Crisis Planning: Wassily Leontief, Leonard Woodcock, and the Initiative Committee for National Economic Planning in the 1970s

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Abstract

This article examines the intellectual and political vision behind the U.S. national economic planning movement in the second half of the 1970s. It follows an organization called the Initiative Committee for National Economic Planning (ICNEP), which was the major force behind economic planning during the decade, centering the roles of the two chairmen: United Auto Workers president Leonard Woodcock and Harvard economist Wassily Leontief. The article posits that national economic planning offered a unique vision and a novel response the crises of the 1970s, distinct from mainstream Keynesian or neoliberal prescriptions. Concerned with growing democratic demands on the economic system in the 1970s, planning was pitched as a response to fears that special interests and social conflicts were paralyzing normal policymaking channels. It traces the political conflicts surrounding two key bills which incorporated planning ideas, to understand the evolution of the movement. Planners ultimately failed to convince policymakers that their ideas were politically workable, in part due to business opposition and in part because attempts to forge a broader social constituency opened planners up to the same accusations of politicization they sought to surmount. Yet, ironically, some of the ideas of planners found new force in the neoliberal era in the form of targeted supply-side state interventions to bolster select industries. Planners had sought to tie these techniques to a more just national vision, which incorporated organized labor. It was only in shedding the institutional role of labor, however, that the economic interventions initially championed by planners became seen as politically acceptable.

Introduction

In the summer of 1975, United Auto Workers president Leonard Woodcock sent Ohio senator Robert Taft Jr. a letter explaining his hopes for legislation that Congress was considering. “The bill,” Woodcock explained, “would establish the machinery for planning by also setting certain broad national goals, such as full employment, which could not later be compromised by a set of technicians or even the Executive Branch.”[1] Woodcock was encouraging Taft Jr., along with a host of other politicians and public figures, to support the “Balanced Growth and Planning Act,” known more popularly as the Humphrey-Javits bill. At first glance this was not altogether surprising. The commitment to full employment was expected in legislation backed by an auto union president—especially with unemployment near its peak after the painful 1973-1975 recession. And yet there was something surprising in the *method* by which Woodcock hoped to address unemployment: by establishing a “machinery for planning” which would establish national goals that would not later be “compromised, traded off, or abandoned.” Along with the Russian-American economist Wassily Leontief, Woodcock was co-chair of the recently formed Initiative Committee for National Economic Planning (ICNEP). The organization, formed in October 1974, was the intellectual force behind the bill in question, and sought to popularize national planning as a bold response to the economic difficulties of the decade. The UAW president hoped that planning would yield policies that were “coordinated and based on data” rather than the “whim of the policymaker.”[2] There was a firmly technocratic bent to his thinking—linked to the tumultuous political context of the early 1970s. Woodcock aimed to

[1] Letter from Leonard Woodcock to Robert Taft, July 9, 1975, Box 49, Folder 6, Leonard Woodcock Papers, UAW archives.
[2] Ibid.

move progressive economic policy beyond the push and pull of every-day politics, and insulate it from the energies of mass democracy and the unpredictability of electoral cycles. He acknowledged that it remained essential to assure "active participation" by broad segments of the public.[3] But that participation was to be channeled in calculated ways through a well-constructed and information rich planning architecture—a way to contain and direct radical energies in an atmosphere of high tension between union leadership and the rank-and-file, fears of growing politicization of the economy, and accelerating democratic demands on the state.[4]

A number of American elites experienced the tumult of the late 1960s and 1970s as a crisis of governability. Closely, although not exclusively, associated with neoconservatives and the political Right, this diagnosis was infamously advanced in the Trilateral Commission's 1973 *Crisis of Democracy* report—for which Samuel Huntington was the American rapporteur. Huntington lamented what he saw as a "democratic distemper" taking root across the country, which he thought compromised governability, diminished traditional forms of authority, and threatened the making of foreign policy.[5] Overwhelmed by the demands of newly enfranchised communities, compounding social spending, and labor radicalism, Huntington contended that the state was growing incapable of meeting this "democratic excess" within existing frameworks of governance and economic performance.[6] Inflation was often the key embodiment of these fears.

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[3] Ibid.

[4] On rank-and-file radicalism in the decade see Lane Windham, *Knocking on Labor's Door: Union Organizing in the 1970s and the Roots of a New Economic Divide* (Chapel Hill: University of North Carolina Press, 2017), contributions in Aaron Brenner, Robert Brenner, Cal Winslow (eds.), *Rebel Rank and File: Labor Militancy and Revolt from Below in the Long 1970s* (London: Verso 2010), Michael Hardt, *The Subversive Seventies* (New York: Oxford University Press, 2023), and Jefferson Cowie, *The Great Exception: The New Deal and the Limits of American Politics* (Princeton: Princeton University Press 2016).

[5] Michael Crozier, Samuel Huntington, Joji Watanuki, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission* (New York: New York University Press, 1975).

[6] Similar arguments which emphasized contradictions between democracy and capitalism in the context of the late 1960s were made by intellectuals across the political spectrum during the decade. See James O'Connor *The Fiscal*

Radical energies found expression in ever increasing wage demands. Firms, loathe to absorb new costs, raised their prices. The state, unwilling and unable to decisively settle this class dispute, accommodated this dynamic with an easy monetary policy. The result was a fearsome "wage-price spiral." In this and other ways, fears about democratic upsurge were linked with an influential critique of postwar American political economy. [7] For conservatives, this had alarming cultural ramifications. Deficit spending and inflation facilitated short-term thinking, hedonistic living, and antipathy toward authority. As the neoliberal economist James Buchanan lamented, "'Enjoy, enjoy'—the imperative of our time—becomes a rational response in a setting where tomorrow remains insecure and where the plans made yesterday seem to have been made in folly."[8] Such arguments became crucial to curbing progressive demands during the decade.

Yet these were not the only groups who saw politicization and the pressures of special interests as a threat to economic stability. The history of national economic planning in the 1970s shows how a subset of left elites *also* grappled seriously with this question and with mainstream Keynesianism's implication in it. The ICNEP devised their own measures to defuse and manage radicalism while addressing the economic difficulties of the decade. Often at sea in the 1970s, union leaders and heterodox economists saw national planning as a means to discipline the demands of business, labor, and other groups, while nonetheless preserving a commitment to social-democratic objectives. Planning would facilitate a new social contract, to more justly

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Crisis of the State (New Brunswick: Transaction Publishers, 1973), Jürgen Habermas, *Legitimation Crisis* (Boston: Beacon Press, 1973), and Daniel Bell, *The Cultural Contradictions of Capitalism,* (New York: Basic Books, 1976).

[7] For histories which pick up this theme see Melinda Cooper, *Family Values: Between Neoliberalism and the New Social Conservatism* (New York: Zone Books 2017), Greta Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge: Harvard University Press, 2011), Wolfgang Streeck, *Buying Time: The Delayed Crisis of Democratic Capitalism* (London: Verso, 2017).

[8] James Buchanan, *Democracy in Deficit: The Political Legacy of Lord Keynes* (New York: Academic Press 1977), 67.

moderate wage demands by tethering them to a more potent, equitable, and deliberate national vision. This was a sharply different approach than that favored by neoliberal economists, who sought to reduce democratic pressures by limiting the scope of political contestation and by dampening worker power. Their initiatives took the form of shoring up the independence of the federal reserve, dismantling labor unions, or deferring policy authority to supranational institutions.[9] In contrast planning elites thought the challenge of politicization had to be met more directly—by channeling competing private interests into a more responsive, coordinated, and structured system of economic planning. They aimed for more conscious management of prices and investment—a way to challenge the power of capital, while addressing broader fears that the economy was being captured by special interests.

The desire to make planning a central goal of economic policymaking might seem eccentric to those acquainted with the 1970s as an "age of fracture," in which deepening individualism found expression in the unfettering of markets.[10] Yet, during the decade, a variety of Americans turned *towards* the government as they attempted to come to grips with a ferocious set of interlocking crises. National planning drew together an eclectic but wide-ranging set of actors—including major labor union presidents, business leaders, Congresspeople, and heterodox economists. It sparked serious concern among economists of more dogmatically neoclassical stripe. Alan Greenspan warned in 1975 that "the interest in the Congress and in some parts of the

[9] On neoliberalism and public finance see Melinda Cooper, *Counterrevolution: Extravagance and Austerity in Public Finance* (New York: Zone Books, 2024), on international economic governance see Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge: Harvard University Press 2018), on labor and unions see Jefferson Cowie, *Staying Alive: The 1970s and the Last Days of the Working Class* (New York: New Press 2010), and on Paul Volcker and the Federal Reserve see Julian Germann, *Unwitting Architect: German Primacy and the Origins of* Neoliberalism (Stanford: Stanford University Press, 2021), and Krippner, *Capitalizing on Crisis.*
[10] Daniel Rodgers, *Age of Fracture* (Cambridge: Harvard University Press, 2011)

private sector in some form of economic planning is not a matter to be taken lightly."[11] Pierre Rinfret, Nixon's advisor for economic relations, was even more forthright: "This country is going to an absolutely regulated economy. Within 10 years."[12] Socialists and others on the left, meanwhile, often saw planning as the latest in a series of maneuvers to keep an ailing liberal-capitalist system afloat. Michael Harrington, founding member of the Democratic Socialists of America, speculated in 1978 that "there will either be a new-fashioned reaction—sophisticated, modern, planned—or there will be a socialist alternative."[13]

Where they have discussed the ICNEP and planning in the decade, historians have typically treated it as a fringe phenomenon in the history of the decade. One can understand why—the bill most closely associated with the planning body, the Humphrey-Javits bill, never went up for a vote. And by the 1980s an ascendant neoliberal political-economy, corporate deregulation, and hostility toward big government (in name if not practice), seemed to relegate the language of planning to the margins of political discourse. Historians have therefore typically regarded the planning bill as a short-lived blip which disappeared as quickly as it appeared, or as the lesser predecessor to the more widely discussed Humphrey-Hawkins act.[14] Yet such a

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[11] "Memo from Greenspan to Seidman on Planning," June 26, 1975, Box 5, William Seidman Folder 2, Alan Greenspan Files, Gerald Ford Presidential Library.
[12] "The Coming of the Managed Economy," *Dun's Review*, Vol. 98, No. 6 (December 1971), 27.
[13] Michael Harrington, "What Socialists Would Do in America—If they Could," *Dissent* (Fall 1978).
[14] For example Judith Stein notes the planning bill's microeconomic approach but dedicates the bulk of attention to the politics of the Humphrey-Hawkins act. See Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the 1970s* (New Haven: Yale University Press, 2010) Leon Fink, meanwhile, highlights the novelty of planners' supply-side orientation but limits his explanation of their failure to Carter's emphasis on traditional Keynesian demand management. See Leon Fink, *Workers in Hard Times: A Long View of Economic Crises* (Urbana: University of Illinois Press, 2014). Patrick Andelic offers a more comprehensive history of planning in the decade and was a key resource for this article. Yet Andelic emphasizes the continuities between the two bills as part of a larger argument that planning entailed the melding of the rights consciousness of the New Left with the labor movement. Patrick Andelic, "'The Old Economic Rules no Longer Apply': The National Planning Idea and the Humphrey-Hawkins Full Employment Act, 1974– 1978." *Journal of Policy History*, Vol. 31, No. 1 (01, 2019), 72-100, 74. This article offers a different emphasis by spending more time on the intellectual roots of planning, and stressing the differences between the two bills.

characterization obscures a great deal. Despite important continuities, the ICNEP produced a political-economic vision that was distinct from what came to define the later Humphrey-Hawkins act. The key economist behind the initiative, Leontief, was an "institutionalist" who was critical of various aspects of Keynesianism as it had come to be understood in the postwar U.S. context. "Fiscal and monetary policy alone," Leontief emphatically averred in 1975, "are not adequate to solve America's problems."[15] Planners adopted a sectoral approach which took microeconomics seriously as a field of analysis and intervention, questioned a single-minded emphasis on growthmanship, and thought seriously about interdependencies within and between economies.[16] All of these features of planning represented important departures from the conventional recipes of New Deal Keynesianism. Yet recovering the political and intellectual milieu of planning in the decade is important for another reason. Many of the ideas central to planning in the 1970s resurfaced in the 1980s and 1990s in the new rhetorical garb of "industrial policy" and "competitiveness policy." A clearer understanding of why and how the planning movement subsided, then, can help explain why certain aspects of the original planning orientation found new life in the Reagan era while others disappeared from the public sphere.

In excavating the history of planning in the decade, I make two main claims. First, and most broadly, I challenge the idea that the 1970s saw the easy rise of market ideas and an

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[15] "Diverse Group Advocates Economic Planning for U.S.: Diverse Group Urges Economic Planning for U.S.", *New York Times*, 28 Feb. 1975

[16] In referring to the "institutionalist" school I highlight a body of economic thought that departed from neoclassical preoccupations with mathematical modeling, general equilibrium, and rational choice theory, and was instead focused on the historical and spatial development of the economy. Their work was often characterized by a concern with large scale industrial corporations, which they saw as unique economic units. Institutionalists saw a role for planning and conscious guidance in the allocation of resources. Important figures include Thorstein Veblen, Wesley Mitchell, Rexford Tugwell, and John Kenneth Galbraith. For a reconstruction of institutionalist thought which touches on many of these thinkers see Allan Gruchy, *The Reconstruction of Economics: An Analysis of the Fundamentals of Institutional Economics* (New York: Greenwood Press, 1987).

inexorable tendency toward neoliberal political economy. Struggles to come to terms with accelerating globalization and growing democratic demands on the economic system often impelled notable efforts to supervise free market processes, of which national economic planning was one. This article, then, contributes to a historiography which emphasizes the continuities across the postwar and neoliberal period—as well as the unevenness of both.[17] Following the ICNEP illustrates that the struggle to manage the economic crises of the 1970s spawned a rich diversity of economic thinking, rather than a mechanical process by which neoliberal prescriptions like monetarism simply overcame Keynesian ideas. Aspects of national economic planning contained important seeds for governance in the neoliberal era, while other strands continued to challenge the logic of neoliberal governance. Second, I argue that the "sorting out" of different economic ideas during the decade, to use Amy Offner's phrase, had more to do with social movements, business opposition, and political coalition building than it did with the substance of the economic ideas themselves. Specifically, the planning movement fell away not because the ideas therein were obviously unfeasible, but because planners failed to convince policymakers that theirs was a compelling solution to the crisis of governability. Policymakers' desire to reduce their political exposure drew them to other responses to inflation and economic crisis.[18] By the 1980s, with the crisis in the rearview, they selectively drew on the economic

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[17] See for example Amy Offner, *Sorting Out the Mixed Economy* (Princeton: Princeton University Press 2019) and Brent Cebul, *Illusions of Progress: Business, Poverty, and Liberalism in the American Century* (Philadelphia: University of Pennsylvania Press, 2023).

[18] This argument aligns with a particular interpretation for the neoliberal transition at the end of the 1970s: the turn to the market as arbitrator of distributional questions did not happen because it constituted the only, or most rational, solution to the economic problems of the 1970s, but because it offered the government an escape from political responsibility for the distributional consequences of their decisions. This argument is made most explicitly in Greta Krippner's explanation for financialization, but a similar analytic shapes Meg Jacobs' discussion of energy policy in this period. Krippner, *Capitalizing on Crisis* and Meg Jacobs, *Panic at the Pump: The Energy Crisis and the Transformation of American Politics* (New York: Hill and Wang, 2017).

ideas of planners, while limiting the role which organized labor played as a partner in governance.

Labor and Planning

On December 3rd, 1975, the economist and public intellectual Robert Heilbroner surprised the *New York Times* readership with a prediction. "I have little doubt," he posited, "that planning is coming in the next five years to this country."[19] Heilbroner, whose 1953 book *Worldly Philosophers* had made him a widely read public commentator, was himself a member of the Initiative Committee for National Economic Planning (ICNEP).[20] Yet his prediction about planning was hardly an isolated one. The first half of the 1970s saw the biggest surge of interest in planning since the end of WWII. In 1945, Buoyed by the experience of wartime planning, a band of progressive policymakers and economists argued that peacetime demobilization without serious government direction would be disastrous.[21] Their arguments ultimately lost out to a more minimal Keynesian recipe—sometimes called "commercial Keynesianism" or "corporate liberalism."[22] Broadly speaking, the maximization of resource production took precedence over

[19] "Planned Economy: Better Image," *New York Times*, December 3, 1975. Article found in Box 234, Planning Folder 3, Wassily Leontief Papers, Harvard University Archives.

[20] In addition to Heilbroner and the co-chairmen Woodcock and Leontief, the committee's membership included Anne Carter, Abram Chayes, John Kenneth Galbraith, Robert Lekachman, Robert Nathan, Robert Roosa, and Nat Weinberg.

[21] For more on wartime planning see Mark Wilson, *Destructive Creation: American Business and the Winning of World War II* (Philadelphia: University of Pennsylvania Press, 2016) and Paul Koistinen *Arsenal of World War II: The Political Economy of American Warfare, 1940-1945* (Lawrence: University Press of Kansas, 2004).

[22] The 1946 Employment Act is often seen as the culmination of this battle between a version of the New Deal that was more hostile to capitalism and one which sought to make peace with capital. Alan Brinkley famously referred to this as a distinction between reformist and rights-based conceptions of liberalism. See Alan Brinkley, *The End of Reform: New Deal Liberalism in Recession and War* (New York: Knopf, 1995)

questions of distribution and allocation in the following years.[23] Yet even as this growth-oriented formula became central to the practice of U.S. economic policy, institutionalist economists continued to remain invested in more explicit forms of planning, and remained within orbit of the policymaking world. Perhaps the most influential of these figures was John Kenneth Galbraith, also a member of the ICNEP.

A deep recession from 1973-1975, the most severe since the Great Depression, rekindled this subdermal enthusiasm for planning. The crisis challenged the economic common sense and governing consensus of the postwar years. It also combined with longer term dynamics. Growing trade competition from Japan and West Germany threatened the dominance of American manufacturing, provoking anxiety among not only union leaders but also industrial executives concerned about the diminishing market share of their firms. It was notable that Heilbroner thought business groups, rather than labor unions and the public sector, would be at the forefront of the push for planning.[24] The macroeconomic environment was also increasingly unpredictable. In 1971 Nixon had abandoned the dollar to gold peg that underpinned the Bretton Woods system, and plunged the world into an experiment with fiat money, prompting new anxieties about global inflation and the future of the international monetary system.[25] He had followed that decision with an extraordinary sprawling program of wage and price controls,

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[23] A tendency which coalesced into what Charles Maier called an ideology of "producerism." Charles Maier, "The Politics of Productivity: Foundations of American International Economic Policy after World War II," *International Organization* Vol. 31, No. 4 (1977)
[24] "Planned Economy: Better Image," *New York Times*.
[25] For a selection of work on the end of the Bretton Woods system see Joanne Gowa, *Closing the Gold Window: Domestic Politics and the End of Bretton* Woods (Ithaca: Cornell University Press, 1983); Harold James, *International Monetary Cooperation Since Bretton Woods* (New York: Oxford University Press 1996); Eric Helleiner, *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s (Ithaca: Cornell University Press, 1994);* Fred Block, *The Origins of International Economic Disorder: A Study of the United States International Monetary Policy from World War II to the Present* (Berkeley: University of California Press, 1977)

which introduced a whole new level of government intervention to the policy menu.[26] Energy and food crises, of which the OPEC oil crisis furnished the most dramatic example, introduced a novel dimension to the contraction: the issue of resource scarcity, commodity shortages, and supply-chain bottlenecks. This fostered a neo-Malthusian political coalition which asked new questions about how to make sense of the abundance of the 20th century.

Alongside these economic developments, growing computational capacity and improved modeling of the economy had made economic forecasting a growth industry. The Club of Rome's infamous *Limits to Growth* report, which raised the ominous specter of resource depletion, is perhaps the most well-known example during the decade.[27] The report drew on the *World3* model, which had grown out of work done at the MIT computational center under Jay Forrester. Yet various other examples of forecasting became prominent in the decade—including the American economist Lawrence Klein's LINK model, and Leontief's own UN sponsored *Future of the World Economy* project. For some, these advances reopened a set of dormant questions about whether the market and the price signal offered the most efficient way to distribute resources within an economy, or whether there might be other possibilities. Stafford Beer's collaboration with Allende's socialist government in Chile on the *Cybersyn* project offered one illustration of the new possibilities which information technology offered economic

[26] Benjamin Waterhouse, "Mobilizing for the Market: Organized Business, Wage-Price Controls, and the Politics of Inflation, 1971-1974," *The Journal of American History, September 2013,* Vol. 100, No. 2 (September 2013), 454-478.

[27] In addition to Donella H. Meadows et al., *The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind* (New York: Universe Books, 1972), see *The Planetary Bargain: Proposals for a New International Economic Order to Meet Human Needs* (Palo Alto: Aspen Institute for Humanistic Studies, 1976); *Facing the Future: Mastering the Probable and Managing the Unpredictable: The Interfutures Report* (Paris: OECD)

planning.[28] In this context, the enthusiasm for planning gripped a surprisingly broad range of policy intellectuals, technocrats, and government officials. One influential strand was especially interested in "planetary planning," global wealth distribution, and the challenge of globalization (referred to as "interdependence" during the decade). In 1975 Elmore Jackson, a State Department official, organized a representative conference on the "Management of Interdependence." Held under the auspices of the Rockefeller Conflict in International Relations Group, the conference met at the lavish Villa Serbelloni on Lake Como to explore ways to carry out "decentralized planning."[29]

Yet the ICNEP was primarily oriented towards domestic national planning and sat more clearly within the traditional confines of American politics. Its key social constituency was organized labor, clustered especially around the flagging industries of the Northeast and Midwest. For them, planning was a new strategy to confront accelerating economic globalization in the middle of the decade. The U.S. labor movement was bewildered by the combination of slowing manufacturing growth and greater trade competition in the late 1960s and early 1970s. Organized labor's position on trade had been conceived in an era of remarkable economic autonomy, with few precedents for these new challenges.[30] Unions turned, at first, to protectionism and import quotas, epitomized by the Burke-Hartke bill. The turn towards protectionism was undergirded by a deeper tide of labor militancy. During the period between

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[28] Eden Medina, *Cybernetic Revolutionaries: Technology and Politics in Allende's Chile* (Cambridge: MIT Press, 2011)
[29] "Report on the Bellagio Meeting on the Management of Interdependence," undated, Box 401, Folder 2478, Rockefeller Foundation Records, Rockefeller Archive Center, Tarrytown NY.
[30] On the economics of U.S. insularity See Robert Brenner, *The Economics of Global Turbulence: The Advanced Capitalist Economies from Long Boom to Long Downturn, 1945-2005* (New York: Verso 2006). For insularity with a focus on the experience of labor see Jefferson Cowie, *The Great Exception: The New Deal and the Limits of American Politics* (Princeton: Princeton University Press 2016).

1971 and 1974, rank and file workers grew more confrontational towards business interests and towards union leadership, disengaging from the consensus framework of "labor-management relations" that had typified the postwar period, and outrightly condemning multinationals for exporting jobs, attacking free trade, and looked for insulation from foreign investors and trade competitors.[31] The Burke-Hartke bill coincided with a sharp increase in wildcat strikes and labor militancy, which gave the legislation its impetus and urgency.[32]

Union leaders and labor elites scrambled to meet rank-and-file demands for more concerted action on international competition. By the middle of the decade though, beaten down by recessionary unemployment and legislative setbacks like the 1974 Trade Reform act, the protectionist surge lost impetus. Although efforts to manage trade enjoyed surprisingly broad support, there did not appear to be any clear legislative road to the results which labor leaders hoped for.[33] A key factor was the limited support of liberal senators and representatives, who balked at the assault on free trade ideas. The labor movement's legislative dependence on the Democratic party therefore compromised the protectionist strategy. In the face of these challenges, some left elites began to take a new approach to the economic crises in the middle of the decade. They directed their attention inward, focused increasingly on domestic economic

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[31] Labor militancy built on a longer history connected to the anti-Vietnam war protests, the mobilization of the New Left in the 1960s, and a deep history of antagonism between the rank and file and the labor leadership. See for example the contributions in Aaron Brenner et al. (eds.), *Rebel Rank and File;* Hardt, *The Subversive Seventies* (New York: Oxford University Press, 2023). For the Lordstown Strike in 1972, which reflected many of themes that typified labor militancy in the early 1970s, see Barbara Garson, "Luddites in Lordstown," *Harpers Magazine*, Vol. 244, No.1465 (1972).

[32] The first four years of the decade saw a major surge in strike activity, with more work stoppages in 1974 than any year since 1953. See *Bureau of Labor Statistics,* data available here: https://www.bls.gov/web/wkstp/annual-listing.htm

[33] The dollar devaluation which followed the New Economic Policy also slowed the decay of the industrial sector and mitigated some of these pressures.

policy, and sough to manage the consequences of accelerating globalization rather than resist the flow of imports. The ICNEP was one example of this new approach.

Under the leadership of George Meany the AFL-CIO had led the protectionist charge in the early 1970s. Meany was at ease with economic nationalism, which synced with his Cold War preoccupations, and offered a way to deflect rank and file unrest. The UAW, in contrast, prided itself on a commitment to labor cosmopolitanism. UAW president Leonard Woodcock saw dangers in embracing too parochial and nativist an approach to the challenges of trade competition. In this context, planning presented a more tolerable response to the interlocking challenge of trade competition and slowing productivity—and it was the UAW that led the planning push for labor. If growing imports could not be stopped, then perhaps the costs of these economic shifts might be absorbed less regressively. “The lack of such planning is a fundamental shortcoming of our system,” Woodcock explained in the summer of 1975. “We do not have mechanisms adequate to deal with the interdependence and long lead times that stem from developments such as instant communication, specialized production and investment in complex technology.”[34] He was careful to assure workers that planning would be non-binding, and that no one would be telling workers where to live and work.[35] Beyond more rapid adjustment to changing global conditions, the UAW thought planning could offer a choice between different paths of economic development. A process, Woodcock explained, in which our economic futures would “ultimately be based on value judgments as to the priority of various goals,” rather than

[34] “Woodcock's statement in front of the Joint Economic Committee on Planning.” June 11, 1975, Box 7, LW - National Economic Planning, Jt. Economic Committee Folder, United Auto Workers International Affairs Department, Herman Rebhan Papers, United Auto Workers Archives, Walter Reuther Library.
[35] Ibid.

the whims of the market.[36] At its most ambitious, planning proposed a vision of growing social and democratic oversight of investment decisions—shifting large scale investment from a private to a public concern. In addition to better preparation and a potentially more just distribution of existing resources, planning might also shore up a longer-term goal of American labor: to enshrine full-employment as the fundamental guiding principle for the American economy.[37]

Woodcock had his own ambitions, yet the ICNEP pitched planning to the public as enlightened and neutral—an attempt to rationalize economic policymaking in the national interest, including industry executives and business groups. The committee's initial statement, issued in February 1975, assured the public that planning was neither "strange nor unfamiliar." It proposed the creation of an Office of National Economic Planning, and stressed non-confrontationally that "planning is a way of looking at economic problems as a whole, providing the information needed to set explicit priorities in the use of resources, and guiding all sectors of the economy toward the attainment of our chosen goals."[38] The statement drew support from political moderates as well as those further to the left, including endorsements from such a range of figures as neoconservative Daniel Bell, socialist Michael Harrington, and liberal Arthur Schlesinger.[39] What planning meant for the balance of class forces, therefore, remained an open question. Indeed, this was precisely its power—planning was a symptom of a radically open economic moment. As one anxious critic of the legislation put it, the bill "could be anything

[36] Ibid.
[37] The 1945 Full Employment Act had an explicit reference to a job guarantee, which did not make it into the final Employment Act of 1946.
[38] "Statement for a National Economic Planning System," undated, Box 11, Folder "Economy (1)," James M. Cannon Files, Gerald R. Ford Presidential Library.
[39] "Additional Supporters of the Statement for a National Economic Planning System," February 14th 1975, Box 11, Folder "Economy (1)," James M. Cannon Files, Gerald R. Ford Presidential Library.

from an employment act for needy economists to a blueprint for socialism."[40] By streamlining economic goals and improving the coordination of different aspects of domestic economic policy, planners argued that Americans could better accommodate themselves to a changing global environment and boost the recovery. Beneath the technical language, though, fears about an unmoored republic were also palpable. "Planning can spare all of us the sense of helplessness we feel as the economy drifts from crisis to crisis," the statement averred, "and replace frustration with a sense of hope, with the conviction that we can, in fact, exert some control over our affairs."[41] Planners pitched these ideas as a response to a political crisis that seemed to paralyze the normal channels of policy.

Leontief and Input-Output Economics

The key intellectual force behind the ICNEP, and its co-chairman alongside Woodcock, was the ambitious and idiosyncratic economist Wassily Leontief. Born in St. Petersburg to a relatively affluent family, Leontief had left communist Russia for Berlin with his parents in the early 1920s. In Germany he earned his PhD in economics under the tutelage of Werner Sombart. Influenced by Sombart's historical school, Leontief was skeptical of an economics based predominantly on abstract theoretical mathematical models. He saw these as elegant thought experiments with little grounding in the reality of economic life. "Uncritical enthusiasm for mathematical formulation," he later explained, "tends often to conceal the ephemeral substantive

[40] James R. Lothian, "Limitations to Economic Growth and Economic Planning," *Business Economics*, Vol. 11, No. 1 (January 1976).
[41] "Statement for a National Economic Planning System"

content of the argument behind the formidable front of algebraic signs."[42] Leontief was instead drawn towards data-rich empirical economics. Yet he was also critical of modern econometric analysis, and especially techniques of "statistical inference," which Leontief saw as problematic in their own way. He favored direct data collection and a blend of theory and empirical work. This orientation coalesced into a research project focused on input-output analysis (I/O), for which he was awarded the Nobel Prize in 1973.

Like a modern *Tableau économique,* I/O tables are matrices which allow one to calculate how changes in the magnitude of one economic sector would impact every other sector. For example, how a rapid drop in the supply of steel might affect prices in the auto industry, how that would in turn affect energy prices, and so on. I/O tables therefore offer a way to analyze the interrelations of different parts of a national economy, or, depending on the scale of the model—the interrelation of different regional economies. Leontief hoped that input-output analysis, by making plain the interconnections of industries and sectors, would provide economists with a more concrete picture of what determined price, and an informational architecture with which to survey the economy. Although he enjoyed a long and successful career, much of it at Harvard University, he struggled to convert the rest of the discipline to his own view of economics. Nonetheless, input-output tables became widely used by governments and other organizations across the postwar period as practical instruments for economic development. Within the United States, however, The Council of Economic Advisors lacked a central informational framework, and pieced together its view of the real economy through fragmented data sources. In opening up

[42] Wassily Leontief, "Theoretical Assumptions and Nonobserved Facts," *American Economic Review,* Presidential Address Dec 29 1970.

the possibility of different types of intervention I/O tables constituted the central technical device for the national planning movement.

1972 UNITED STATES INTERINDUSTRY FLOWS

MILLIONS OF DOLLARS

	AGRICULT	MINERALS	CONSTRUC	DURABLES	NONDURBL	TRANPORT	TRADEMGN	FINANCE	SERVICES	DUMMIES
1 AGRICULT	26435.6	1.1	329.2	1919.5	38917.8	212.9	1566.5	740.5	765.7	198.6
2 MINERALS	200.8	1663.1	1480.4	5933.3	16496.4	6195.7	65.8	27.5	91.7	332.3
3 CONSTRUC	583.1	857.8	47.0	1541.3	1703.2	5012.1	1040.5	11084.1	2453.9	2672.3
4 DURABLES	1254.4	2025.7	50208.8	147358.4	15281.8	3708.5	1049.3	396.4	14303.2	308.5
5 NONDURBL	10649.5	928.5	9408.8	23121.9	107015.7	6137.6	22187.5	3978.1	12475.2	1007.9
6 TRANPORT	2138.9	950.1	5324.6	16885.8	17107.2	21578.1	10934.7	4554.8	8973.9	2916.5
7 TRADEMGN	3099.2	567.3	13427.4	17347.5	13351.5	3107.8	8374.2	2579.3	6871.8	297.5
8 FINANCE	5882.0	3624.8	2086.3	6498.3	6765.2	5292.7	14501.9	33092.5	14891.1	718.1
9 SERVICES	1372.0	733.1	7200.9	11567.3	12779.2	7312.3	15994.5	8465.7	17609.1	764.9
10 DUMMIES	177.4	152.3	377.7	2340.4	3867.9	3934.6	2167.6	2493.7	2443.9	704.9

Figure 4.1: An Input-Output Table from Leontief's Papers. Source: Box 271, WLP

By the 1970s, Leontief was becoming more outspoken in his criticisms of economic orthodoxy—including an indictment of the profession during his presidential address to the American Economic Association.[43] His target was American Keynesianism as it had come to be practiced in the 1960s. Leontief had a complicated relationship with Keynesian thought. He was critical of the macroeconomic focus on "aggregates"—arguing that zoomed out data of this sort did not provide a sufficiently granular understanding of the economy. Much was obscured beneath such summary numbers. Keynes had a far-reaching critique of "laissez-faire," and the psychological premises on which it rested. For Leontief, however, markets were for the most part functional. Leontief saw the economy as a "marvelous machine" which operated like a "large

[43] Ibid.

automatic computer."[44] The problem was that, owing to its scale and complexity, the machine sometimes broke down. It needed to be repaired and monitored by a crew of expert technicians. Leontief clashed with the economist Lawrence Klein, who had gone furthest in fusing Keynesian analysis with modern techniques of data collection and computational analysis. Like Leontief, Klein was interested in computational forecasting of the economy, and his LINK model was the first "attempt to construct a global macroeconomic model."[45] He liked input-output analysis because it sharpened our picture of the supply-side of the economy. As he explained in an interview "The energy issue is an excellent case in point. Here we have a commodity in short supply, with a great deal of intermediate use among industries. That's what the Leontief system brings out." Yet for Klein input-output analysis had to supplement traditional Keynesianism, in order "to coordinate demand management and supply side policies."[46] Leontief, though, continued to resist this easy fusion of input-output research and mainstream Keynesian macroeconomics.[47] His resistance mirrored a broader difficulty for planners: how to reject a simple incorporation into the Keynesian mainstream, which would dilute their claims to offer something new.

Inflation, the primary economic challenge of the decade, was the main field in which planners hoped to demonstrate the uniqueness of their method. Leontief argued against Milton Friedman's simple and intuitive dictum that "inflation is always and everywhere a monetary

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[44] Wassily Leontief, "What an Economic Planning Board Should Do," *Challenge,* July/August 1974
[45] Timothy Shenk, "Taking Off the Neoliberal Lens: The Politics of the Economy, the MIT School of Economics, and the Strange Career of Lawrence Klein," *Modern Intellectual History,* Vol. 20, No. 4 (2023).
[46] Lawrence Klein, "At Home: Keynes and Leontief," *Challenge Magazine,* 21:1, 1978
[47] Vincent Carret, "Wassily Leontief's Research Program: Science, Belief, Institutions," *History of Political Economy,* Vol. 56, No. 4, 653-684.

phenomenon."[48] According to the Chicago School economist, inflation fighting should focus determinedly on the quantity of money and not on dynamics in the "real" economy. Leontief, in contrast, advanced a more explicitly political theory of inflation which took aim at social relations. He began with an observation similar to one Keynes made near the beginning of the *General Theory*: "the fact that the labor unions, while concerned with real wages, can bargain only for money wages, is a major, possibly the major factor contributing to perpetuation of the inflationary spiral."[49] Because real wages depended on other prices over which workers had no influence, increases in their money wages did not necessarily mean increases in real wages. Workers would demand wage rises, and companies would respond with price rises, bidding up inflation with no end in sight. Monetary policy could either accommodate or interrupt this process, but in both cases it only *indirectly* dealt with the fundamental conflict. It was this indirect tendency in government policy at which Leontief took aim. He argued that conventional methods did not offer the government a way to break the back of the escalating wage-price spiral.

Planning, Leontief thought, offered a different possibility. "By offering labor leaders the opportunity to take a responsible and effective part in the design and implementation of a national economic plan, the power of organized labor would thus be applied where it counts, instead of being dissipated or absorbed by inflation."[50] By bringing labor leaders and industrial executives to the same table, both could preemptively restrain wages and prices. Their decision

[48] On the attractiveness of Friedman's formulation for the Federal Reserve's turn to monetarism see Paul Volcker with Christine Harper, *Keeping At It: The Quest for Sound Money* (New York: PublicAffairs 2018)
[49] Leontief, "National Economic Planning." On the relationship between money wages and real wages in Keynes see chapter 2 of the *General Theory*.
[50] Ibid.

would be aided by planning forecasts with would help them assess the long term consequences of their decisions. Input-Output tables offered a forecast of the different economic paths that would follow from different choices. Monetarism and Keynesianism addressed the bargaining power of labor *indirectly,* by tightening or relaxing the money-supply such that the economy could either absorb demands for wage increases or not. The ICNEP hoped to confront the question head-on. Planning, they thought, could enable a political settlement of the distribution of income between capital and labor. In the technocratic imaginary this might ensure that the government could avert "cumulative distortions in the allocation and utilization of economic resources."[51] Planning blueprints therefore explicitly politicized price determination in ways monetarism did not, yet it also placed union leaders in a key role, delimiting the extent of labor's militancy. While taking seriously the notion that class conflict was at the heart of inflation and the economic difficulties of the decade—planners offered a unique strategy of de-politicization to confront this.

In his public advocacy for national planning, Leontief stressed the neutral informational virtues of the initiative. "The first and foremost task of the planning - or rather monitoring - board," Leontief explained in a *Challenge* interview, "would be to fit together the pieces of this jigsaw puzzle so that a clear, detailed picture of the entire system emerges."[52] After becoming one of the few Harvard economists to vote to approve the radical economists Samuel Bowles' application for tenure, for example, the Harvard Crimson explained Leontief's decision as follows: "he will not assert that one system or one doctrine is necessarily better than another, but that a variety of economic structures and values are acceptable depending on specific

[51] Ibid.
[52] Wassily Leontief, "What an Economic Planning Board Should Do," *Challenge,* July/August 1974

circumstances."[53] This ethos informed his advocacy for planning. While he did criticize the government's disinterest in consciously directing its internal economic policy, he stressed that what was more crucial was that it couldn't even if it wanted to. It lacked the necessary information. This was one way to highlight the politically neutral and technical value of the planning movement while emphasizing how it might get ahead of certain contemporary challenges.

Leontief also maintained a determinedly global view of the economy, and one of his criticisms of macroeconomics was its reliance on a primarily national framework of the closed economy. He linked planning to the new concerns with "interdependence," heightened not only by growing imports but especially by volatile commodity prices. Because the price of oil, food, bauxite or other commodities might spike, economists needed better ways to both understand and respond to the supply-side of the economy. Leontief argued that managing the domestic base was important because it allowed countries "to respond to changing external conditions much better than countries that are not well organized at home."[54] He noted that U.S.' growing interest in *international* planning, to confront commodity shocks, could not go anywhere without more domestic planning. In February 1974 "Mr. Kissinger was arguing for international planning while representing the country which does the least internal planning of any in the West, and manages the little it does in a most haphazard manner," Leontief explained. "If Mr. Jobert agreed to plan petroleum collectively and asked Mr. Kissinger to put his cards on the table, Mr. Kissinger wouldn't have any cards to put on the table."[55] Global considerations spilled through in

[53] Fran R. Schumer, "Wassily Leontief: He Resisted Conservatism," *Harvard Crimson,* October 19th 1973.
[54] Ibid.
[55] Leontief, "What an Economic Planning Board Should Do." Michel Jobert was French foreign minister.

other aspects of his work. He was the chief researcher behind a United Nations project entitled the *Future of the World Economy*, which used new computational methods to generate a "global economic model of the world economy" which could "display various interrelationships, as the world economy evolves over future decades."[56] Again drawing on his input-output models, the project aspired toward global economic modeling to enable the planning of different growth rates for different parts of the world. Accelerated development, the report argued, requires a "substantial reduction of the income gap between the developing and the developed countries," and this in turn would require both "far-reaching internal changes of the social, political and institutional character in the developing countries, and second, significant changes in the world economic order."[57]

Robert Roosa and the Business Cycle

With his long-standing interest in economic planning, Leontief's role in the ICNEP might be expected. The involvement of business groups and financial executives on the Initiative Committee was more surprising. Businessmen were the least represented in the list of prominent individuals that publicly signaled their support for the ICNEP's initial statement. Nonetheless there was a strong current of corporate interest, best exemplified by Robert Roosa, the most vocal business advocate for planning. Roosa had worked on Wall Street since 1965, as a partner at Brown Brothers Harriman—the oldest private investment bank in the U.S. Before that he had served as Undersecretary for Monetary Affairs in the Kennedy administration. During his tenure

[56] *The Future of the World Economy: A Study on the Impact of Prospective Economic Issues and Policies of the International Development Strategy* (New York: United Nations, 1977), 2.
[57] Ibid, 11.

his main preoccupation had been halting the outflow of gold and managing the dollar's international position. This international orientation infused his advocacy for planning. Roosa was one of a cluster of farsighted businessmen that saw something unprecedented in the economic crises of the 1970s—fundamentally different to a regular downturn. Influenced by Joseph Schumpeter's analysis of the business cycle and Kondratiev's long wave theory, Roosa posited that the 1973-1975 recession represented the culmination of a long wave of expansion that had carried the U.S. and world economy since WWII.[58] He was concerned that traditional Keynesian implements of fiscal and monetary expansion would not be able to recreate a high growth environment in this context. What was required was a more fundamental process of technological innovation, or "creative destruction," that might unlock a long wave of growth through a fundamental shift in productive capacity. In short, Roosa thought that the U.S. economy was at a genuine structural impasse. Planning presented a means to guide investment in such a way that it might unleash a new burst of technological innovation that could lay the foundation for a new phase of growth. In tandem he thought that the state should play a major role in "a massive and sustained program of energy development." The shock of the energy crisis revealed the need to more consciously use state power to direct and shape energy supply. Such a policy was crucial to any broader effort to develop a new base for economic development.

More quotidian arguments also informed Roosa's advocacy for planning, especially as he sold it to the business community. "Part of the hesitation to undertake major new investment," he explained in a *Challenge* interview, "results from the overlapping and often mutually inconsistent actions of government regulatory agencies. There is often also a lack of clarity and

[58] Stanislav M. Menshikov and Robert V. Roosa, "The Roots of the American Recession: An East-West Dialogue," *Challenge*, Vol. 18, No. 4 (September/October 1975), 21-29.

continuity in the objectives implied by public policy for expansion in major sectors of the economy. An early initiation, on a tentative and exploratory basis, of a governmental facility designed to provide guides for business action - perhaps in the form of an Executive Office for Economic Planning - could help to release the energies and initiatives of the business community for constructive investment."[59] Government planning and forecasting could assuage the confusion and doubt holding back private commercial investment by providing a clearer blueprint of overall policy objectives. A few others in the business community agreed—one contributor to a major business magazine thought that planning would be beneficial to multinational companies by giving them a "macro picture of U.S. economic policy toward the world."[60] Other business leaders, meanwhile, were concerned about what they perceived to be the arbitrary crisis orientation of the state—which was geared towards spontaneous and short-term solutions to problems as and when they emerged. Roosa appealed to them by explaining that the ICNEP was not advocating greater state intrusion in the economy but rather "a more systematic look at the longer run as a guide and influence on what we are doing in specific areas today."[61] Planning, then, could be pitched in a much more business friendly light.[62]

The Humphrey-Javits Bill

These different tendencies came together in the legislative edge of the national planning movement, officially the "Balanced Growth and Planning Act." Drafted by the ICNEP in

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[59] Ibid.
[60] "Indicative Planning for the U.S.? It Could Help MNCs," *Business International*, May 23rd 1975, Box 234, Planning Folder 4, Wassily Leontief Papers, Harvard University Archives.
[61] Thomas E. Mullaney, "The Economic Scene," *New York Times*, March 9, 1975.
[62] Roosa's view of planning might be defined as "corporate statism," favoring close coordination by business and government but not labor. It was a significant ideological impulse during this decade and the next. Two other major figures associated with this impulse are Peter Peterson and Felix Rohatyn.

collaboration with Senators Hubert Humphrey and Jacob Javits. The bill sought to establish a new government agency: the Office of National Economic Planning. The legislation would empower this new body to collect data, propose legislation, offer forecasts, and develop economic blueprints. These would then be conveyed to the president and Congress to vote on. The president would be required to submit an economic growth plan to Congress biannually. This would encompass a six-year social and economic plan for the nation, including "specific goals for each major sector of the economy."[63] The major departure from conventional strategies of postwar governance was an attempt to move beyond the exclusive macroeconomic focus on fiscal and monetary policy and also include "microeconomic managerialism" in the policy mix.[64] Economic growth plans would work as forms of inducement, guiding the economy towards pre-established goals.

The legislative push echoed a broader trend in the advanced industrial world. In 1975, the U.K. created its own "National Enterprise Board." The brainchild of socialist politician Tony Benn, the board was explicitly designed to expand public control over the economy through the tactical nationalization of key industries. The more direct inspiration for the U.S. effort, however, came from the French experience with "indicative planning." Relying primarily on forecasts of where the economy is going, and avoiding outright coercion of private actors, indicative planning sought to complement rather than usurp market mechanisms. There were particularities that had to be accounted for in translating this method. British economist Andrew Shonfield, a prominent advocate of mixed-economic approaches and an expert on European postwar planning, noted that "indicative planning" typically works best in countries with a large public

[63] Myron Sharpe, "From The Editor: The Planning Bill," *Challenge,* May/June 1975
[64] Sargent, *Superpower Transformed*, p.239.

sector workforce.[65] In this context, The weight of public sector economic activity could influence wages and prices elsewhere in the economy. The objective, as Leontief himself admitted, was to draw on these other experiments to produce a "distinctive American style" of planning.[66]

The legislation became known popularly as the Humphrey-Javits bill after its sponsors. Humphrey was a New Deal Democrat committed to the marriage between full-employment and Cold War militarism that had shaped the party and American political economy across the postwar period. That consensus, however, was coming under increasing strain under the pressures of stagflation, the Vietnam War, and the Watergate scandal—all of which had created a wing of the party which was much more skeptical of big government. In 1976 the youngest sitting senator in Congress at the time, none other than Joseph R. Biden, complained that Humphrey was "not cognizant of the limited, finite ability government has to deal with people's problems." And wondered whether Humphrey had "the intestinal fortitude to look at some programs and say, 'No."[67] Biden, although less so than other "new democrats," captured a strain in the democratic party that was more cynical about the capacity of government to confront modern challenges through ambitious programs of spending.[68] Aiming to address these new concerns, Humphrey was joined in sponsoring the bill by Jacob Javits. Javits was a liberal Republican from New York with a track record of voting for New Deal and Great Society legislation. He had developed an especially strong interest in world affairs by the 1970s,

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65 Derek Shearer, "The Salt of Public Enterprise," *Nation*, Feb 21, 1976.
66 Jack Friedman, "A Planned Economic in the U.S.?" *New York Times*, May 18, 1975.
67 Jeff Greenfield, "What Makes Hubert Not Run?" *New York Times*, April 4, 1976.
68 For the transformation of the Democratic party in this period see Lily Geismer, *Don't Blame Us: Suburban Liberals and the Transformation of the Democratic Party* (Princeton: Princeton University Press, 2014).

increasingly intent on understanding the U.S.' changing place in the international economy and the evolution of the Cold War.

Javits was critical of organized labor's protectionism in the first half of the 1970s, and despised the Burke-Hartke legislation. He had told the National Association of Manufacturers that "legislation of this nature is not in the best interest of the United States, and I will do everything I can to insure [sic] that this legislation does not pass the U.S. Congress."[69] Although a champion of liberal internationalism, Javits understood that accelerating economic integration was placing new pressures on U.S. manufacturing workers. In a speech to the senate he stressed the consequences of interdependence—including the new risks of protectionism, and the need for a stable currency better mechanisms for international governance.[70] In a 1975 conference on the Club of Rome's *Limits to Growth* publication, Javits argued that his bill would help produce balanced growth in the new context of resource limits, while nonetheless allowing governments to carry out basic social objectives.[71] For Javits the planning bill was an attempt to forge a new consensus politics that was updated for an age of accelerating globalization. To give the bill immediate bite, planners tied it to the fears of resource shortages sparked by the oil and food crisis. As Humphrey explained, the bill was necessitated by the "drastically changed nature of the marketplace, with its unexpected scarcities, undreamt-of-cartels and suddenly finite resources."[72] Planners claimed their ideas could make the economy less wasteful and more efficient, and better able to meet the new challenges emerging in the world economy. In

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[69] Letter from Jacob Javits, Burke Hartke Correspondence, Box 840, National Association of Manufacturers Records, Hagley Library.
[70] "Javits Speech," Box 172, Folder 4, Council of Economic Advisors Records, Jimmy Carter Presidential Library.
[71] Memo for the Director of Training on Limits to Growth Conference, November 10, 1975, CIA reading room, available here: https://www.cia.gov/readingroom/docs/CIA-RDP80-00308A000100020009-7.pdf.
[72] Hubert Humphrey, "Points of View," *New York Times*, December 21, 1975.

particular, they offered policies specific to the supply-side of the economy—a point of difference from the Keynesian focus on demand, and an urgent question in an era of resource shortages.

Neither Humphrey nor Javits thought of planning as a purely defensive maneuver to mitigate new risks. More ambitious social and moral objectives also underlay the legislation. As Javits explained in a *Wall Street Journal* article, he hoped that planning "might break the stranglehold of pure commercialism and permit people to express their choices through other means than their wallets."[73] Planning was a way to subject economic decision-making to more robust forms of democratic contestation. "To help us choose with more wisdom," Javits explained, "what we wish to do and where we want to go."[74] Reclaiming control over the direction of economic activity was appealing in a climate of mounting concerns about pollution and environmental health, concerns which could not be addressed through a value agnostic championing of economic growth. Foreshadowing a theme which Carter would make central in his infamous "malaise" speech later in the decade, Javits claimed that the choices and freedoms presented by mass consumerism often rang hollow. Seemingly abundant consumer freedoms rested on the invisibility of more fundamental choices about who and what the economy was for. Humphrey, similarly, stressed the amount of "waste" in the U.S. economy—which ran alongside growing and persistent unemployment.[75] In a televised roundtable debate on national economic planning sponsored by the free-market think tank the American Enterprise Institute, Herbert Stein raised the specter of diminishing consumer freedoms by charging that planners would tell Americans which cereal to have for breakfast. Humphrey quipped back: "No one has presented a

[73] Jacob Javits, "The Need for National Planning," *Wall Street Journal*, July 8, 1975.
[74] Ibid.
[75] "National Economic Planning: Right or Wrong for the U.S.?" April 1, 1976, AEI Archives, https://www.aei.org/wp-content/uploads/2016/03/AEIRoundTable18.pdf.

plan or piece of legislation that's going to tell people what they ought to have for breakfast, what we are trying to present is a program that will indicate some hope that we will *have* something for breakfast."[76]

Mobilizing Against Planning

Business groups and conservative commentators quickly mobilized against the Humphrey-Javits legislation, which became known colloquially as "the planning bill." Milton Friedman, writing in *Newsweek* in the summer of 1975, argued that "the central planners want planning by them for us."[77] His blunt assessment typified the conservative critique—presenting planning as anti-democratic and imposed on the public without any understanding of the granular realities of commercial and working life. Ronald Reagan's future CEA advisor Murray Weidenbaum, similarly, warned that planning was another project where "government determines what it considers to be in the society's overall interests." And further, "if the public does not respond accordingly, it is not the planners who are considered to be at fault. Rather, new and more effective devices must be developed to get the public to accommodate to the planners' view of the good (or great) society."[78] The distinct social and political positions within the Initiative Committee for National Economic Planning, including the enthusiasm of segments of the business community, were largely set aside by right-wing critics of planning.

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[76] Ibid. Emphasis added.

[77] Milton Friedman, "National Economic Planning," *Newsweek*, July 14, 1975, in Box 234, Wassily Leontief Papers, Harvard University Archives.

[78] Murray Weidenbaum, "The Contrast Between Government Planning and Business Planning: Market Orientation Versus Centralized Control," February 1, 1976, Working Paper 9, 1976, Murray Weidenbaum Publications, https://openscholarship.wustl.edu/mlw_papers/181

Within the Ford administration, meanwhile, Treasury officials also regarded the planning idea with scorn. Their objections had less to do with the bill's ostensible elitism. Instead, they doubted the capacity of the government to collect sufficient information to carry out planning effectively. Alan Greenspan explained that "the planning approach proposed in the Humphrey-Javits bill is founded upon a detailed forecasting capability which is far beyond any realistic assessment of the present capability of the economics profession."[79] This line of critique had a long history. Yet it was a technical rather than philosophical critique of planning. It did not rule out the possibility that such planning might be possible if computational techniques and data sourcing could provide more airtight forecasts. In this sense it departed from the critique of rational planning advanced by Friedrich Hayek—who was critical of the neoclassical equilibrium theory precepts on which planning arguments depended.[80] Despite these criticisms, the Ford administration acknowledged that planning was not easily dismissed. An internal meeting confessed that Leontief and his people "are everywhere, and important."[81]

For the most part, business groups aimed to discredit the planning surge in the name of apparently timeless American values of individual liberty and free enterprise. Historians of American conservatism have demonstrated how business groups organized and consolidated their interests in new ways in this period.[82] In 1976, the Chamber almost joined with the National

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[79] Memo from Greenspan to Seidman, June 26, 1975, Box 5, Alan Greenspan Files, Gerald R. Ford Presidential Library

[80] See for example Friedrich von Hayek "The Use of Knowledge in Society," *The American Economic Review*, Vol. 35, No. 4 (1945), 519-530.

[81] Memo from Dick Allison to Jim Cannon on "National Economic Planning," February 28th 1975, James Cannon Files, Gerald Ford Presidential Library

[82] For conservative movement building see Kim Phillips-Fein, *Invisible Hands: The Businessmen's Crusade Against the New Deal* (New York: W.W. Norton, 2010), Jennifer Delton, *The Industrialists: How the National Association of Manufacturers Shaped American* Capitalism (Princeton: Princeton University Press 2020); Benjamin Waterhouse, *Lobbying America: The Politics of Business from Nixon to* NAFTA (Princeton: Princeton University Press 2014).

Association of Manufacturers. Both had intensified their lobbying efforts and magnified their public profile significantly through the decade. The formation of the powerful new Business Roundtable in 1972 created another lobbying group for the collective interests of capital owners. NAM had themselves moved their main offices to Washington in 1972, to increase the potency of their lobbying efforts. Business groups grasped that capturing the resources of the state was becoming more crucial as profit margins thinned, and that labor groups were in a strong position to exploit the economic confusion and crisis to secure gains. In this context the Chamber published a range of documents warning of the dangers presented by the planning movement. A fairly representative 1977 report claimed that national economic planning leads to short-termism and tends towards standardization, which the Chamber thought antithetical to entrepreneurialism.[83]

These criticisms, sometimes laden with a conspiratorial energy, caricatured planning as a top-down affair, with prices and production targets determined by boardrooms of faceless bureaucrats. Yet market advocates often had other, more realistic fears, about planning. As Jan Tumlir, GATT's chief economist and Mont Pèlerin Society member, explained: the danger of planning was that it injected *more,* not less, democracy into economic decision making. By politicizing decisions that would normally be made privately, a logic of growing public intervention would follow. "The reform of the international order," Jan Tumlir lamented in the pages of the newly formed *World Economy* journal in 1977, "is deteriorating into 'permanent crisis management' or, at best, 'management of interdependence.'"[84] Tumlir explained that the

[83] "Chamber of Commerce Report of the Task Force on National Economic Planning," January 14th 1977, Box 6, Board Reports Folder 400, November 17 1977, Chamber of Commerce Records, Hagley Library.
[84] Jan Tumlir, "Can The International Economic Order Be Saved," *The World Economy,* Vol. 1, No. 1 (10/1977), 3.

state had already stumbled, piecemeal, into a sort of central planning by increasingly trying to control income distribution and other areas of private economic activity. On this score, the Nixon wage and price controls were a seminal and traumatic event for neoliberals. The controls were an escalation from a set of Keynesian measures that had become accepted as orthodox—counter-cyclical spending, tax cuts, and aggregate demand management. Having taken on new economic obligations, the state only augmented its need for more national autonomy to fulfill its new commitments, which clashed with the maintenance of international order. "Not only are their domestic responsibilities and objectives at cross purposes with each other, they must also, and increasingly, conflict internationally," Tumlir continued. "This kind of pragmatic central planning without a theory—indeed, in defiance of economic theory—necessarily involves the government in entrepreneurial responsibilities which are especially difficult to fit into a network of ordered international relationships."[85] The danger of planning, for Tumlir, lay in this growing politicization of economic life and the expanding democratic expectations that it bred.

Planners were sensitive to these accusations. As John Kenneth Galbraith explained during a debate on national economic planning, it was precisely in response to this growing politicization that planners were making their case. "As the Council [of economic advisors] has become increasingly politicized," Galbraith explained, "it has become something of an embarrassment to the economics profession. Its forecasts no longer have much relation to what anyone expects to happen. They reflect an almost 100 percent correlation with what a particular administration needs to have happen."[86] Compromised by special interests and political

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[85] Ibid.
[86] "The Case For and Against National Economic Planning," March 1 1976, *Challenge*. The article is a transcript of a discussion at the annual meeting of the Allied Social Science Associations in Dallas on December 29, 1975, sponsored by the American Economic Association.

pressures, the CEA could no longer offer the neutral and independent economic leadership that was required of it. Hence the determinedly technocratic framing of the planning proposals, and the emphasis on rationalizing and coordinating policy.

Former CEA Chairman under Nixon, Herbert Stein, had been making another criticism of planning in his public comments—one which tapped into wider popular sentiment. He claimed that the planning movement had much less to say about high inflation and unemployment than it did about the energy crisis. "The planners are especially animated by shortages," he noted, "especially the energy shortage, more than they are by stagflation"[87] While not strictly true (inflation was *the* central preoccupation for planners) Stein's jab nonetheless caricatured the group as insufficiently attentive to bread and butter issues of growth and employment which were much more immediate. And indeed Humphrey had explained enthusiastically that his legislation would help policymakers look beyond the fiscal year, and combat a perennial policy short-termism. Yet it was precisely this lack of urgency in the proposals that gave Stein's criticisms its bite.

Humphrey-Hawkins

The Humphrey-Javits bill kickstarted a broad public conversation about the merits of planning. But the legislation itself did not come to the Congress floor. In the midst of recession and slow recovery, planning advocates needed to offer something with more immediate impact. To this end the planning bill was incorporated into an explicit job creation bill: the Humphrey-

[87] Herbert Stein, "The Pitfalls in the Road to a Planned Economy," Box 234, Folder 3—Planning Clippings Folder, Wassily Leontief Papers, Harvard University Archives.

Hawkins Act, officially the Full-Employment and Balanced Growth Act. It represented perhaps the most concerted and far-reaching effort by the American liberal-left to reckon with the interrelated set of problems facing the U.S. economy in the 1970s. Crucially, the bill sought to unify the Civil Rights movement with the labor movement mainstream as well as to make overtures to the New Left—in ways planners had not.[88] In this sense, it assembled a much broader grassroots coalition with more determinedly radical objectives. Yet this metamorphosis also made it harder for planners to argue that their ideas offered a sharp departure from postwar New Deal politics. The earlier Humphrey-Javits bill had emphasized a technocratic planning structure which would coordinate and mediate between the priorities of labor, business, and government. Yet Humphrey-Hawkins was closer to a traditional public service jobs bill. The broad civil rights and labor coalition which backed it were the very groups generating elite anxiety about democratic overload. On the one hand this meant a potent social constituency could be mustered around planning and push it in more progressive directions. On the other hand it opened the national planning effort to the charges of politicization which they had first sought to transcend.

Augustus Hawkins, the author of Article VII of the 1964 Civil Rights Act, joined Humphrey in co-sponsoring the bill. In a letter to the *New York Times* in late 1975, he made the connection between the planning bill and the new initiative explicit. He described Humphrey-Hawkins as "a measure for developing national economic planning around the goal of a job

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[88] As Jefferson Cowie notes, while the bill sought to address questions of black poverty and joblessness, its architects carefully employed a language of universalism so as not to alienate blue-collar whites. In Cowie's words, it "sought to grant the universal right to a job— a melding of 1960s rights consciousness with the unfinished economic agenda of the late New Deal." Cowie, *Stayin' Alive*, p.269. Patrick Andelic echoes this theme. See Andelic, "The Old Economic Rules No Longer Apply."

guarantee for every individual who wishes to work and for providing implementing machinery to achieve that goal in short order."[89] Discussing the bill with Humphrey, a *Challenge Magazine* interviewer put the goal of the bill in even sharper relief: "you have actually combined the Humphrey-Javits and Humphrey-Hawkins bills, which means that you have combined the issues of planning and full employment."[90] Woodcock also argued that the two bills were "complementary pieces of legislation."[91] Yet despite these attempts to highlight continuity, the new bill was also marked by important changes.

How did the new bill work? Full-employment was to be assured through a "job reservoir," financing of public jobs, and subsidies to employers—all managed through a new full-employment office. Congress would approve the president's strategy on how to go about full-employment, what sorts of targets were required, and what the budget should prioritize.[92] The bill's advocates made the case that pursuing full-employment through direct job creation would be less inflationary than reducing unemployment through further tax cuts or typical fiscal measures. In this sense they retained a point of emphasis with the earlier bill. Reporting by the Federal Reserve to Congress, meanwhile, was designed to bring potential conflicts between the President's fiscal and economic objectives and the growth of the money supply into the public eye, as a member of the Federal Reserve Board acknowledged.[93] Attempts to bring monetary

[89] "Letters to the Editor," October 10, 1975, Leontief Papers, Box 234, Folder 3—Planning Clippings Folder, Wassily Leontief Papers, Harvard University Archives.
[90] "The New Humphrey-Hawkins Bill," Interview with Humphrey, *Challenge*, Vol. 19, No. 2 (May/June 1976), 21-29.
[91] See "Woodcock's Statement in Front of the Joint Economic Committee on Planning," United Auto Workers International Affairs Department, Herman Rebhan Papers, United Auto Workers Archives, Walter Reuther Library.
[92] Andelic, "The Old Economic Rules No Longer Apply."
[93] "Meeting, December 19, 1978 : Transcript," Federal Open Market Committee Meeting Minutes, Transcripts, and Other Documents (December 19, 1978), available at: https://fraser.stlouisfed.org/title/677/item/23351/content/pdf/FOMC19781219meeting

policy into clearer democratic purview were arguably the biggest departure from standard postwar formulas. Yet the bill's architects were reluctant to go too far. As Humphrey himself acknowledged in slightly defeatist if pragmatic terms, "it would be profound folly for Congress to try directly to regulate monetary policy. It's a very complicated technical area which Congress doesn't understand well and which it would not have time to handle on a day-to-day basis."[94] The bill settled, therefore, for selective reporting by the Fed to Congress on the president's economic plan and the direction of monetary policy.

Civil Rights groups and labor unions sought to make the legislation a central issue in the 1976 presidential election. Planning and "policy coordination" remained important in lending strength bill's provisos for meeting accelerating global integration. As Democratic Representative Richard Bolling explained, planning was "made necessary by the great increase in the complexity and international interdependence of the United States economy." New tactics were required to breathe new life into old New Deal commitments. "We can no longer rely on fiscal and monetary policy alone to achieve high employment in a balanced, noninflationary environment. We need to employ a variety of structural measures to improve employment, avoid bottlenecks, stimulate investment and the like," Bolling observed, echoing Leontief.[95] Arnold Saltzman, a businessman who once worked in FDR's administration, also made his case for the bill with reference to the difficulties of interdependence and the need for sectoral policy. Saltzman had chaired a Committee on National Growth Policy, set up by Congressional mandate in 1976, to investigate the merits of planning related mechanisms for balanced growth. Its goal was to "integrate the study of supplies and shortages of resources and commodities into the total

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[94] "The New Humphrey Hawkins Bill," *Challenge*.
[95] "Letters: On Humphrey Hawkins," *New York Times*, March 6, 1978.

problem of balanced national growth and development."[96] When the committee produced their report a year later, it called for planning "American style." The committee urged that "we become a 'planning nation' but not a 'planned nation.' The planning process we advocate requires all the ability, experience, and input the private sector - in other words, the general public - can bring to the process."[97] Similar ideas animated Saltzman's advocacy of Humphrey-Hawkins. He argued that changing global economic circumstances meant that "substantial and rapidly increasing influences on our total economy are more difficult to control. Yet, America must have a coordinated set of economic policy objectives, with respect to both foreign and domestic considerations. In the absence of such objectives we will perform inadequately both at home and abroad."[98] In addition to better coordination of domestic and foreign economic policy, advocates argued the bill would help improve international trade imbalances by boosting U.S. exports.

Business lobbyists responded to the Humphrey-Hawkins bill in similar fashion to the earlier Humphrey-Javits bill. Historian Benjamin Waterhouse observes that the bill was dismissed as a "political gimmick" in a series of articles funded by the business roundtable.[99] Criticisms focused overwhelmingly on the potentially inflationary impact of the bill. The Chamber's economic representative testified in Congress that the Humphrey-Hawkins bill would precipitate further price escalations, citing future Reagan Council of Economic Advisors Chair

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[96] United States. Advisory Committee on National Growth Policy Processes. *Forging America's Future: Strategies for National Growth and Development, Report of the Advisory Committee on National Growth Policy Processes to the National Commission on Supplies and Shortages*, (Washington D.C.: US Gov Printing Office, 1977).
[97] Ibid.
[98] "Statement of Arnold Saltzman," *Full Employment and Balanced Growth Act of 1978: Hearings before the Committee on Banking, Housing, and Urban Affairs United States Senate*, available: https://fraser.stlouisfed.org/files/docs/historical/senate/197805sen_fullemp.pdf.
[99] Waterhouse, *Lobbying America*, p.130.

Martin Feldstein to argue that the ongoing bout of high unemployment was largely transient, and did not require structural solutions.[100] By targeting their criticisms at inflation, business groups could veil opposition to labor demands in the guise of the national interest, aligning themselves with broader social frustrations. The Chamber of Commerce's response revealed a subtle shift in strategy from their usual approach to pro-labor legislation, which typically focused more directly on curbing union power and resisting wage growth. Instead, they began to emphasize the *international* fallout of a full employment policy, and the effect it would have on both international competitiveness and stability.

It was the bill's provisions for monetary policy that came under the most fire. Echoing Huntington's fears about democratic overload, Chamber economist Jack Carlson warned Congress that the bill would make control of the money supply "politically determined." Carlson stressed the international implications of this: "foreigners who hold balances of up to $400 billion might be led to expect higher inflation and a depreciating dollar as a result of this political means of selecting monetary growth targets. They might then reduce the dollar commitments in their financial portfolios. This could have disastrous effects on world trade as nations moved further into protectionist measures against the balance of payment deficits caused by a cheaper dollar."[101] The Chamber was foreshadowing the ways in which growing deficits would be underpinned by the dollar's global role, a tendency that became central to the American political economy of the 1980s. While admitting the need to focus on unemployment, Carlson thought

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[100] "Chamber Testimony on National Economic Planning," Box 54, Chamber of Commerce Records, Hagley Library.
[101] *Full Employment and Balanced Growth Act of 1978: Hearings before the Committee on Banking, Housing, and Urban Affairs United States Senate*, 57. Available: https://fraser.stlouisfed.org/files/docs/historical/senate/197805sen_fullemp.pdf

that unemployment should be mitigated "without sacrificing other desirable social and economic objectives," such as "abilities to compete with other nations in the world."[102] The pressures of globalization, therefore, could be seized on to argue both for planning and against it.

Carter and the Demise of Planning

Jimmy Carter entered the Whitehouse in January 1977 on an ambiguous platform. Over the course of his campaign, he courted minority votes in new and direct ways, attempted to keep college educated liberals onside, made overtures to the Southern electorate, and tried to manage a middle ground between business and union interests. In economic policy, things were no clearer. Carter had signaled measured support for the Humphrey-Hawkins act during his campaign—offering some hope to economic planning and industrial policy advocates. Almost every democratic candidate for the nomination had in fact been supportive of the bill in some capacity. In Georgian politics Carter had cut his teeth in regional planning, lending credence to the idea that he might support similar ideas in a national context. Yet Carter's avowed resistance to special interests seemed to militate in a different direction, since planning blueprints foregrounded the institutionalized bargaining of trade unions, business groups, and government. Carter's appeal often rested on a studied anti-politics, and an important part of that strategy lay in his willingness to criticize a strong federal state.

Advocates of planning would quickly find themselves disappointed. In private Carter had never been particularly enthusiastic about the Humphrey-Hawkins bill. In its earlier and more

[102] "Chamber Testimony on National Economic Planning," Chamber of Commerce Records, Hagley Library.

radical form, Carter's economic team thought that the bill subordinated inflation to employment, which they worried would distort the private labor market too much.[103] Once in office, Carter's team consistently pushed to water down the legislation. The CEA sent counterproposals to the bill's architects asking that "no specific number is used as a full employment target rate."[104] The numerical commitment to a maximum rate of unemployment of 3% was one of the main provisions that gave the bill its bite. Republicans in Congress, sensing an opening, introduced various amendments to make the bill more aggressively anti-inflationary. One amendment specified that the inflation rate should be reduced to 0% by 1983.[105] These pressures to transform the bill into ammunition for an anti-inflationary Federal Reserve overrode the initial emphasis on a job guarantee and a planning architecture. At the same time, Carter saw another means to lowering prices and reducing inflation: international competition. As a member of the CEA asserted in 1977, "a free trade posture" would "keep the steel industry honest in upcoming wage negotiations."[106] International competition was its own disciplinary force.

In October of 1978 Carter signed into law a significantly diluted version of the Humphrey-Hawkins bill, one that abandoned grander objectives of bringing monetary policy under greater democratic control and making true full-employment the nation's primary economic goal. The government was not considered an "employer of last resort," as job guarantee advocates had hoped, and the Federal Reserve's independence remained largely intact—subject only to non-binding guidelines. As early as May 1979, Charles Schulze privately

[103] Memo for the EPG, Box 108 Folder 12, Economic Policy Group Files, Council of Economic Advisors Records, Jimmy Carter Presidential Library.
[104] Ibid.
[105] Memo for the President from Charles Schultze, Box 37, Folder 2, Schulze Subject Files – Humphrey Hawkins, Council of Economic Advisors Records, Jimmy Carter Presidential Library..
[106] Memo for Charles Schultze from William Nordhaus, February 14th 1977, Box 109, Folder 2, Council of Economic Advisors Records, Jimmy Carter Presidential Library.

acknowledged that the government would abandon even the Humphrey-Hawkins non-binding targets.[107] Business groups, meanwhile, distanced themselves from commitments to reduce unemployment. In June of 1978 the Chamber Board recommended deleting reference to "full employment" from their declaration on fiscal policy, and instead substituting "strong growth in the private sector of the economy."[108] The bill had ultimately become something very different from what the ICNEP had first sought. As Judith Stein notes, even its strongest supporters thought that "public jobs would supplement a healthy economy."[109] In this sense Humphrey-Hawkins had become firmly oriented around growth, the classic preoccupation of postwar Keynesianism. When the ICNEP had introduced planning into the national conversation earlier in the decade they had sought to move away from this theme, by introducing the idea of a menu of economic paths, and attempting to ask what growth was ultimately for. By the end of the decade such a question looked increasingly hard to ask.

Conclusion

In 1980, Leontief confessed in a letter to Richard Bolling that he had "practically given up all personal efforts to promote adoption of a more systematic approach to formulation and conduct of our national economic and social policies."[110] Even though Democrats continued to reach out to him, including a request from John Conyers Jr. to help with "preparing the best possible bill on full employment and democratic planning," Leontief had become disenchanted

[107] Memo for the Vice President from Charles Schulze, May 21 1979, Box 110, Folder 13, Council of Economic Advisors Records, Jimmy Carter Presidential Library.
[108] "Report to the Board of Directors – on Fiscal Policy," November 16 1978, Box 6, Board Reports 403rd Folder, Chamber of Commerce Records, Hagley Library.
[109] Stein, *Pivotal Decade*, p.191.
[110] Leontief to Richard Bolling, October 2nd 1980, Wassily Leontief Papers, Harvard University Archives

with the possibilities for substantial systemic change.[111] He remained confident that his economic ideas could help redress flagging growth, accelerating inequality, and newly mounting deficits. Yet while the economics was sound, he was convinced that the political will was gone. "To carry out institutional changes that constitute the cornerstone of my proposals, it would be necessary to mount a drive in their favor and, if that drive succeeds, to carry out these proposals with the same enthusiasm and same determination that the Republican administration has displayed in promoting and carrying out its economic and social programs. Moreover I have no reason to believe that prominent economists who were responsible for the US economic policies under the Carter and previous democratic administration agree with my views and would be prepared to support recommendations based on them."[112] His frustration was directed equally forcefully at the UAW and the labor movement. After the failure of the planning initiative, they had turned back towards protectionist ideas—throwing their weight behind a "domestic content" bill which they hoped would assure manufacturing remained onshore. Leontief scoffed at the approach. "I cannot help but consider this to be one more demonstration of the unwillingness and possibly inability of the trade unions and of their political and intellectual supporters to come up with a realistic program of institutional reforms without which no long-run policies capable of restoring the vitality and efficiency of our economy can possible be implemented."[113] His scorn for politicians and professional economists was equally palpable: "so long as the progressive economists and the Democratic politicians whom they advise are unable to come up with a truly coherent and constructive long-run program, I will continue to abstain from supporting policies

[111] Conyers and Bertram Gross to Leontief, Dec 16th 1982, Wassily Leontief Papers, Harvard University Archives
[112] Letter from Leontief to Richard Ottinger, February 8th 1982, Wassily Leontief Papers, Harvard University Archives
[113] Letter from Leontief to UAW Research Director Sheldon, November 17th, 1982, Wassily Leontief Papers, Harvard University Archives

designed to cure secondary, although admittedly very painful, symptoms."[114] His attention turned increasingly to his work for the U.N., and his role in domestic politics diminished.

The grandest promises of planning advocates did not come to pass. In part this was because the intransigence of business groups was deeper than planners grasped, and in part it was because planners were unable to offer an economic vision that commanded serious public support while repelling charges of politicizing economic decision making. Leontief's initial planning proposals offered an answer to the conflicts that were at the root of inflation, by directing varied political ambitions and special interests into coordinated and institutionalized forms of bargaining. Yet it was a less potent and simple answer to the wage-price spiral than the brute force dyad offered by neoliberal economists: monetarism and international competition. Both of these curbed the bargaining power of labor, and with it many of the pressures that new democratic demands had presented to governing authorities. By the end of the decade national planning fell out of the zeitgeist. And yet, the planners' ideas had a strange afterlife. Their focus on supply-side, sector specific interventions proved prescient. Carter's program of airline deregulation and the bailout of Chrysler in 1979 both seized on the sectoral logic of planners—who had emphasized the need for tailored treatment and scrutiny of significant industries. Reagan later identified high-tech industries like aerospace and semiconductors as crucial to the broader U.S. economy and therefore deserving of special treatment. Beneath the rhetoric of universal market freedoms, then, the muscular state support of key industries on the supply-side became key features of neoliberal political economy.

[114] Ibid.

Even the Democratic Party embraced a version of this in the 1980s. Lester Thurow's influential *Zero-Sum Society* endeared him to "Atari Democrats," who placed great hope in the potential of high-tech industries to offer a new wave of broad-based growth. Like elites in the late 1960s, Thurow was deeply concerned about unsustainable democratic demands made on the economy and the state. *Zero-Sum Society* began by observing that although any economic solution would require losses for someone, "no one wants to volunteer for this role, and we have a political process that is incapable of forcing anyone to shoulder this burden. Everyone wants someone else to suffer the necessary economic losses, and as a consequence none of the possible solutions can be adopted."[115] Thurow became an influential economic advisor in this period by advocating for a competitiveness strategy focused on rekindling investment in the supply-side of the economy. These interventions, however, were insulated from democratic contestation, focused on state-business collaboration, and emphasized international competition rather than domestic distribution. The place of labor, so critical to planning efforts in the 1970s, fell to the wayside. The Reagan administration produced a more blatantly pro-business variant. They drew on defense contracts, "voluntary restraint" agreements, and Export-Import bank funding to bolster specific industries without any broader democratic conversation about the national, political, or moral merit of targeted investments. National economic planning had sought to offer a progressive response to frustrations with special interests and concerns with the politicization of the economy. They employed an unabashedly technocratic approach in order to enshrine full-employment as a norm outside the reach of day to day politics. Yet what lived on from these efforts was the sectoral emphasis on key industries, in the guise of an anti-democratic corporate-

[115] Lester Thurow, *Zero-Sum Society: Distribution and the Possibilities for Economic Change* (New York: Basic Books 1980).

statism. This new bundle of techniques of intervention alleviated fears about special interests, inflation, and wage-price spirals. Yet it did so by shedding the institutional role of labor.