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War Planning and the Rise of the Keynesian Orthodoxy

6.1 Introduction

From the previous discussion it is evident that the social prerequisite of capitalist planning lies in the ability to control working-class autonomy; flows of commodities and resources for the material production of war requirements could be planned only if the living subjects who made these flows possible could somehow be “harmonized” and made to co-operate within the social division of labor. The key institution which enabled this was, paradoxically enough, the union. Certainly not the union understood as immediate expression of workers’ needs for an organization, rather, the union understood as a particular form of organization, a vertical hierarchical structure which could function as an instrument of mediation and co-optation of working-class autonomy within the requirements of capital accumulation. The point which needs to be explored now is the relation between the rise of Keynesianism as orthodoxy, as a general framework within which state policies are implemented, and working-class struggles.

During the depression, the struggles against unemployment forced the state to intervene, but the set of legislative measures which were introduced were not sufficient to put people back to work. Instead of curtailing the movement, the introduction of these reforms sparked industrial unionism and inaugurated the beginning of the wave of struggle of the unorganized industrial proletariat between 1933 and 1937, when the movement reached its most intense point with the sitdown fever of winter/spring 1937. As it has been pointed out, “Lacking a comprehensive blueprint for change, lacking even any clear vision of the new society, the New Deal was essentially
reactive in character; the Great Depression had given it direction and momentum” (Brody 1975: 271).

The elements to shape “a clear vision of the new society” were not there in the 1930s, despite the fact that, in contrast with the dominant orthodoxy, some American economists had long before Keynes acknowledged the need for the state to intervene for an expansion of aggregate demand. What was lacking was not only the consistent use of expansive aggregate demand to boost output, and a “new dealer mentality” for economists and social planners (Salant 1988), but a proper institutional framework within which expansive fiscal polices could be viable. On the one hand, working-class power which had already refused to be disciplined by unemployment had to be constrained within the limits of accumulation. On the other hand, capital flight by managers committed to the old liberal approach had to be avoided.

The New Deal seems therefore to be the immediate response of the state to a working class that refused the crisis as a means to regulate its militancy. That response shows the developed level of political recomposition of the American working class (Rawick 1972a). This was certainly recognized by the government, but it could not find a solution short of establishing a new institutional environment to control working-class autonomy. For the moment it is enough here to note the irreversible political quality introduced by the struggles of the 1930s. These struggles forced capital strategies to recognize the mass worker as a central political subject, which therefore needed to be co-opted in the accumulation process. They broke the liberal mechanism of regulation of the wage relation through the business cycle, thus introducing a rigidity in the level of wages and forcing the abandonment of the use of high levels of unemployment to reestablish labor discipline. They forced the state to intervene directly and globally in the sphere of reproduction to reestablish the political control of the working class at a social level. Through the New Deal the first elements of what has been called the “state planner” (Negri 1971) were born at experimental level in the West, and its emergence followed the birth of a new era of the class struggle.

The “beginning of respectability” of wider Keynesian principles, however, coincided with the last years of the New Deal and, mainly, with the war years themselves. Also, this respectability coincided with the process of union bureaucratization described above. Finally, the last element of this process coincided with the opening of planning and advisory roles for professional economists.