
SCRAP THE NRA!

BY JOHN T. FLYNN

ONE OF THE strange phenomena of our times is the enthusiasm with which the National Recovery Administration was hailed as a great movement toward the left. The business world did accept it as a grand stratagem for getting us on the road to recovery. But if the stratagem should prove successful, and we should march by that road to recovery, it seems quite clear that we should find we had marched, not to the left, but quite a distance to the right. Those who believe our security rests upon extending over our economic life the sway of the groups which have always controlled it in the past had a right to be satisfied with the NRA. But it is very difficult to understand why those who think our future happiness depends upon dethroning these gentlemen can look with complacency upon the rise of this movement.

An elaborate effort is being made to have it appear that certain powerful industrialists are in arms against the NRA. This is good political strategy. It freshens the confidence of those people who look with satisfaction upon anything that Wall Street attacks. Wall Street is supposed to be bitterly opposed to what they imagine is a great charter of liberty for organized labor. But it is not true to say that the business leaders have fought the NRA. A few have stood out against it. But on the whole the business leaders of the country threw themselves heartily, as well they might, into the experiment.

II

THE NRA is now more than six months old. For most of its brief life it has enjoyed the whole-hearted acclaim of newspapers, radio, the stage, and every agency of report and opinion. It is now high time that we pause to make an estimate of what the thing really is.

First, let us be clear as to what we mean by

NRA. Those initials are based on the National Industrial Recovery Act. That act is made up of two parts. The first suspends the operation of the anti-trust acts and confers upon the President wide powers of control over industry, to bring various groups into agreements about wages, hours, prices, production, and trade practices. The second part sets up a fund of \$3,300,000,000 under the President's direction to be used in public works and loans to private industries for capital construction.

The first part of the Act is in fact a sort of industrial reform measure. It strikes a blow at sweat-shop wages, opens the way for shorter working hours, minimum wages, and agreements among employers to eliminate all those methods which are included under the heading of unfair business practices. The second part of the Act was intended purely as a recovery measure — by creating a huge reservoir of public credit to stimulate the heavy capital-goods industries and thus pour fresh supplies into the streams of national income. Some of the men who took a part in preparing this drive upon the depression understood this well enough. They saw clearly that the first part was adopted to enable industry to mend its ways and to consolidate whatever recovery might be achieved under the second part of the Act. But unhappily this distinction was not clear in the minds of all its sponsors. There is good reason to suspect that the President was one of those who lost sight of, if indeed he ever fully grasped, this point. There is plenty of evidence that the President gave a grudging assent to the public-works plan; that he would have been content with a much smaller appropriation; and that he came to believe that the first part of the Act — the reformatory part — would produce recovery by itself, and that perhaps it would never be necessary to draw heavily upon the public-works appropriations.

Even before the Act was passed General Hugh Johnson was named to administer it. To him was committed the management of the first or reform part of the Act. He sprang at his task with furious alacrity. But the second or recovery part of the Act was pushed off into a corner by the President through an innocuous appointment. And while the recovery instrumentalities of the act were thus permitted to freeze, Johnson ran away with the label of "recovery." He called his bureau the National *Recovery Administration* — and then in a few days the NRA. And from that moment NRA has meant that amazing, boisterous, hectic circus which Johnson has carried on to reorganize industry. And while the real recovery section of the law was thus forgotten, the whole country, including the President, under the pressure of a ballyhoo that recalled the war drives took Johnson and his NRA at his own valuation and fondly looked for a business recovery from the operation of the codes.

This, it must now be clear enough, was a capital blunder. It is possible to make a fair case for the NRA as a means of introducing some order into business, of eliminating certain grave abuses, and of spreading work. But whatever can be said for it no one can support the proposition that it is a recovery measure. It might, if its sponsors are right, consolidate and lengthen any recovery which may arise from other causes. It might put a million or two men to work. But that it could keep them at work or that it could by itself set in motion the engines of recovery is an insupportable pretension. The recovery implements in that act were finally put in another place, another department — the Department of the Interior — under Secretary Ickes, a far wiser and sounder man than Johnson. But this was not done until perhaps a fatal delay had been permitted to intervene.

III

I HAVE SAID this plan is not a movement toward the left. Its whole history is against such an illusion. Perhaps it is necessary to recall some shreds of the forgotten history of the last ten years. The Chamber of Commerce has for years carried on an intensive crusade for the suspension of the anti-trust laws and through this the establishment of what is

called "self-rule in industry." Business, it asserted, suffered from cutthroat competition, unfair practices, overproduction. The only remedy for this was to turn the control of industry over to its trade associations; to enable them to fix prices, limit production, and regulate competitive practices. Surely no one will call this a movement toward the left.

The Chamber's conception of self-rule in industry was to invest the employers — in their trade bodies — with the power to regulate their respective trades. Now it is possible to make an excellent argument for this from the point of view of the employer. But by no stretch of the word can this be called "self-rule" for industry. After all, industry does include the workers. And to the extent that any group of persons in the industry — and the most numerous groups at that — are excluded from participation in ruling the industry, it cannot be called self-rule. The plan left the consumer, who pays all the bills, out of the scheme altogether. The term "self-rule" applied to such a procedure is one of those happy euphemistic labels under which we manage to conceal so many questionable operations. This, however wise or however sinister, was the program of the United States Chamber of Commerce and not of any of the liberal or radical elements in the nation. As late as 1931, when Senator LaFollette was attempting something quite different — the establishment of an economic council to carry on national planning — Mr. H. I. Harriman, President of the Chamber, appeared before the Senator's committee and urged this ideal of self-rule. He proposed on behalf of the Chamber the establishment of an economic council made up of business leaders, named by business, who would work in co-operation with the proper agency of the government, with a council of three cabinet officers formed behind it. He urged modification of the Sherman Anti-Trust Law and the Clayton Act; the recognition of trade associations as the ruling bodies for industry, with the power to fix prices, limit production, and regulate trade practices.

In April of 1933 the Senate amazed the nation a little by passing the Black Thirty-Hour Bill, and the House was ready to follow suit with the Connery Bill. The Connery Bill also provided for a minimum wage. If shorter

hours and a minimum wage were all that were desired, they could have been accomplished through these bills. The President could have obtained amendments to make the working schedules and wage limits more flexible. But he refused to make these bills a part of his program. Instead the idea of the Recovery Act was seized upon in order to defeat these bills. The President associated himself with that plan.

The first draft of the Recovery Bill was prepared. When a summary of its provisions was made known, the first to appear in print with a blanket approval was Mr. H. I. Harriman. Indeed he proceeded to outline for the newspaper men precisely how the plan would work. The administrative board would summon the various trades to Washington; these groups would at once adopt codes of fair practice; then in conference with labor they would agree on wages and hours; thereafter the agreement would be submitted to the government board for approval.

Some days later the President appeared before the Chamber and gave his blessing to the long-cherished scheme to curb overproduction and suspend the anti-trust laws, along with the regulation of unfair wages and hours. Then the President added: "May I express the fine cooperation I have had from Mr. H. I. Harriman, your President, and associates. He has felt free to call on me, and I have felt free to call on him."

This was indeed true. The moment came when the President of the Chamber began to play a leading rôle in this "movement to the left." The Chamber itself expressed its approval of this plan to give self-rule to industry. "Those are best equipped to solve the problems of industry who are themselves engaged in industry," the resolution read. The simple truth is that at this point the preparation of the Bill fell into the hands of a group of men which included General Johnson of the Moline Plow Company and Mr. Harriman, President of the Chamber of Commerce. Mr. Donald Richberg, a liberal lawyer from Chicago, was also included. But his liberalism from now on will have to be judged by the part he has played in this reactionary scheme. Mr. Charles M. Schwab sang the praises of the plan before the Steel Institute. The President of the Elec-

trical Manufacturers' Association extolled the Act. Behind the scenes Mr. Barney Baruch, who is a member of the New York Stock Exchange and one of the most active speculators in Wall Street, pulled the strings and arranged that his man, General Johnson, at this time described as research director for Barney Baruch, should be named as administrator of the Act.

As soon as the Act was passed there was set up in the Department of Commerce an advisory board composed of Alfred P. Sloan of General Motors; Walter Teagle, President of Standard Oil of New Jersey; James A. Moffett, Vice-President of Standard Oil of New Jersey; John D. Elliott of the Jameson Petroleum Company; Gerard Swope, President of the General Electric Company; and H. I. Harriman, President of the Chamber of Commerce. At a later day some of these resigned, and in their places went Myron Taylor of the United States Steel Corporation, Pierre S. duPont, Clay Williams of the Reynolds Tobacco Company, and several others.

IV

Is it not, therefore, an amazing thing that liberals and many radicals at once leaped forward to cheer lustily for a scheme like this, set up under such auspices? The explanation is, of course, to be found in the turn which the plan took in its first days. It would be unfair, however, to say that some concession was not exacted from these industrialists. The one solitary concession was the collective-bargaining clause in the Act. The minimum wage and the shorter-hour agreement did not constitute a concession. The minimum wages were fixed so low that they did not bother the large producers at all. The shorter-hour agreements were infinitely better for them than the thirty-hour week of the Black Bill which the NRA was invoked to kill. The collective-bargaining section and the licensing clause were not looked upon with favor, but even these were a small price to pay for the government's surrender on the Sherman Law. However, as the NRA got under way amid a blaze of red fire and a flourish of brass instruments and a fury of publicity, this collective-bargaining clause came instantly to the fore. The Federation of Labor leaped in to organize, and for a while the pres-

ence of William Green in the limelight in all the conferences gave the NRA the appearance of being some great movement for organized labor. But after all, it was overlooked that there is nothing particularly radical in the idea of collective bargaining or the minimum wage or the shorter week. The Federation has always been against the minimum wage, for the reason that it tends to become a standard wage. And collective bargaining has been in force on the railroads, in many utility companies, and in the building trades for years. The excitement, the speech-making, the crude phrase-making of General Johnson, the parades, and, above all, the hope generated in every breast that somehow this thing was going to end the depression completely obscured the more deadly sections of the plan — the surrender by the government into the hands of private industry of vast powers over the economic life of the nation.

It was my belief that if the NRA should manage to survive, it would drift slowly into the hands of the Chamber of Commerce or the federated trade associations, with a mild and inoffensive form of government supervision. I was hardly prepared to see the advisory committee in the Department of Commerce, with the Secretary of Commerce and General Johnson, propose to turn the whole thing over, body and boots, to the Chamber of Commerce. Mr. Swope's proposal and General Johnson's approval of it were just trial balloons. I do not believe that a cabinet officer and General Johnson, in close contact with the President, permitted that little comedy to be enacted without letting the President in on the project. When it was received, a little coldly in some quarters and a little rudely in others, the President was able to say that he thought business was not yet ready to assume the reins.

This is the great charter of freedom which was supposed to move the Roosevelt Administration on toward the left and into the arms of the liberals. However, I am prepared to concede that one does not necessarily damn the NRA by merely proving that it is nothing more nor less than the realization of an old Chamber-of-Commerce dream. It is possible, after all, for a Chamber of Commerce to be right.

But I think we ought to be sure what this thing will look like, should it succeed. After all the chantings and incantations have died down,

after the subject is moved from the columns of the press, and General Johnson ceases to be a character, what is our economic system going to look like? Fixing prices and regulating production are functions of sovereignty. The individual business man may do this for himself. If he raises prices too high and attempts to limit production his competitors will step in and take his customers. This is the protective device which guards the public interest. But if all producers in a given industry are permitted to unite in a water-tight association and fix prices and limit production they are actually legislating upon fundamental rights inherent in the people. No power on earth should be permitted to do that, save the body which represents all the people. If Congress attempts to surrender such a power into the hands of the trade associations it will be, in effect, abdicating. I know the contention is pressed that the government will supervise these trade associations. I thought we had learned that the government cannot supervise the performance of a function like this. But General Johnson has declared more than once that industry should police these codes themselves, that the government's supervision should be mild and friendly. With the trade associations in possession of the instruments of production, in possession of the sovereign powers of the state over fundamental economic concerns of the people, and in possession of most of the agencies of opinion and information, and all this at the hands of a government which poses as a great liberal administration, what will the picture be when business thus organized comes again, as has always been the case, into complete possession of the government itself?

V

IT IS NOT conceivable that labor will submit tamely to this rule or that the undernourished section of the public will submit. Is it not inevitable that there will be bitter and violent opposition to it? And when that opposition develops will there not be a tightening of the precautionary mechanisms for suppressing opposition?

The codes give labor a minimum wage which is close to the starvation edge. And when labor organizes to demand more the President calls upon them not to strike — the strike being la-

bor's only weapon. When labor persists in this General Johnson actually threatens the Federation of Labor. The collective-bargaining clause has already been completely denatured. Senator Wagner has ruled that the remote and almost subconscious contact which for one fleeting moment Henry Ford had with his workers in a New Jersey plant was a compliance with the collective-bargaining requirements.

Worse than all this, this scheme for self-rule in industry is based upon the theory that we suffer from an economy of abundance; that we produce too much food, too much clothing, too many houses; and that the road to prosperity is to produce less, in spite of the fact that we produce even in the most prosperous times far less than the nation needs. We do indeed produce more goods than income. But our problem is to produce more income and not less goods. The attempt to solve our difficulties by limiting production is to steer the nation into a long and bitter era of pauperism and unemployment for a great and growing number of the people, with more frequent depressions and deeper ones.

Of course, the NRA has actually interfered with our recovery. Not, of course, because it is an interference in business, as Mr. Alfred E. Smith has said, but because it has diverted our attention from the real instruments of recovery. The President struck a blow at his own credibility when he claimed that the NRA had put four million men back to work. There is no evidence that this number of men has gone back to work. There is plenty of evidence that it is not so. There is an abundance of evidence that re-employment has been more rapid in other large industrial countries which have had no such performances. That figure was a pure guess, and it is not supported by the statistics of the Department of Labor.

After all, you can ballyhoo employers to put men to work. But we are still in the capitalist system, and you cannot force them to keep men at work when business is declining. And that is what has been taking place ever since the NRA got under way. There was a brief business revival from April to the middle of July. Business activity represented by an index number of sixty in early March started up immediately. It rose to about eighty-five by the

time the NRA got under way. Thereafter for about four weeks it rose to about ninety-eight. Since that time it has declined almost without interruption until now it stands at about seventy-two. When we remember that it was at seventy in last January we will see that the situation is serious, and that the claims of recovery are purely fictitious. The textile industry began its improvement in March, not after the codes were adopted. It has been declining almost steadily since the codes were adopted. Steel rose to a volume of production which used about fifty-seven per cent of the industry's capacity by July 15. It has sunk down each week until it reached twenty-five per cent in the beginning of November. There was a slight rise in the succeeding weeks due wholly to government contracts.

Most serious of all are the heavy-goods industries. Bad as 1932 was, 1933 has been far worse. We had fallen to an alarming low level of construction by October, 1932. But in every department of private construction the levels for October, 1933, were lower. One item alone kept the construction industry from complete collapse, and that was the meager projects for public works.

The slumber of the great heavy-goods industries may be surmised from the state of long-term financing out of which heavy industries are supported. In October of this year long-term bonds floated were only about half of the total in October, 1932, and almost all of it was by states and cities and then chiefly for refunding purposes.

To anyone familiar with the structure of our economic machine these figures will tell their own story. And it is now high time, I suggest, that the President put an end to at least one experiment. The NRA should be scrapped. In its place, if we are to plan, should be set up an economic council made up of men who understand our economic society and not a group of Wall-Street lawyers, industrialists, and a stockbroker or two for good measure. Nothing could be more offensive to the sense of fairness than the pretension that the NRA was the work of a brain trust, or that it was the invention of a group of young professors. The professors have enough to answer for. They ought not to be made to bear the onus of this appalling failure.

POETS AND DICTATORS

BY MARY M. COLUM

Ye who have intellects to guide you, consider the
doctrines.

DANTE: the *Inferno*

Though Justice against Fate complain,
And plead the ancient rights in vain —
For these do hold or break
As men are strong or weak.

Nature, that hateth emptiness
Allows of penetration less,
And therefore must make room
When greater spirits come.

MARVELL: *Ode to Cromwell*



IT IS A pity that all dictators cannot have their poets as Augustus had Virgil, as Cromwell had John Milton and Andrew Marvell, great Puritans like himself, for then we could summarize more vividly the spiritual forces that produce modern dictatorships. However, here are four of the chief contemporary poets with their books, and here also are the dictators with their books: two of them, Yeats and Valéry, represent two of the highest brooding intellects of their time; all of them, both poets and dictators, are men of passionate minds, of lonely and transforming imaginations. They are all, poets and dictators, in such communication with life that they can think the thoughts, half-think, half-feel them, that later make the world. They are all men aware of a tradition and men in whom the common emotions and aspirations of their time are to be observed to a supernal degree. The remarkable thing about the dictators is the extent to which they have drawn their guiding ideas, whether these are right or wrong, from the poets of their race, and the extent to which they themselves are molded, if rudely molded, by the poetry of

their countries. Except for a few tag-ends from Hegel about life being a perpetual becoming, the pediment of Mussolini's ideas, including even those about the Corporate State, are drawn from Dante. A great deal of his writing on Fascism, in so far as it deals with general doctrine, is a man of action's statement of passages from Dante and Petrarch. It may be said that his Dante knowledge is *The Divine Comedy* and *Convivio* of text-book selections, but this does not make it any less potent in moving his readers and hearers; even the common stuff of some of Il Duce's most famous speeches is taken from *The Divine Comedy*:

Considerate la vostra semenza.

Look back on the seed ye sprang from.

And all his passion for imperial Rome with the memories of which he has welded Italy together takes its statement from the *Convivio*. "Verily I am of the opinion that the stones that are fixed in her walls are worthy of reverence, and the soil where she sits more worthy than men can preach or prove." The appeal of these dictators, Hitler as well as Mussolini, is in the fact that they do in themselves represent, and can stir up in the minds of their people, ideas and emotions out of the national past. If poetry is emotion recollected in tranquillity the doctrines of these dictators is text-book poetry recollected in stress and action.

INDEXES TO NATIONAL CHARACTER

THE THREE forces that according to Taine determine literature — the race, the milieu, and the moment — explain the phenomenon of a dictator more easily than the phenomenon of a poet, for a dictator appears to be especially the creation of his race, of his total environment, of the period in which he lives.