

## V. A WORLD PRODUCERS' FEDERATION

### 1. *World Outlook*

AN organization of producers into groups corresponding with their occupations lays the basis for world thinking and world federation. Each active member of society would then be directly associated with a group that was world wide in its scope, so that transport workers, miners, farmers and other producers would be in constant touch with similarly occupied men and women on every continent.

One of the principal disadvantages of the present organization of society is the sectionalism arising out of the political divisions established by national boundary lines. In a world where all of the producers were organized along lines corresponding with their occupations, sectionalism would have much less chance to play a rôle in the lives of the people. To be sure issues would arise between the various economic groups, but each individual would be affiliated with a world organization, and the scope of his interests and of his thinking would therefore be much broader than it is under the present system of political divisions. World thoughts and world views on a hitherto unknown scale would be the logical outcome of world economic affiliations in producer groups.

The organization of society along the lines of production will therefore necessarily broaden the outlook of those whose visions are now limited by the confines of a political state, and the present ties of loyalty which bind the individual within a geographic area would then attach him to a world organization and would compel him to think in world terms. That there are limitations imposed by the affiliation of the individual with an economic group cannot be denied, but

such limitations are far less drastic than those prescribed by restricted geographic areas.

## 2. *The Need of Organization*

The organization of society in terms of economic activity, building up through intimate local units, through district and divisional units to world organization within the major industrial groups does not provide any basis for effective co-operation between the individual groups. The metal workers of the world might produce machinery and the farmers wheat, but by what means are they to exchange their product and regulate their output in a way to secure the maximum of advantage on both sides?

There are two outstanding characteristics of present-day economic life. One is its world scope. The other is the intimate and constant inter-working of the various parts of the economic machine so well described by J. A. Hobson in his book on "The Industrial System." Agriculture, mining, transportation, manufacturing and so on are all linked into one functioning mechanism. To be sure there are times when the machine does not work very well—as after a great economic depression, but the purpose is there, the intermittent working harmony of the mechanism is unquestioned, the experience in world economic activity is a permanent part of the heritage of the race, and there remains only the task of making world economic relations more effective and more permanent than they have been in the past. The ice has been broken in the sea of world economic life and the human race has already taken many a plunge in its waters.

Under any form of society that can be foreseen in the immediate future, the need of close co-operation between the various parts of the world economic mechanism will tend to increase rather than to diminish, and it is therefore of great importance to have at hand a means of maintaining and facilitating the contacts between the different economic groups.

The present system has given economic life an exceptional opportunity to grow within the boundaries of single nations, and to co-operate within those areas that are not sacred to competition. Meanwhile the need for world co-operative organization has grown steadily with the evolution of economic life on a world plane, fostered by some of the clearest visioned among the men who are responsible for the direction of the economic world.

### 3. *Present-day Economic Authority*

Under the present system of society the linking together of the various parts of the economic world is a private matter. Mines, factories and mills use the railroads as a means of transporting their products. The intermediary in this as in other transactions between the various branches of the economic world is the bank. Thus the banker, who provides the credit, and through whose private institution financial transactions take place, becomes the arbiter of economic destiny, rendering decisions upon which the well-being of the masses or producers depends, yet wholly irresponsible for the results that follow on these decisions. Using the people's money, possessed of vast authority over the jobs and the property of the producers, the banker is answerable only to other financiers who have a similar power and who enjoy a similar freedom from social restraint. Within the scope of the law prohibiting fraud and theft, and subject to the limitations of conscience the bankers and their confreres follow the dictates of their own inclinations. Quite naturally, under the circumstances, they have grown rich, and powerful far beyond the extent of their riches, since their control of the credit—upon which the whole business community depends—and their easy access to other people's money in the form of insurance premiums and savings bank deposits, place them in a strategic position which permits them to dominate and to dictate outside the boundaries of their ownership.

The power now exercised by the bankers will, in a producers' society, be under the control of public servants whose business it will be to link up the various lines of activity within the economic machine.

At one stage in the development of the world's economic life it was necessary to take out of the hands of private individuals the right to issue money, and to make of money issue a public function. To-day no one questions the desirability of having money issued by public authority, and the right to issue money is recognized as one of the important attributes of sovereignty.

Meanwhile there has been a change in the character of the medium of exchange. Credit and not money is employed to adjust most of the relations between economic groups. In 1920, for example, the total amount of money in circulation in the United States, including gold, silver, and all forms of paper money was only 6,088 millions of dollars, while the bank-clearings—that is, the exchange of checks between banks—totaled 462,920 millions of dollars. If to these figures are added the volume of checks drawn and accepted on the same bank, the amount of commercial paper discounted, etc., some idea may be obtained of the importance of credit transactions as compared with the use of cash under the present system. Nevertheless, while the right to issue money has become a public function, the right to issue credit remains in the hands of private bankers.

Under a producers' society, the relation between the various groups of producers will be maintained through a system of bookkeeping that will charge against each economic group what it uses in the form of raw materials, machinery and the like, and will credit each group with the value of its product. Such a system is in vogue in any large industrial plant, where each department keeps its own accounts, charges the other departments with what they get from it and credits them with what they receive. The whole is handled through a central

book-keeping system. The principle of social book-keeping is not new, therefore, but is an essential link in any large and complex economic organization. It merely remains to apply the principle to producers' groups instead of to the affairs of a private banker or to the book-keeping system of some great industrial trust.

How shall a joint control be exercised by all of the producers' groups over those economic activities, such as the handling of credit, or social book-keeping, that affect more than one of them? The obvious answer is that they can be transacted through some organization in which all of the groups participate on a footing of economic equality.

Common interests will sooner or later compel common action, or action through a joint board. The point has been reached in the economic history of the world where some such common action of the producing groups is vitally essential to their continued well-being. The logic of economic development is compelling men to turn from the owners' society of the present day to a producers' society, organized by the producing groups and functioning in those cases where the single group of producers finds effective function impossible.

#### 4. *Federation as a Way Out*

Experience has shown that the best way to secure co-operation among a number of groups having more or less divergent interests is through a federated or federal system of organization, under which each of the constituent groups retains control over those matters which relate exclusively to the affairs of that group, while all matters affecting the well-being of two or more groups are handled through the central organization or federation.

The United States of America is an association of sovereign states, each of which retains the right to decide those matters which are of importance to that state alone, while



all questions of interstate concern are automatically referred to the Federal Government. At the same time, matters of common concern to all of the states such as the coinage of money, relations with foreign governments, the regulation of commerce with other nations and between the states, and the like, are also under exclusively federal jurisdiction. By this means, those questions which are of local moment may be settled within the state in which they arise, while all questions affecting the interests of more than one state, and those having to do with the common interests of all the states, fall within the jurisdiction of the Federal Government.

The organization of business has followed similar lines of federation. During the early years of capitalism there was a strong tendency to concentrate all of the power of a given business at one point, and in the hands of one man. With the growth of large enterprises, however, such centralization became unworkable. Instead of a single generalissimo, business organized the general staff. The corporation with its board of directors (executive committee) helped to make the transition, and when the United States Steel Corporation was formed, at the peak of the period of American trust organization, its constituent companies were given large scope for individual initiative and activity. The tendency toward departmental autonomy in large businesses is also very marked. Bitter experience with "one man" concerns and top-heavy organizations convinced business men that the road to success lay along the path of federated autonomous units rather than of highly centralized bureaucracies.

The labor movement has had the same experience in many of the more advanced countries of the world. There has been almost a century of local, independent groups, each one acting on its own initiative. The failure of such a divide-and-perish course was predicted from the beginning. Then there have been highly centralized organizations of considerable extent and power, like the American Knights of Labor, which

flourished for a time and then dried up and blew away. But out of the hundred years experience, the labor movement, as at present organized in Germany, Britain, Belgium, the United States, etc., is an exponent of the social principle that local autonomy must be preserved in all local matters, while questions of general concern must be referred to some general body which represents the general interest.

One of the most insuperable difficulties before the world at the present time is the lack of any central authority to which may be referred those matters of general and vital concern that affect the peoples of more than one nation. The peoples feel this lack. They are aware of the fact that industry, science, commerce, art, literature have all leaped the national boundary fence. This is particularly true of Western Europe, whose economic life is closely interwoven, and dependent on certain centers of coal and iron production, and whose political boundaries were determined before the present economic system was dreamed of. The importing of food and of raw materials, the development of markets and of investment opportunities, the organization of means for the transport and the exchange of commodities are matters of common concern to all of the important countries of Western Europe. Before the outbreak of the world war, Europe was an economic net-work of transport, finance and trade, and as a matter of course, communication and travel were common between all of the industrial countries. But while there were so many matters of common concern to Britain, France, Germany, Russia, Austria, Belgium, there was no central authority to which these questions could be referred for decision when the threads of mutual interest became tangled. Instead, secret and competitive statecraft made the tangle worse. The mass of conflicting jurisdictions and of petty jealousies that have grown up among the two score of independent and sovereign states of Europe made a conflict almost inevitable.

Under a federated system of the European states, civil war would be possible, but the chances of a conflict would be greatly lessened by the presence of a central authority before whom questions of divergent interests could be publicly threshed out. For when issues arise between organizations of equal and parallel jurisdiction, a conflict can frequently be avoided if there is some commonly recognized and superior authority before whom the points in dispute may be laid, and whose decision will prove binding on both parties.

What is so obviously true of Europe is also true of the remainder of the Western world, though to a lesser degree. The economic, social and cultural life of civilization has passed beyond national boundaries. Until this fact is recognized, and until some organization is created with a jurisdiction as wide as the problems at issue, misunderstanding, conflict and catastrophe will continue to occur.

### 5. *Building a Producers' Federation*

The first step in economic reorganization is the recognition or establishment of local district, divisional and world groups of producers affiliated along the lines of their economic activities. This is a simple acceptance, in social terms, of the economic forms that have been evolving since the industrial revolution.

The second step in economic reorganization is the recognition or establishment of local, district, divisional and world federations of the local, district, divisional and world industrial groups. This second step must be taken in order that there may be some authority competent to deal with those problems which are common to two or more of the groups in question.

There are two general types of problems that the federations of industrial groups will be called upon to handle:

1. Those problems involving inter-relations between the various producing groups, such as the factory workers,



- transport workers, agricultural workers and the like, that must exchange their products and receive from one another the materials upon which existence depends.
2. Those problems which are common to all producing groups simply because they are common to men and women who are trying to live and to function together. The water-supply, roads, education, are questions of this type.

Problems of the second sort, and the issues raised by them, cannot be entered upon at this point. The same federal authority that is charged with the control over inter-industrial problems will likewise charge itself, in each instance, with these common questions not immediately related to industry.

This is not an attempt to under-estimate the importance of non-industrial problems, but to confine attention, for the moment, to matters directly related to production, with the conviction that when a mechanism is developed capable of handling the industrial problems there will be less difficulty in taking care of those not so closely related to industry.

#### 6. *Four Groups of Federations*

The issues arising between industrial groups, and those problems common to all groups, will best be handled by federations having a jurisdictional scope parallel to that of the separate groups of which the federations are composed. If these component groups are local economic units, the federation will be local in character. If they are district economic units, the federation will have a district as its sphere, and so on. By this means, there will be created a series of federations or joint organizations, beginning with the federation of local economic units, and ending with a federation of world industries. Throughout this enlarging series of federations the principle of local autonomy will be maintained in all of its rigor, and no matter will be referred to a federation that can be handled by a local group. At the same time, the

principle of federal authority will be asserted, and those matters that concern the welfare of more than one group of parallel jurisdiction, will be referred automatically to the federal authority under whose control the group in question falls.

The most elemental of the federations would be the local producers' federation, which would correspond, quite accurately, to the town or the city of the present day, save that its size and character would of necessity be much better regulated than the character and size of the present-day town or city. The modern city has been built as a profiteer's paradise. From the construction of houses to the erection of office buildings, the one foremost question: "What per cent will it yield?" has been the guiding principle behind city construction. The local industrial federation will have, as its chief task, the provision of a living and working place for people, hence the character of the industrial community will be determined with a view to the well-being of the inhabitants rather than to the profit of landlords.

The local federation would be under the control of a local council, the members of which would be elected by the producing units or groups composing the local federation, very much as the modern city is managed by a council elected by wards or aldermanic districts. Except for the choice of representatives on the council by occupational groups, rather than by geographic divisions, the local federation would closely resemble the municipal government of the present day. In addition to its present functions, however, it would assume the task of dealing with issues arising between two or more of the local producing groups. That is, it would have economic as well as political functions, although it would not necessarily carry on any more productive enterprises (gas, water, house-construction, abattoirs) than do municipalities at the present time.

The local producers' federation would be responsible for

two chief lines of activity. On the one hand, it would seek to maintain working relations between the various local economic groups by adjudicating those local questions that affected two or more of the groups. On the other hand, it would take charge of, and administer, those matters of common concern, such as the water supply, the local educational institutions, and so on. This second group of functions would be similar to those now performed by the city council, the board of health, the board of education.

There would be a local producers' federation wherever a number of local industrial units agreed to function together. Counties, cities, boroughs, and school districts are, at the present time, organized very much in that way.

The local producers' federation would therefore differ little from the existing local groups, such as towns and cities, save that its constituent elements would be occupational groups rather than geographic divisions, and that it would be functioning in the economic as well as in the political field.

The second series of federations might be called the producers' district federations. They would include all district industrial groups within a given economic field. Such a district federation would correspond, roughly, to the present state as it exists in Mexico or Australia, or to the provinces in Canada.

The district federation would function in three ways. First, there would be the issues arising between the industrial organizations that composed the district federation; second, there would be the issues arising between local federations within the district, and third, there would be those common matters, like health, education, highways and so on.

The third series of federations would be the divisional producers federations, which would correspond, roughly, to such aggregations of states as the Commonwealth of Australia or the United States of America. The boundaries of such a federation would follow the boundaries of the principal land

areas and the chief population centers. North America, South America, South Africa, the Mediterranean Basin, Northern Europe, Northern Asia, Eastern Asia, Southern Asia and Australia would furnish a working basis for separating the world into such geographical divisions. Each of these divisional federations would function along the same general lines as the local and district groups.

The fourth, in the series of federations, would be the world producers' federation, which would be an organization composed of all of the major industrial groups. These groups, each of which would be organized on a world-wide basis, would unite in the world producers' federation in order to further those interests that were of consequence to two or more of them, as well as those common interests that were of concern to all alike. The world producers' federation would be built on the same principle as the local producers' federation, but unlike this latter federation, the world federation has no prototype existing at the present time.

The world producers' federation would be a world authority, linking up those interests of world consequence that are now waving about like cobwebs in the wind.

Throughout its entire course this outline has been designed in such a way as to separate sharply the producing units and the administrative groups (federations). The local, district, divisional and world industrial units are the back-bone of the public machinery in a producers' society. For the purposes of facilitating the work of administration, these producers' groups are brought together, at various points, in local, district, divisional and in a world producers' federation, all of which federations derive their power directly from the industrial producers' groups. The world producers' federation therefore has no direct relations with the local producers' federation, any more than the government of a county, in a modern state, has with the central federal authority. The authority of the world producers' federation, like that of the

local, district and divisional producers' federations, is derived from its constituent industrial member groups, and is confined to the questions that are of immediate concern to a number of them, or that are the common concern of all.

This arrangement will make difficult the production of a state of present type which has drifted far away from some of the most pressing necessities of the common life, and into the hands of politicians,—a situation that permits tyranny on the one hand, and that makes any adequate check on the activities of these political rings difficult or impossible. This danger would be considerably reduced by delegating administrative power to the federations, holding each within its prescribed range, and keeping the real power in the hands of the local, district, divisional and world industrial groups.

The decision of the world producers' federation would therefore be binding on the industrial groups, and not upon the local, district and divisional producers' federations, except in so far as the industrial groups compelled these federations to follow the policy of the world producers' federation.

It is probable that an exception would have to be made in the case of issues arising between two divisional producers' federations. The burden of settling such an issue should rest, however, on the industrial groups rather than on the world producers' federation.

This with-holding of authority from the federations in general, and from the world producers' federation in particular may be open to criticism, but it has several strong points in its favor. Through its control of resources, transport and the like, the world producers' federation will wield an immense power. Its constituent members, having aided in its decisions of policy, may follow a similar course of action in the divisional and the district producers' federations. Again, the alternative to the organization of a series of disconnected federations is a centralized bureaucracy of such magnitude, and holding such vast power, that it would be both unwieldy



and dangerous, beside violating that very essential rule of local authority in local affairs.

The separation of the federations would compel each of them to specialize on particular problems of administrative routine. Questions that were to be carried to wider authorities would be carried by and through the various constituent industrial groups.

The structural organization of the world producers' federation would be similar to that of the United States of America or that of the Russian Federated Soviet Republic. The constituent groups would be economic and occupational rather than political or geographic, but the principle of federated autonomous groups would be the same. Each of the major industrial groups that belonged to the world producers' federation would have sovereign power over those matters which affected that group alone. The federation, on the other hand, would have jurisdiction over matters affecting two or more of the world industrial groups, as well as over those matters which were of common concern to all of the member groups.

### 7. *The Form of Organization*

The general lines of organization for the world producers' federation would be somewhat as follows:

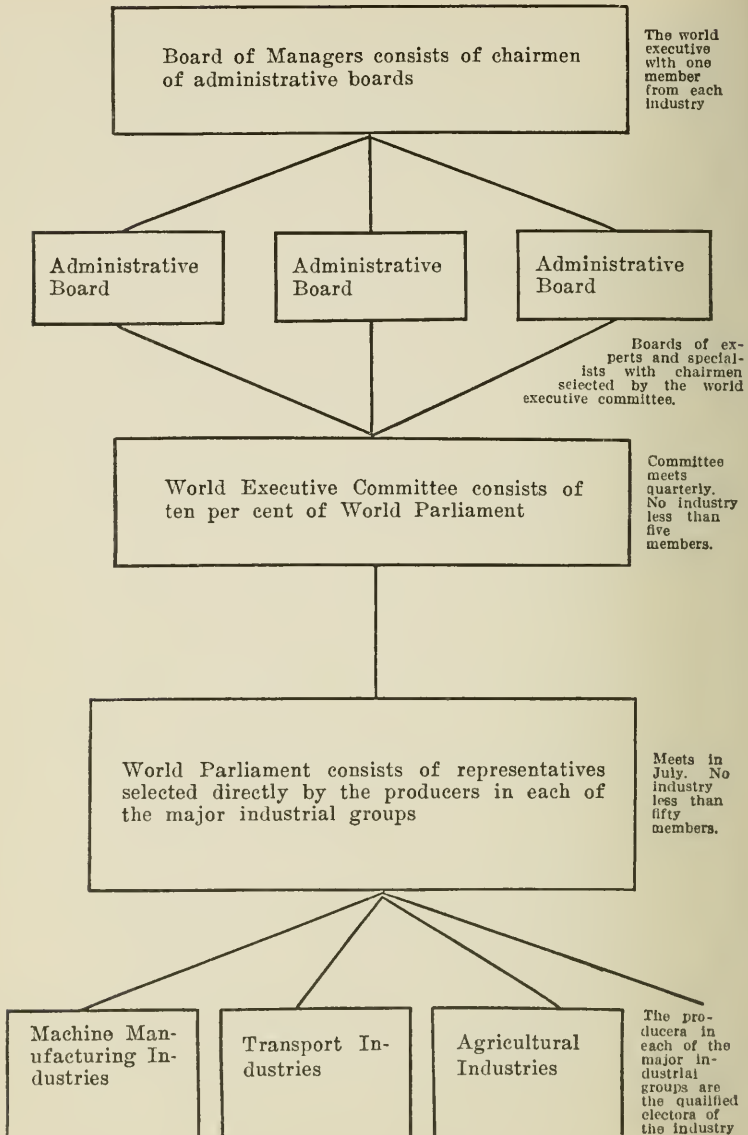
1. The workers in each of the major industrial groups would vote in June of each year for the members of a world parliament which would be the central authority in the world producers' federation.
2. The world parliament would consist of from 800 to 1000 delegates, elected in each of the major industrial groups by the producers in that group.
  - a. Each industrial group would be entitled to at least 50 members in the world parliament, and to one additional member for each 50,000 workers over two and one half millions. But no group would be enti-

- tled to more than 150 members in the world parliament.
- b. The members of the world parliament would be elected by popular vote in each of the major industrial groups, the franchise being extended to all producers, including those who had been producers and were rendered incapable of activity through age or infirmity.
  - c. Each industrial division would be entitled to at least five members of the parliamentary delegation from that particular industrial group, but the details of representation from each of the major industrial groups would be left in the hands of the group.
3. The world parliament would be elected in June and would meet in July of each year. Since the world congresses of each of the major industrial groups would meet in the preceding January, they would have six months to thresh out their individual problems, before they were called upon to consider the general problems confronting all of the groups.
  4. The world parliament would select, from its own membership, an executive committee equal in size to ten per cent of the total membership of the parliament.
    - a. On this executive committee each of the world industrial groups would be entitled to at least five members.
    - b. The executive committee would be the steering committee of the world parliament, and when the world parliament was not in session, the executive committee would be the responsible body.
    - c. The executive committee would meet once in four months, or oftener at its discretion.
  5. The executive committee would select, from its membership, a number of administrative boards, at the same time naming the chairman of each board. Each of these

administrative boards would be charged with the responsibility of handling a unit problem, such as the control of resources, the control of transport, and the like.

6. The chairmen of the various administrative boards would constitute the executive heads of the world producers' federation. They might be called the world producers' federation board of managers. This board of managers would be responsible to the world parliament executive committee.
  - a. If, at any time, the board of managers failed to secure a vote of confidence from the world parliament executive committee, on any matter involving a question of general policy, the board of managers would be automatically dissolved, and the executive committee would proceed at once to select a new board that would replace the old one.
  - b. If the executive committee failed to select a board of managers that could secure a vote of confidence, the world parliament would be automatically summoned to meet one month from the day on which this failure to elect occurred.
  - c. As soon as it convened, the world parliament would proceed, as a first order of business, to the election of an executive committee which would function.
  - d. If the parliament failed to elect an executive committee capable of functioning, the parliament would be automatically dissolved, a special election would be held within ten days, a new parliament would be selected, and would assemble thirty days from the date of this special election.
  - e. By these means, the whole machinery of the world producers' federation would be rendered immediately responsive at all times to the sentiment of its constituency, and the board of managers would be compelled to function in line with the policy of

# PLAN FOR WORLD ECONOMIC ORGANIZATION



the executive committee and of the world parliament, or turn the work over to another group.

7. The world parliament would exercise, directly, or by delegated authority, all legislative, executive and judicial functions that pertained to its activities. It would therefore create the departments or subdivisions necessary to the carrying out of these various functions. The members of the world parliament would be elected for one year, subject to recall at any time by the constituency that elected them. The parliament would decide on the qualifications of its own members.

This proposed plan for the organization of a world producers' federation will be made clearer by a diagram. (p. 116.)

#### 8. *All Power to the Producers!*

The plan for a world producers' federation is designed with the object of placing all power in the hands of the producers. The society of the present day vests power—particularly economic power—in the hands of the owners of economic resources and machinery. Their public institution is the capitalist state, and their rule is perpetuated by the manipulation of its machinery.

Under this order of society, the chief emphasis is placed on owning rather than on working. The largest material rewards and the greatest amount of social prestige go to the owners. The present society sanctifies ownership, and raises the owner to a position of moral superiority.

The same system which dignifies ownership can scarcely recognize work as of supreme social consequence. The worker is therefore placed in a position inferior to that of the owner. His economic rewards are less, his place on the social ladder is lower, and his children are taught in the schools the necessity of getting out of his class into the society of those who are able to live without working.

It is hardly necessary to remark that in a community



dependent for its existence upon labor, the teaching of such a philosophy points the way to class conflict and ultimately to social disintegration. If the community is dependent upon production for its existence, there must be sufficient incentive to continue production, otherwise the community dies.

The disastrous consequences that must of necessity follow on the economic order as it is constituted at the present time are already in evidence,—strikingly so in the case of the European breakdown. The owning class society is coming to an end—falling of its own weight. The time has come when the producers must take the control of the world into their own hands or suffer disaster.

Man's sense of justice tells him that the product should belong to him who is responsible for creating it, and his experience teaches him that human beings take a greater interest in that which is theirs than they take in the property of another. The results of production should go to the producers; the machinery of production and the materials entering into production should belong to those responsible for the carrying on of the productive process. How shall these things be? Only when the producers themselves decide to make them come true.

All power to the producers!

This sentence carries with it the key to the society of the future.