

BUSINESS AS A SYSTEM OF POWER

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ROBERT A. BRADY

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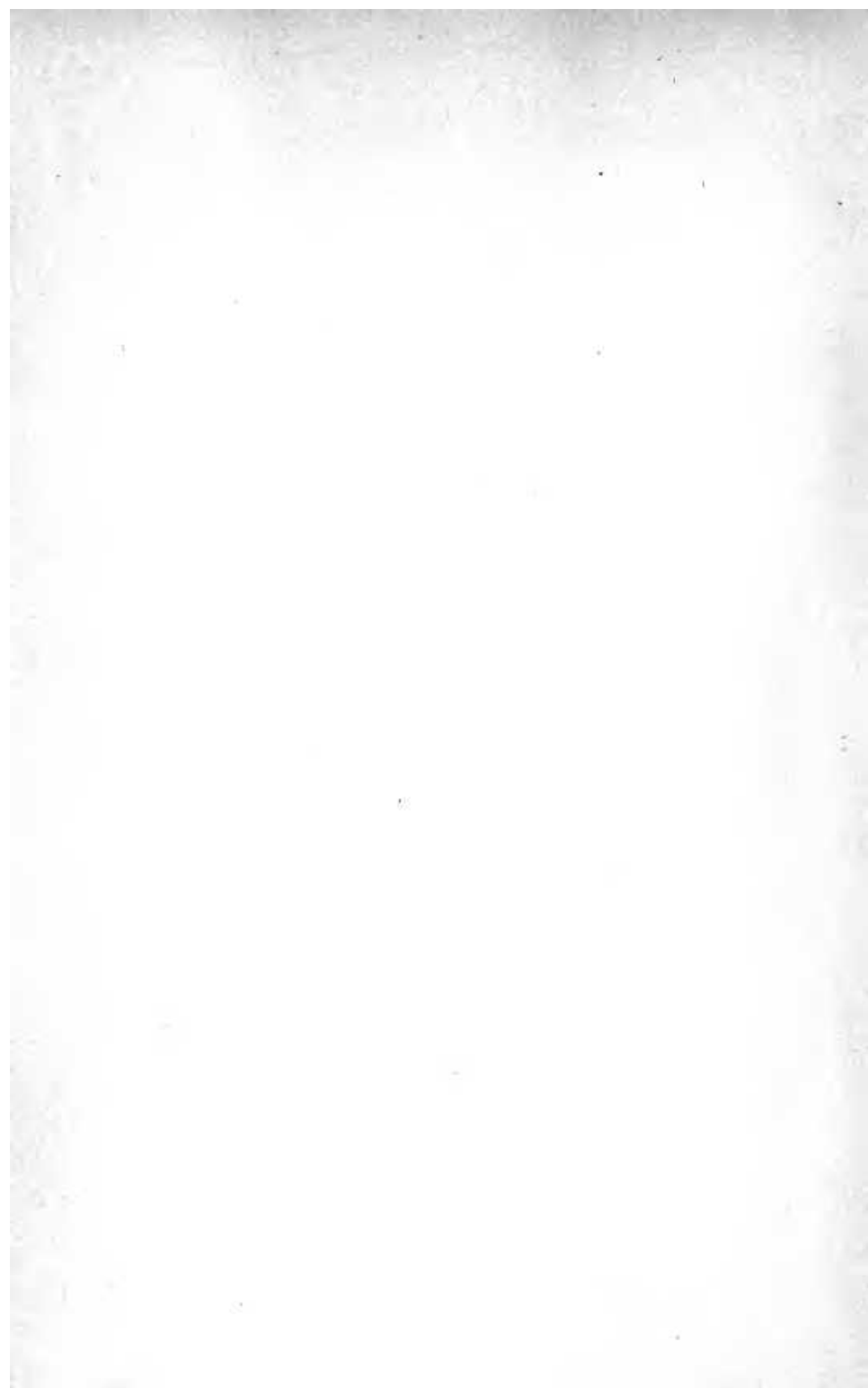
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1943

To

WESLEY CLAIR MITCHELL

who, without knowing it, has had much
to do with the writing of this book



FOREWORD

MEN HAVE ALWAYS EXPERIENCED difficulty in perceiving the thrust of deeper tendencies beneath the surface phenomena of their day. Particularly when long-established institutional systems have been breaking up under them have they tended to mistake symptom for cause and to greet predictions of major change with incredulity and aversion. In the main, they wrestle with obvious immediacies in familiar terms; for the rest, the deeper tendencies, they prefer to wait and see. If such a policy has seemed to be not without some justification in more leisurely eras of change, it is today nothing less than disastrous. For we are living through one of the great climactic eras of history, a major faulting of the institutional crust. A symptom of the extent of current change is the extreme ideological confusion. Fascist monopoly capitalism adopts "National Socialism"; organized industry opposes organized labor in the name of "democracy"; and ideological opposites fight side by side for goals that sound alike only because they are left vague. In such a time, when men and their most cherished concerns are being dragged headlong at the heels of confused events, the one chance for constructive recovery of control lies in the diagnosis of underlying causes.

In this book Dr. Brady cuts through to the central problem disrupting our world, the most dangerous issue democracy faces. This problem is not basically created by Adolf Hitler and the Axis nations, but by the organized economic power backing the Hitlers in nation after nation over the industrial world as a device for shoring up for yet a while longer a disintegrating economic system. And while this war against the immediate Axis Hitlers must be fought and won as a necessary step in the reestablishment of a democratic world, we citizens of the United States and of other democratic nations would better learn, and quickly, to focus our strategy on the fact that the war is an episode in the world-wide counter-revolution

against democracy; for, win, lose, or draw in the military war, democracy will be lost unless it also wins, even as it fights the Axis nations, its internal political conflict.

This is a book about power and the organization of power around the logic of technology as operated under capitalism. The characteristic thing about democracy is its diffusion of power among the people. That men have recurrently had to have recourse to revolutions in order to assert such a pattern of power attests the inveterate presence within society of a contrary tendency. Power is no less "political" for being labeled "economic" power; for politics is but the science of "who gets what, when, and how." Alexander Hamilton advocated and Jefferson opposed the effort of clotted economic power to substitute concentrated minority class power for diffused power. Lincoln referred to this same tendency when he wrote in 1860, "Soberly, it is now no child's play to save the principles of Jefferson from total overthrow in this nation"; and he went on to speak of "the miners and sappers of returning despotism" engaged in undercutting democracy. The preponderant weight of economic power in the Constitutional Convention, while conceding the outward forms of political democracy, went on at once to curb the exercise of the very power it had just granted; it crippled the force of democratic power at the source by parceling up this power by a marvelously dexterous system of barriers to its expression. Thus political equality under the ballot was granted on the unstated but factually double-locked assumption that the people must refrain from seeking the extension of that equality to the economic sphere. In short, the attempted harmonious marriage of democracy to capitalism doomed genuinely popular control from the start. And all down through our national life the continuance of the union has depended upon the unstated condition that the dominant member, capital, continue to provide returns to all elements in democratic society sufficient to disguise the underlying conflict in interests. A crisis within the economic relations of capitalism was bound to precipitate a crisis in the democratic political system.

Democracy in the era of economic liberalism has viewed power as a thing to be feared, rather than used; and this disposition, coupled with the checks on democratic action written into the Constitution, has prompted American democracy to state the problem

of power negatively. It has been casual, to the point of recklessness, about the positive development of its own authority. Formally, democracy has held all the aces. But actually, as Laski has pointed out, "The disproportion in America between the actual economic control and the formal political power is almost fantastic." Despite intermittent guerilla warfare between state power and private economic power through all our national life, democracy has slurred over the challenge to its very existence inherent in growing economic power. This has been due to a number of factors. (1) The fact that the issue between the two types of power has been so heavily cloaked under the sectional issue between the agrarian and the Eastern industrial states has diverted attention from the fact that capitalist economic power constitutes a direct, continuous, and fundamental threat to the whole structure of democratic authority everywhere and always. (2) The appearance of the Industrial Revolution simultaneously with political democracy distracted men's attention from the perennially unfinished task of building democracy. Equipped with a new and marvelously growing technology and with a raw continent beckoning to be exploited, Americans turned their attention all down through the nineteenth century to the grand adventure of getting rich. Democracy was taken for granted as substantially achieved, or at most requiring only to be defended. And a naïve and dangerous popular faith has grown, notably since the Civil War, that democracy and capitalist enterprise are two aspects of the same thing, so that the progress manifestly occurring in industry must also be happening in the democratic political system. Since democracy itself thus failed to throw constantly new goals ahead to catch the imagination and to evoke the energy of its citizens, men thus deprived of anything bigger to work for have in the main vindicated the cynical view that they are motivated only by selfish personal interests. Under such a distorted view of democracy, in which the state and society are nothing and the individual everything, democracy has become increasingly identified with the protection of one's personal affairs; and this has steadily sapped its vitality. (3) Because this "American way" has worked so seemingly opulently, and because of man's need in the rough and tumble of an increasingly insecure world to feel immutable security somehow back of him, American citizens, preoc-

cupied with everything but the affairs of democracy, have increasingly imputed to the Constitution, the central symbol of American democracy, an extravagant finality. If this great and mysterious It were but defended, democracy remained unchallenged.

In such an environment, democracy has been largely tolerant of the businessman, for the most part encouraging him with a lavish hand; for upon his restless enterprise the public welfare was conceived to rest. The "trust busting" of the turn of the century was a protest against what seemed to be excesses in an otherwise normal system, not a protest against the system itself. Even in recent decades, as business has grown in power until it has become a jostling giant, democracy has largely failed to recognize its political significance. The world was large and its wealth seemingly unlimited, and if business was growing bigger and more noisily insistent, this was viewed as but a surface manifestation of rugged growth. Down to the First World War abroad, and until 1929 in the United States, what businessmen did was regarded as primarily their own business. Since the fruit of their activities slopped over in taxes, wages, and dividends, it was manifestly contributing to general welfare.

But this nominal division of powers could not be maintained within the structure of capitalist nationalism. As industrialization has spread over the world and competition has increased, the reciprocal relation between state power and economic power has become more apparent. The fundamental import of what has been happening at a quickening tempo since the Russian Revolution of 1917 is the abandonment of the liberal fiction of the separateness of these two kinds of power. Organized business enterprise is less and less willing to tolerate checks on its activities by the state; more and more it needs the state as active ally; and the national state, in turn, having delivered itself over by accepting the definition of its welfare as synonymous with the welfare of its business system, needs increasingly the utmost of aggressive efficiency from its businessmen. Business is in politics and the state is in business. The state political apparatus can tolerate only the most efficient management of the economic system, since it depends directly upon the latter for national power in foreign relations; whereas the economy must have the political power to extend control, as the Nazis have demonstrated, to the regulation of the social sphere, "not to gratify