we haven't been thinking of capital as dollars, we have thought of it as a form of matter. Yet the wise men of science now tell us that matter is energy, a balance of active positive and negative forces. In another and special sense, dynamic capital is simply a balance between conflicting forces.

While a machine is running, it is being continuously attacked by many anti-capital forces such as corrosion, rust and friction. So, too, managers grow senile, their judgment is undermined by personal difficulties, or they are corrupted by too much enjoyment of the rewards of their talents. Thus, capital is nothing but the current balance between pro-capital and anti-capital forces, and the management of the capital is subject to another set of conflicting forces, which result in profit or loss.

It is strange that the 19th century philosophers, of whom Marx is a typical example, so ignored the negative forces. It appears that they were so fascinated by profit that they could not see that loss was equally significant.



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Much of our confusion today stems from this error. We still hear much about a profit economy, but little about a profit-and-loss economy. In the American economy, loss is quite as important as profit; it is a purge of inefficiency. Totalitarian governments are still frantically, and unsuccessfully, searching for a substitute for the loss purge.

In quite another way, our attitude toward capital is being influenced more and more by scientific thought. This is particularly true in the case of dynamic or mechanical capital. Thanks to the small electric motor and the internal combustion engine, powering hundreds of millions of machines which perform a growing variety of tasks, we are now approaching the variability of species on which biological science is based. Mechanical work-energy is showing itself as adaptable to environment as living species, its environment being the needs of mankind.

What controls the selection of the machine species, and the organizations that maintain and serve the machines? In our free society, the initiative for this does not come from an all-knowing central authority but from individual citizens who see the need for work-energy, and the need for servicing existing machines, immediately around them. This initiative arises sometimes from a single individual but more often from a cooperative or joint-venture enterprise, a partnership or corporation. The freedom of individuals to join together in joint ventures to enlarge the benefits of our new-found work-energy is one of the most important of all our freedoms.

Let us observe the automotive industry as an example of how this voluntary cooperative effort to meet consumer needs actually works. There are today six large corporations engaged in the manufacture of motor cars and trucks in the United States. There would be more, but for the fact that the

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modern automobile is improving so fast that larger design and engineering staffs are necessary than smaller companies can afford.

This handicap does not apply, however, from the moment the new car or truck leaves the factory gate. The total problem of making this product of maximum use to every family is now broken up into hundreds of thousands of small local problems. How are these cars and trucks, of varied types and cost, to be placed in the hands of individuals and families best able to own and use them in big cities, towns and out on farms and ranches? That task is performed by 47,000 independent car and truck dealers; some are corporations, some partnerships, and some individuals. These dealers also provide repair and maintenance service to keep these vehicles running on the highways. But there are, in addition, 74,000 independent garages which perform a similar service.

But how are these vehicles to be fueled and maintained along the road? This task is performed by filling stations, 200,000 of which are independently owned and operated. Add all these and smaller service components together and we find that the automotive needs of the American public have created 350,000 manufacturers, distributors, and service and supply units, each independent in operation and all operating in hope of profit, and all constantly subject to the purge of loss, since all face local competition.

The totalitarian idea for a solution to such a problem would be a gigantic, all-wise squid with 350,000 tentacles reaching into every corner of a nation. It would be a biological monstrosity which would be ludicrous if it were not so tragic. Totalitarian governments have been shrewd enough never to recognize the existence of such a problem.

The very suggestion that any central planning agency within a totalitarian government could possibly duplicate such a field organization

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even in a single industry borders on the fantastic - and there are dozens of other industries which are obliged to depend on local joint-venture initiative to distribute and service their products. The location and constant relocation of such units by a central authority to accomodate a mobile population, rendered even more mobile by the machine-powered vehicles, and the planning of elaborate synthetic systems of reward and punishment as a substitute for profit and loss in such a decentralized organization, would meet insuperable obstacles. No totalitarian government has ever solved an organization problem of this magnitude and none has ever dared try. The Russian automobile today stands as the greatest fiasco in modern industry and it illuminates the grandiose social fiasco of what we once so breathlessly watched as the "great Russian experiment."

Many fears have been expressed that the full exploitation of mechanical work-energy will of necessity result in a purely materialistic society. This assumption is widely held and has been used in anti-American propoganda, curiously enough by the Muscovite apologists, who are themselves wholly dedicated to materialism. Ammunition for the slander has been plentiful in the soul-searching self-criticism of our own writers who have been shocked by some of the antics of our parvenus.

Energic liberalism maintains that throughout history every under-privileged group has gone through a parvenu stage of at least one generation before its cultural and humanistic yearnings come into force. One of the inevitable penalties of a rapid and wholesale liberation of large masses of people from poverty is a large amount of unattractive parvenu behavior. Yet this is temporary; already we are going through a mellowing stage in America. One of the most interesting phases of this is a drift toward religion.

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What is strengthening our churches is the basic fact that all great religions are based on the power of love and their places of worship have been the best means by which personal love can be converted into social love. Modern psychologists and psychiatrists, once regarded as foes of the church are now becoming staunch allies for they have helped redefine the conflicts in man and in human society in terms of love versus hate, rather than in good versus evil. They have made it clear that while one man's evil may be another man's good, there can be no confusion between love and hate. The clerics also are coming more and more to think of their mission as displacing hate with love.

I hope that the discussion thus far has laid the groundwork for a presentation of a 16-Task Program for Energetic Liberalism to which every man, woman and child can contribute in some degree. Here are our tasks:

1. To re-examine present-day economic thought-patterns which are still largely based on the dinosaur machine of the 19th century, and to revise economic theory to place proper emphasis on mechanical work-energy as the basic element in local, national and world economies.
2. To maintain the principle that mechanical work-energy in itself, is the true liberating force of the 20th century, and on this principle create a new world liberal movement which, in each nation, will energize the political center, leaving the right and left as lunatic fringes.
3. To cherish and expand, in this new machine age, the individual freedoms so laboriously won from central governments over past centuries.
4. To resist the selfish, unsocial exploitation of mechanical work-energy, either by private owners of factory machines, or by organized minorities claiming control of these machines as self-appointed trustees of the interests of the under-privileged but whose own selfish interests as a privileged ruling class are inevitably opposed to those of the common man.

5. To challenge government corruption by granting equal rights at the polls to at least one opposition party and to assure for such opposition access to all media of mass communication, such as television, radio, newspapers, magazines, and books.

6. To promote in each national society an ever broader distribution of mechanical work-energy in private homes, in the form of small machines, and to encourage the improvement of factory machines to eliminate repetitive work routines.

7. To grant to managers, engineers, technicians and their supporting careerists rewards sufficient to maintain a high state of productivity, even if this involves changes in the historic reward patterns of a national society.

8. To maintain a fluid and rational balance, suited to the needs of each national economy, among the five characteristic types of modern capitalism - home, private, joint-venture, public service and military.

9. To defend and encourage industrial competition as the most work-able purge of incompetence and the best stimulus to greater productivity.

10. To develop a rational system for the mass distribution of consumer goods, in which system an all-weather highway network is the basic element.

11. To protect, by various forms of state and private insurance, workers temporarily deprived of gainful employment by the transfer of the workload from muscles to machines or by improvement of machines.

12. To recognize taxation as the major social-economic science of modern times and to promote its rational, balanced development.

13. To challenge the efforts of privileged intellectuals to slander the new society of universal opportunity and to glamorize the starving past.

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14. To exert political and other pressures to support large-scale enterprises aimed at the development of solar energy, comparable in scope to the present development in atomic energy.

15. To welcome the new vitality of modern religion and to support its mission of re-emphasizing the importance of personal and social love.

16. To cherish the rich treasury of the humanities bequeathed to us from the long centuries of desperate poverty, as monuments to the unconquerable spirit of man.

All of us are confronted by immense new tasks even beyond these, for the machine has created almost as many problems as it has solved, and we are challenged, each in our own way, to help in their solution.

The master problem is the creation of a consumer-centered economy of plenty, firmly based on political institutions adapted to the machine age. Each of us must share in the solution - the continuing solution - as citizens and voters. Fortunately, our two-party system is ideally suited to the creation and constant modification of these institutions.

We continue to discover new, underprivileged classes created by the swift march of our progress. Because of our life-saving medical advances, our population contains far more grandmothers and grandfathers than ever before. The homes of their children can no longer hold them. Where will they go? What can they find to do that will satisfy their need for accomplishment and self respect? We have barely begun to come to grips with this new problem.

We have the task of finding how to use well our larger freedom from long hours of muscular labor. In coming to this new land, we have brought many cherished customs and many comforting faiths. Shall we hold tightly to our own special inheritances, or shall we share our best with the best of those from

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other lands? What are the best? We think we know; at least we know which are the worst. They are the remnants of privilege - intellectual, priestly, political, cultural. These we reject.

We welcome the special gifts of our races: the poetry of the Irish, the trading genius of the British, the family integrity of the Jew, the stern scholarship of the German, the imaginative technology of the Russian, the flair of the French, the unquenchable optimism of the negro, the wisdom of the Oriental; these are only a few out of many.

We grant freedom of worship to all faiths. Here and there, in all these, we sometimes discover a few relics of privilege, where the god serves only to support the arrogant, self-esteem of the anointed. We also find here a rich heritage of loving-kindness, and consolation in the grief that none of us can hope to avoid, and rituals of prose and song that make us one with ages past.

How shall we educate our children - all children - to get the most out of our consumer-centered economy of plenty and to contribute most to it? Here lies one of our greatest failures to date and one we cannot, as parents and citizens afford to neglect longer.

Why are our young engineers-to-be spending so much time on raffia busy-work? Where is the school that is looking hard and straight at the universal problem of maintaining our household machines - of managing our mechanical servants? How long would the aristocracies of the past have survived if children had not learned to manage servants? We, all of us, are the aristocracy of the present.

All in all, we have set for ourselves the most difficult tasks of any nation in all history, and they are so numerous that we cannot hope that

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a central authority can tell us where to apply ourselves. The freedoms which made all our progress possible also demand that we seek out the tasks we can do best and go to work. Fortunately, the machine which has placed these tasks before us has also given us the mobility and strength to accomplish them.

Let us not forget one salient fact about the tasks we face.

For century after century, mankind has been struggling with problems of survival and of finding opportunities for a richer life above the subsistence level. With no known source of surplus work-energy to draw on, each problem had to be attacked over again with each succeeding generation. Our problems, difficult as they may appear, are in a very different category; they are new in nature. Moreover, it is inevitable that tomorrow the world will move along in the same direction we have gone, slowly in some places, more rapidly in others. Hence, we may hope that our solutions may influence the happiness of millions far beyond our day and place. What greater opportunity has ever been open to any generation?

Our forefathers have bequeathed to us a tradition of loyalty to the land of our birth or adoption. To this we now add another loyalty, which will steadily grow in strength. It is loyalty to the age we live in, an age unlike any that has gone before. To our traditional pride of place we now add pride of time. It is a good thing to do, for the world has become too small for strong and conflicting loyalties of place. But time is without limit or boundary and today is the best of all, and we share this day with all who walk the earth.