

## AFD Ep 314 Links and Notes - The Planned Economy

- **"The Future Will Be Planned" by socialist economist Grace Blakeley (May 18 2020)**
  - kind of a follow-on to [our episode on the end of Liberal Democracy?](#)  
<https://progressive.international/blueprint/3490d76e-4864-446a-b941-c93446f3b227-grace-blakeley-the-future-will-be-planned/en>
  - *Reclaiming the world after Covid-19 will require more than emergency ad-hoc measures. On the contrary, the public must become engaged in the rational planning of economic activity: human beings must work together to determine democratically the best use of our collective resources. This is the premise of the Green New Deal: states must use their command over our collective resources to constrain polluting activities whilst investing in the decarbonisation of our public infrastructure to absorb job losses in carbon-intensive sectors. And as the pandemic has now revealed, state planning is not nearly as utopian as the right has made it sound.*
  - In Blakeley's analysis of the current private capital system, she focuses more on the harms that are associated with state central planning (corruption and inefficiency) also being present in the capitalist system, but one could also point to the existence of semi-central planning within large market corporations
  - She also focuses on the role of central banks under capitalism in propping up markets, except with no democracy and no long-term rationality (just emergency measures over and over)
  - *Our choice is not 'to plan or not to plan?' but 'in whose interests should we plan?' The case for democratic public planning is clear. The inefficiencies, inequities and corruption generated by state-monopoly capitalism do not result from centralisation in itself, but from centralisation absent the centrifugal force of democratic accountability. There is a strong case to be made that, in the wake of this crisis, the resources by then under the command of the state should be allocated by the public, for the public. Absent this plan to democratize the economy, this crisis — and the suffering of so many millions of people it has caused — will have been for nothing but capital itself.*
- **Let's talk about the rise of private central planning within major corporations**
  - The Management Revolution of the Second Industrial Revolution (leading to the creation of a large white-collar middle class outside of governments):  
<https://www.sciencedirect.com/science/article/abs/pii/S0167541989800195>
  - In order to run the massive industrial conglomerates being assembled over the course of the second industrial revolution, significant numbers of managers (from shop floor level up to the senior offices) and clerical staff were required
  - *The approach will be to glean management activities like marketing, human resources management, production, finance, functions of management and innovation from historical sources on the Industrial Revolution. The Industrial Revolution brought the growth of the factory system, enlarged markets and new scale technologies. The factory system brought large concentrations of workers and raw materials together, posing the problems of organizing, directing and controlling work. The Industrial Revolution was not merely technical but had impact on values, beliefs, social customs and societies at large. People saw hope in the emerging society for prosperity, wealth and welfare of all,*

*through the ability of such a system to provide for the wants and needs of the people.*

- This revolution in management of major corporations was of course famously eventually refined into Frederick Winslow Taylor's "Scientific Management" theory that we now know as Taylorism, which was popularized by Louis Brandeis before he joined the Supreme Court. Taylor had begun his career as a clerk at a steel company in 1877 when he was 22.

[https://en.wikipedia.org/wiki/Scientific\\_management](https://en.wikipedia.org/wiki/Scientific_management)

- One controversial location where it was applied was at the Watertown Arsenal, which is now a prominent mall and RMV location near where Bill lives...
- *Scientific management requires a high level of managerial control over employee work practices and entails a higher ratio of managerial workers to laborers than previous management methods. Such detail-oriented management may cause friction between workers and managers.*
- Clerks and the Rise of Corporate Paperwork
  - The innovations in the literal production of paper and writing utensils in the first half of the 19th century (making both cheaper and more plentiful) also changed the occupation of clerk downward in status to more of a drone role that became critical to launching the super-corporations of the second half of the 19th century:  
[https://en.wikipedia.org/wiki/Second\\_Industrial\\_Revolution#Paper\\_making](https://en.wikipedia.org/wiki/Second_Industrial_Revolution#Paper_making)
  - Shorthand writing (updated further during this period), telegraphy (tied closely to the rail industry), and the development of the first mass-production commercial typewriter (1865 in Europe, 1868 in the US) all increased the speed at which written words could be recorded:  
<https://en.wikipedia.org/wiki/Shorthand>  
<https://en.wikipedia.org/wiki/Typewriter>
  - This is also the era of the industrial newspaper corporations after the mid-1870s invention of the Linotype machine, all of which you should learn more about on the recent Print Media episode of the Engineering Disasters video podcast "Well There's Your Problem"  
<https://www.youtube.com/watch?v=qW48CIGuvZE>
  - "Railroad accounting" was a major innovation in the field of accounting and became the corporate standard:  
[https://en.wikipedia.org/wiki/Second\\_Industrial\\_Revolution#Modern\\_business\\_management](https://en.wikipedia.org/wiki/Second_Industrial_Revolution#Modern_business_management)
  - <https://www.jstor.org/stable/pdf/1012943.pdf> (1916 account)
    - *The origin of the system of accounts which is now prescribed for all railroad companies reporting to the Interstate Commerce Commission was a system of accounts which Thomas D. Messler introduced shortly after 1862 on the Pittsburg, Fort Wayne & Chicago-the northwest system of the Pennsylvania Lines West. The theory on which this system was based is that the accounts of the railroad should be a "pen picture" of the results of operation for the fiscal period and of the financial condition of the company's affairs.*

- *Previous to the introduction of the Messler system on the Pennsylvania Lines West, each department or division of a railroad company had its own set of bookkeepers who evidenced the transactions of that department or division. These records were combined and audited by the auditor or treasurer who drew up the balance sheet, based on the summarized and audited records. The Messler system combined the bookkeeping and auditing functions in a single department-the accounting department. The Messler system accomplished four important changes:*
  - *(1) The accounting officer was made responsible for the collection of all accounts due the company and for the making of settlements with other companies;*
  - *(2) There was established the forwarded basis for the settlement of interline freight accounts and the balance of station accounts between the forwarding and receiving stations*
  - *(3) A classification of operating expenses by departments;*
  - *(4) All accounts payable and journal vouchers were required to be signed by three parties, the clerk originating the voucher, his immediate superior and the head of the department interested, before these accounts were journalized.*
- *Another manager at Pennsylvania Lines West also made a critical change in practice in the 1890s: Standardizing every single person's job title (corporate nomenclature) across the entire company to keep better track of prevailing salaries and wages*
- *As rail execs/managers moved on to other rail companies they would bring the new accounting practices with them.*
- <https://www.investopedia.com/articles/08/accounting-history.asp>
- <https://www.cairn.info/revue-journal-of-innovation-economics-2008-2-page-15.htm> (*"Industrial revolutions and the evolution of the firm's organization: an historical perspective" by Judit Kapás, Journal of Innovation Economics & Management 2008/2 (n° 2), pages 15 - 33) More broadly many innovations in railroad management over multiple regions were carried over to other industries: the complexity of the railways' operations required professional managers who subdivided their operations into smaller groups and then appointed middle-managers to supervise and monitor the different functional activities: the movements of trains, the handling of traffic, the maintenance of motive power, equipment, and accounting (Chandler, 1990). To operate these activities railway managers devised a line-and-staff system; both departments and central offices were built up.*

- NOT TO MENTION THE OBVIOUS: Arguably greatest central planning by private corporations in world history was the creation of standardized time zones by railroads in the mid-19th century (November 1883 was full US/Canadian standardization all privately enacted, with the process completed in the 1850s in UK): [https://en.wikipedia.org/wiki/Time\\_zone#Railway\\_time](https://en.wikipedia.org/wiki/Time_zone#Railway_time)
- **Modern tie-back: the huge rise of the corporate manager class since the 1980s:**  
<https://hbr.org/2016/07/more-of-us-are-working-in-big-bureaucratic-organizations-than-ever-before>
  - *Between 1983 and 2014, the number of managers, supervisors and support staff in the U.S. workforce grew by 90%, while employment in other occupations grew by less than 40%. A similar trend can be found in other OECD countries. In the United Kingdom, for example, the employment share of managers and supervisors increased from 12.9% in 2001 to 16% in 2015.*
  - *This mindset has produced a surge in new C-level roles: Chief Analytics Officer, Chief Collaboration Officer, Chief Customer Officer, Chief Digital Officer, Chief Ethics Officer, Chief Learning Officer, Chief Sustainability Officer and even Chief Happiness Officer.*
  - Our observation: One thing the Harvard Business Review piece doesn't talk about is why the 1980s onward sees another surge in managers and the corporate bureaucracy, although there's a clear parallel to the technological innovations of the Second Industrial Revolution that enabled a paperwork and clerical revolution: Once offices have desktop computers networked to one another (and eventually networked across the country) and networked to commercial computer printers, the volume of paperwork and correspondence, both physical and electronic, can explode yet again. (The internet part of that chain of developments presumably parallels the impact of the telegraph.) But the article does give some statistics (above) on the latest rise of managers in the corporate world.