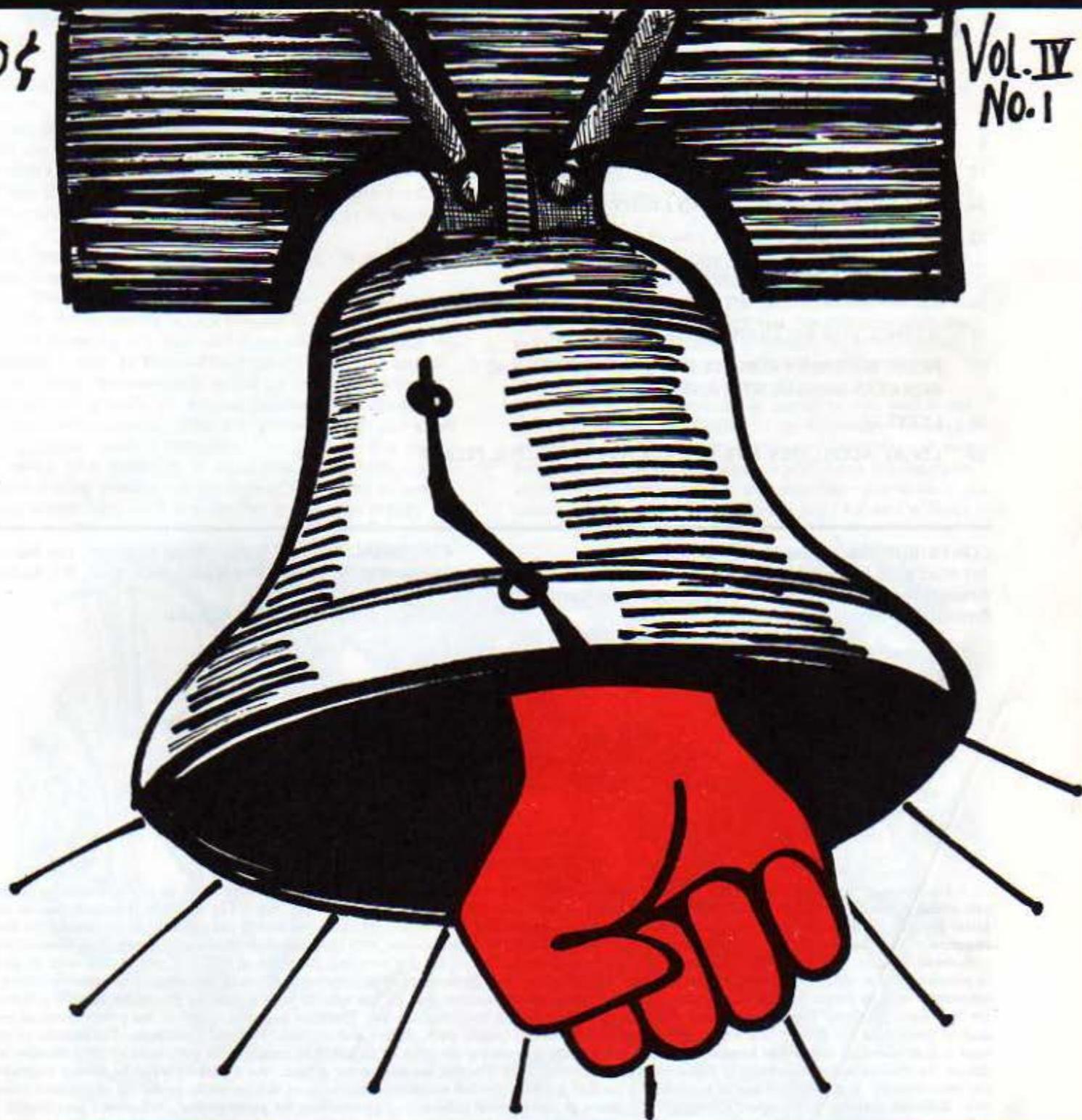


SCIENCE FOR THE PEOPLE

50¢

VOL. IV
No. 1



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FOR SOCIAL AND POLITICAL ACTION · SESPA JAN. 1972

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EDITORIAL PRACTICE

Each issue of *Science for the People* is prepared by a collective assembled from volunteers by a committee made up of the collectives of the past calendar year. A collective carries out all editorial, production, and distribution functions for one issue. The following is a distillation of the actual practice of past collectives. **Due dates:** Articles received by the first week of an odd-numbered month can generally be considered for the magazine to be issued on the 15th of the next month. **Form:** One of the ways you can help is to submit double-spaced typewritten manuscripts with ample margins. If you can send six copies, that helps even more. One of the few founding principles of SESPA is that articles must be signed (a pseudonym is acceptable). **Criteria for acceptance:** *SESPA Newsletter*, predecessor to *Science for the People*, was pledged to print everything submitted. It is no longer feasible to continue this policy, although the practice thus far has been to print all articles descriptive of SESPA/Science for the People activities. Considerably more discrimination is applied to analytical articles. These are expected to reflect the general political outlook of *Science for the People*. All articles are judged on the basis of length, style, subject and content. **Editorial Procedure:** The content of each issue is determined by unanimous consent of the collective. Where extensive rewriting of an article is required, the preference of the collective is to discuss the changes with the author. If this is not practical, reasons for rejection are sent to the author. An attempt is made to convey suggestions for improvement. If an article is late or excluded for lack of space or if it has non-unanimous support, it is generally passed on to the next collective. **Editorial statements:** Unsigned articles are statements of the editorial collective. **Opportunities for participation:** Volunteers for editorial collectives should be aware that each issue requires a substantial contribution of time and energy for an eight-week period. Help is always appreciated and provides an opportunity for the helper to learn and for the collective to get to know a prospective member. There are presently plans to move the magazine production to other cities. This will increase the opportunity for participation. For legal purposes *Science for the People* has become incorporated.

ABOUT THIS ISSUE

"Would you tell me please, which way I ought to go from here?"

"That depends a good deal on where you want to get to," said the Cat.

"I don't much care where—" said Alice.

"Then it doesn't matter which way you go," said the Cat.

"—so long as I get *somewhere*," Alice added as an explanation.

"Oh, you're sure to do that," said the Cat, "if you only walk long enough."

Thus, the December–January issue. And just in time, too, for the upcoming AAAS meeting in Philadelphia. The task of preparing this issue was much complicated by a felt need for a reply to Richard Herrnstein's "I.Q.", to appear in this issue. We eventually ended up considering three such articles at once, an unusual situation which gave rise to much indecisiveness. After a frustrated month and a half things finally resolved themselves with the help of a major re-write. Our thanks to all those who put up with our decision making process (or the lack of one), and to everybody whose hard work is embodied in the final article.

One peripheral outcome of the deliberations on the Herrnstein article is the following recipe;

Any amount of *lean* hamburger

butter

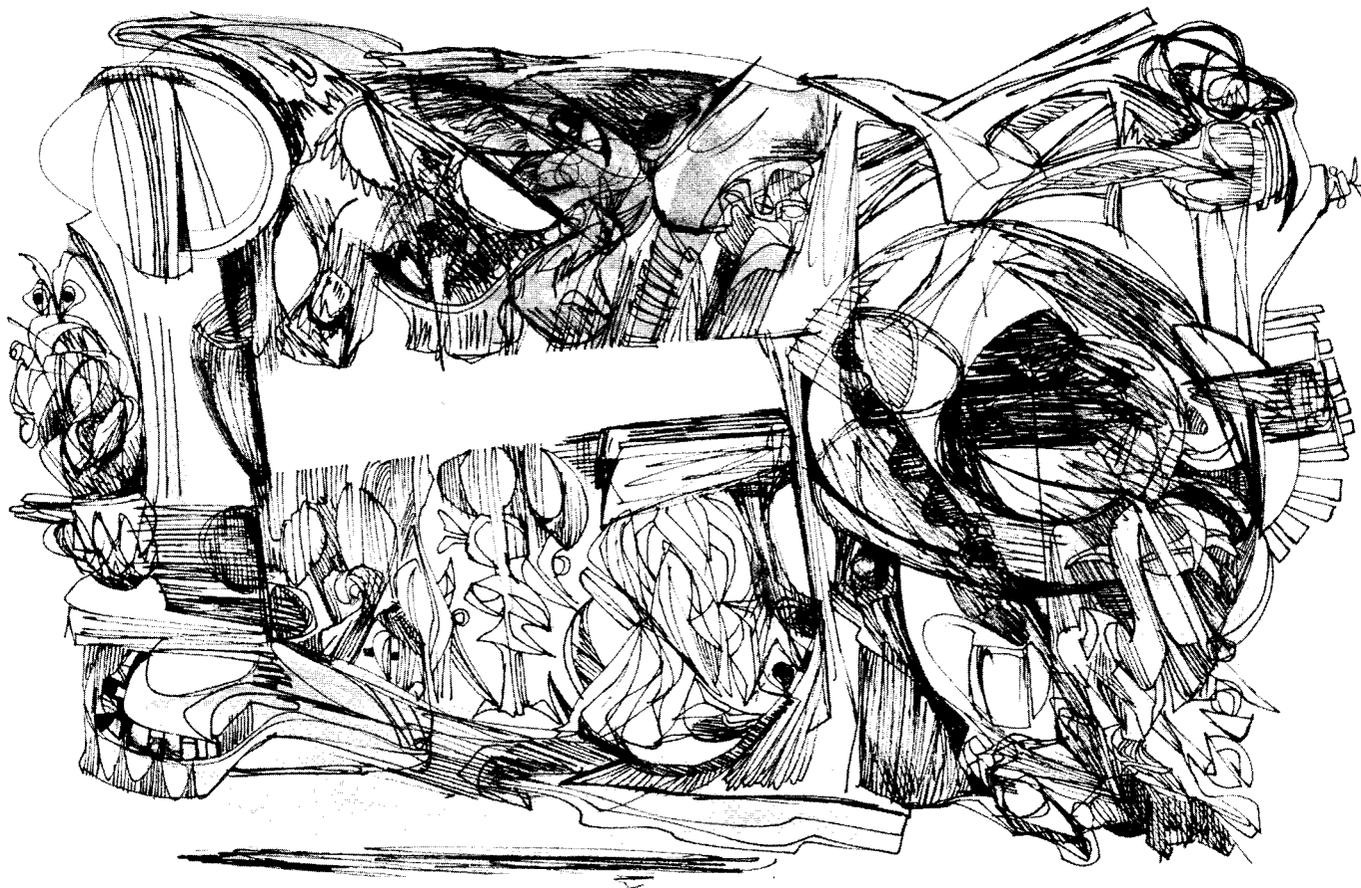
worcestershire sauce

horseradish

pepper

All quantities vary according to taste — start as follows: Break up approximately 1/3 lb. hamburger into a bowl. Add 1 tsp. worcestershire sauce, 1 tsp. horseradish, and pepper liberally. Mix thoroughly and form into a patty (if it won't stay together, decrease the worcestershire sauce next try), and fry in butter, preferably in an iron skillet. Allow to drain in a warm oven while cooking the rest. The juice is good on bread.

Once again, we extend an appeal to you people out there to help by contributing to the magazine. We need well written articles, letters, criticisms, description of your activities. All of these things are what keep the magazine alive. If you can't write for the magazine—distribute it, get people to subscribe. The magazine can't happen without you.



OPEN LETTER

Brothers & Sisters,

Many of us in SESPA who are doing or have done scientific and engineering work, feel a deep sense of frustration and exasperation about the use of that work. We teach, we do experiments, we design new things—and for what? To enable those who direct this society to better exploit and oppress the great majority of us? To provide the Rockefeller-style guns and helicopters with which to savagely crush the struggles of our brothers in Attica? To place the technological reins of power in the hands of those who plunder its people for imperialistic ends? No, those aren't the ends toward which we work, but in this screwed-up society that's what our work comes to. Every new advance merely signals the advent of new horrors as yet unimagined.

But we know that science and technology *could* provide the tools for people's liberation. We can envision a society in which our work would free people from want and provide the productive know-how which would enable people to reach the fullest of their human potential. But that is a very different society from the one in which we live. It is a society that won't just happen. We must work to make it happen.

And yet every day we enter that classroom or laboratory or office we are contributing to and supporting the present social and economic order. Much as we are repulsed by that order, and those who direct it, we still accept *its* criteria for success and *its* standards of behavior. We feel we have to have that degree, so we dehumanize ourselves to get it. We feel we have to publish, so we push aside other things in order to publish.

How can we resolve this ambiguity between our attempt to build a better society and our everyday contribution to the maintenance of the present one? How can we liberate ourselves from this chronic social schizophrenia? The answer lies only in struggle—in using every means available to us to subvert the present system and build a new one, in exposing and destroying the ideology which makes us pawns of the ruling class, in demonstrating the value of alternative structures and social relationships. Our liberation comes in the unity of thought and action. Without action we have no principles; we have only empty rhetoric.

And that brings me to the AAAS actions. The AAAS represents everything we are fighting against. This organization is the propaganda organ of bourgeois science. By this I mean that it serves to extend and perpetuate an ideology and set of mental attitudes, both within and without the scientific community, which are in direct opposition to the struggle for social change.

For example, the AAAS, throughout its history, has acted solely on the basis of the narrow self-interest of science. It has assumed that science is, in itself, a desirable end, irrespective of the social context of technological advance. (To question that assumption is to question the existence of the organization.) But what attitude could better serve reactionary forces than that of the unwitting scientist who justifies his work solely on the basis of the work itself. Who could better serve the needs of an oppressive state than the technocrat who refuses to question the social function of his work?

But while this assumption is the basis of its *actions* (see *Science for the People*, Dec. 1970), the *stated* concerns of the AAAS are with social problems. And what is the approach to solving social problems? Why, technology, of course. More and better technology from the same people who have provided the present technology. Technology for population control, pollution control, urban redevelopment, law enforcement, and social manipulation. Merely skim over the AAAS meeting program. These nation-

AAAS PHILADELPHIA '71

ally publicized forums feature the scientists grappling with the great problems of our time. The socially concerned experts are shown (on nation-wide T.V.) applying their scientific and technical expertise to solving political problems, problems too difficult, of course, for common people to understand. However, the main upshot of these performances is that most scientists and engineers have themselves bought the product. They fail to perceive the essential political nature of social problems, and hence their actions are doomed to merely aggravate the situation: medical technology for a corrupt medical-industrial complex, pollution control technology for a system of production based on waste and profit, computer and anti-riot technology for a political system which can't even begin to meet the needs of its people. The technical panacea is a cure more deadly than the disease itself.

Moreover, underlying this technological mind-fuck is a deeply engrained elitism. Not only are scientists portrayed as the only ones capable of solving society's problems, but in its very structure and organization, the AAAS and the annual meeting are highly undemocratic. The sessions, for example, are structured so that the all-knowing luminaries of science can belch forth to a passive audience the ideas and the attitudes which help enslave the bulk of humanity.

Can we allow these mandarins and their ideology to go unchallenged? Can we call ourselves radical scientists without exposing the political content of the assumptions and programs put forward? Can we permit this discussion of science and social issues to ignore the political realities of this society? Can we as scientists allow this obfuscation and mystification to continue? Our obligations to ourselves and to those with whom we struggle are clear.

To counter the idea of neutrality, the technocratic mentality, and elitism requires a lot of work. It requires us to first of all understand the fundamental premises of the ideas that are being expressed and the armed with this understanding to challenge these premises at every opportunity. In terms of the AAAS meeting, our objective must be to attend every session, to analyze what is being done, to raise the appropriate political issues, and to challenge the underlying ideology. The extent to which this can be done will determine how successful the AAAS actions will be.

We shouldn't get the impression that this is a static process. In fact, our experience has been that these efforts have served to develop our political understanding and increase the sophistication of our arguments. By bringing together large numbers of radical scientists we can create an atmosphere of sharing and learning from one another.

This brings me back to a point I mentioned earlier. While part of our struggle is to expose and destroy the ideology which makes us tools of oppression, the other part is to create programs of action which follow from our political understanding. How in our classrooms, laboratories, and offices can we begin to put our vision into practice? This question is crucial and the answer can only come out of our collective experience. By drawing our colleagues from Berkeley, Chicago, Washington, New York, New England, etc., the AAAS meeting provides the focus for this important radical activity.

Many people will be coming to the AAAS meeting this year not to hear the apologists on stage, but because they know important political activity will be taking place. There is growing interest in SESPA all over the country. Momentum is building. We cannot let this movement down.

A.W.

SCIENCE FOR THE PEOPLE !!

SCIENCE IN THE JUSTIFICATION OF CLASS STRUCTURE—



"A LOW CAPACITY RESIDUE"

It's happened once again. Another puppet has stepped forward, scientific credentials in hand, to mouth the scientific justification for an unjust social order. This time it's Richard Herrnstein, Harvard professor of psychology and noted pigeon researcher, who has recently joined the ranks of Jensen, Banfield, Moynihan, and other distinguished apologists for the status quo. Under the guise of science they provide the ideological props for an increasingly oppressive social system.

Herrnstein's contribution is "I.Q.," an article published in *Atlantic* magazine¹ and widely reported in the national news media. Outraged by the article, many people have demonstrated at the Atlantic publishing house and

Sir: The Herrnstein article is the most accurately informative psychological article I have ever read in the popular press.

Arthur R. Jensen
Univ. of California
Berkeley, Calif.

This letter appeared in the December Atlantic

others have called for Herrnstein's firing. These actions are in response to his rather overt political stance.

In short, Herrnstein seeks to rationalize the inequitable social stratification of modern society by asserting that such stratification is inevitable, or more precisely, genetically determined. A dozen or so pages in his article is devoted to a discussion of I.Q., its relation to heredity and environment, and its bearing on success; then the central argument is stated:

1. If differences in mental ability are inherited
2. If success requires those abilities
3. If earnings and prestige depend upon success
4. Then social standing will be based to some extent on inherited differences among people

And from this simple syllogism Herrnstein concludes that:
As the wealth and complexity of human society grow there will be precipitated out of the mass of humanity a low capacity (intellectual and otherwise) residue that may be unable to master the common occupations, cannot compete for success and achievement, and are most likely to be born to parents who have similarly failed.

Furthermore, he suggests that
as technology advances, the tendency to be unemployed may run in the genes of a family about as certainly as bad teeth do now.

While some people may have had doubts about their teeth, few had any doubts about Herrnstein's article. On the technical level it has been shown that Herrnstein's discussion of I.Q. and intelligence categorically neglects well known findings on the subject;^{2,3} but of more concern to many people are the immediate policy implications of his conclusions, namely that liberal programs to achieve equal opportunity for all people are doomed in the end to failure.

Liberal programs are in fact doomed to failure. Not for the reasons Herrnstein gives, but because they too fail to take account of fundamental structural features of the society. Herrnstein's article thus raises questions of prime importance about the nature of society, and the nature of science as well. What determines the form of social stratification? What is the social function and purpose of the I.Q. test? Why was Herrnstein's article published in the *Atlantic* rather than in a technical journal? These questions are not merely academic. Their answers will determine the direction of political action.

Why *Atlantic*?

The *Atlantic* is a monthly magazine in publication since 1857 with a current circulation of 325,000 of which more than 285,000 are subscriptions purchased at about \$10 per year. Data on the readership, obtained from *Harper/Atlantic* sales, is shown below:

DATA ON ATLANTIC MONTHLY

READERSHIP:	325,000 Net Circulation 4.7 Readers Per Copy
AGE:	Median Age: 36 81.5% between ages 18 and 49
SEX:	57% Male 43% Female
HOUSEHOLD INCOME:	Median Income: \$13,465 17% — \$25,000 and over 41% — \$15,000 and over 70% — \$10,000 and over
EDUCATION:	65% Graduated or Attended College
OCCUPATION:	57% of Household Heads in Professional or Managerial Occupations
SOCIAL CLASS:	42% in Social Classes I and II

Even without such data, one can readily deduce to whom the magazine is supposed to appeal by looking through the ads. In the September 1971 issue there are 45 ads, in addition to two pages of classifieds. The largest category (16) is specialty products: twelve are for premium wines and liquors and the remaining four include ads for homes and/or pianos. The next largest category consists of twelve ads for books, book clubs, records and magazines. Nine ads are from trade associations or business institutional ads (ads that promote the public image of corporations or industrial sector). Travel ads number five and charities, three. It is clear then that the advertisers know that *Atlantic's* readership can afford to buy the best, to travel, and give to charities; that they have the time to read a lot, and that they are receptive to a sympathetic view of big corporations.

But *Atlantic* is also a liberal magazine. An ad by Texaco boasts of their aid-to-education program and shows a photograph of twelve college students including two Blacks, all properly dressed and shorn. The copy goes "... it seems to us that campus unrest is publicized well out of proportion to the reality of the positive goals of the great majority of students," and "we still believe in them. And we're backing that belief." Of course, they give it all away when they say that among "the young students who benefit from our assistance to colleges and universities (some) will never work for Texaco (but) will be leaders important to our future. ... we think we're getting a pretty good return on this investment."

An ad by the Chase Manhattan Bank shows two black Americans holding a white and a black doll. The ad reads "these guys help manufacture ethnic dolls for the Shindana Toy Co., a subsidiary of Operation Bootstrap ... Chase Manhattan Capital Corporation ... invested in this company and continues to serve as a financial advisor." This ad ends with the boldface slogan, "A good motive for change is the profit motive."

There we have it. The advertisers in this magazine want to keep capitalism viable. This can no longer be done by preaching that what is good for GM is good for the country—the destructive practices of individual firms are becoming increasingly apparent. Rather the thrust of advertisements is to demonstrate concern about pollution problems and social problems and show that industry will solve the problems that "irresponsible" capitalism has created. The image makers on Madison Avenue are trying hard to portray corporations as humane, compassionate institutions. They recognize that anti-capitalist sentiment is growing. They see the possibility of the liberation struggle of Black Americans transforming into a class struggle, working people against capitalist; and they recognize that their best bet is to strengthen the black bourgeoisie. They want everyone, that is professionals, the whole middle class, all those whose belief in capitalism has not been shaken to support "the college of (their) choice," give to charities, support black business. In short, getting capitalism to deliver just enough of the goods is their first strategy against revolution

and, in this, the *Atlantic* serves at least the function of passing the word along to their still loyal supporters in business, education and the technostructure.

Now while one part of the essential ideology necessary for capitalism to function is the belief that self-interest promotes the human good ("A good motive for change is the profit motive") the other part is that the stratification of labor and the division of society into owners and workers are the consequences of natural law. It is therefore not surprising that a magazine that, as represented by its advertisers, wants to make capitalism work, should publish, in the very issue described above, Herrnstein's I.Q. article—for that article purports to show by correlating I.Q. to social and economic standing, that the socio-economic position of most people is simply their natural position. Herrnstein claims we are evolving a "meritocracy" which reflects the real capabilities of people; he suggests that unemployment may be hereditary and implies that Blacks and others are in lower economic classes and in less intellectually demanding jobs because of their natural low hereditary I.Q.

To explain social phenomena on the basis of natural law is only to admit the impoverishment of science. The social Darwinists, for example, invoked such principles in justifying the social carnage of the 19th century. For Herrnstein the approach consists essentially of taking the social and economic relations of society and simply elevating these to the level of fundamental law, one in which the predictive parameter (innate intelligence) is a quantity not even subject to measurement. To be more concrete, consider the following items:

- 1) There are tests called I.Q. tests
- 2) I.Q. test scores taken by parents and offspring tend to correlate
- 3) Income and test scores tend to correlate
- 4) Income and prestige correlate
- 5) Prestige and social standing correlate
- 6) Success as measured by income and prestige correlates with income and prestige.
- 7) Mental ability is defined according to scores on these tests
- 8) Blacks are in low income category
- 9) Children of Blacks are also in low income category
- 10) Children of parents in high income category tend to be in high income categories
- 11) Children of the poor tend to be poor
- 12) There are more unemployed among the poor than among the rich
- 13) Teamsters can drive trucks well and often find their work interesting but find figures boring
- 14) Accountants and auditors do mindless work with boring figures but usually can't bake
- 15) Bakers, welders, lumberjacks and teamsters don't usually read the *Atlantic*
- 16) Herrnstein is not a teamster
- 17) Etc.

The point is that these data explain nothing. To establish correlations is by no means to understand the basis of the phenomena. What Herrnstein does is to present as fact what should be deduced — the necessary relationships among things.⁴



I.Q. and Stratification

So what we must understand is why there are I.Q. tests. But first, what are these tests? They are tests to evaluate the skills and kinds of reasoning characteristic of the culture of the upper and middle classes—those skills necessary for success (income, prestige, and status) in that culture. They ignore the bulk of mechanical, manual, social, and mental skills needed by the working class, especially minority workers, to survive in the environment in which they must work and live. What would testing middle-class children for working-class skills reveal about the "intelligence" of middle-class children? In short, the I.Q. tests simply confirm the racial and class divisions in American society.

Now Herrnstein shows that I.Q. scores correlate with success. This is hardly surprising since the I.Q. test is simply one of a battery of devices (reading tests, aptitude tests, grading, and academic tracts) which are used to determine success; that is, are used to channel people into one kind of work or another. The function of the I.Q. test is to help achieve the division of labor into workers, managers, teachers, engineers, etc. so necessary for the efficient functioning of the economy. Of course Herrnstein never asks where these categories of labor come from, never questions the economic basis of the division of labor, never asks what relationship there is between the system of production and the social stratification he claims is inevitable.⁵

The extreme inequities in this country, whether in income, wealth, access to health care, decent housing, conditions of work, racial discrimination, or any number of others, are not a consequence of the best use of people's talents, nor the inevitable product of human nature. They are structural features of the system of production. They stem from a form of economic organization in which the vast majority are forced to offer themselves as employees to the small fraction of American people who own and control the resources of the society. The system of production, capitalism, defines not only the categories of labor, but also its use according to what is necessary to maintain the vitality and longevity of the capitalist economic system.

This system is organized for maximizing profit, and that includes growth of productive capacity, markets, and economic control. This goal is of prime importance in the manipulation and division of labor, in the creation of wage differentials, and in the limitation of social mobility. Division of labor because specialization means efficiency for the owner of labor, and fragmentation, separation, and powerlessness for the worker. Wage differentials because they provide the incentive for advance. Limited social mobility because it guarantees a reservoir of low cost labor. Unemployment and depressed wages to blacks, women, young people, and other minority groups are institutionalized in the system. The owners and managers hold the power of hiring, firing, establishing production priorities, and disposing of profits. The government, agent of capitalist interest, reinforces these practices through taxes, subsidies, labor legislation, and military force.

These, then, are the roots of social stratification — not heredity. To understand them is to understand the productive relations and internal dynamics of capitalism. The

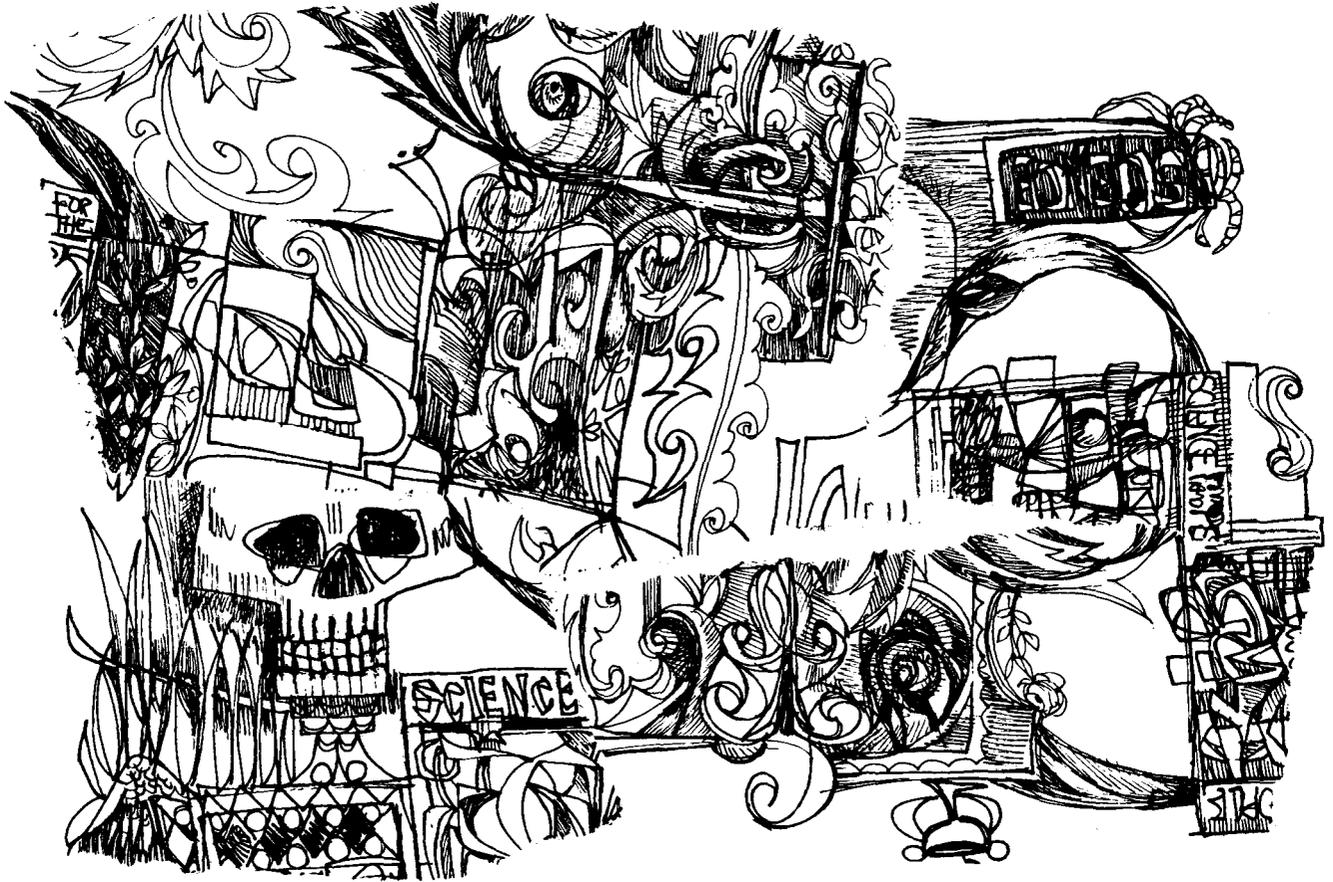
variety of incentives and other methods of manipulating labor are tied up with the ideological superstructure which supports and rationalizes this system of production. But though these relationships are complex, one thing is sufficiently clear. Modern capitalism is irrational. People labor to produce waste or trivia, and those who produce the least of social value are the ones who reap the greatest rewards, for economic and social standing depend on a person's utility to the system and its ruling class, not his utility to people. Bankers and money handlers manipulate capital, managers manipulate labor, corporate executives manipulate the market, government beaureaucrats and executives manipulate people. Rewards are based upon the rational criteria of an irrational system.

Worse than irrational, capitalism is oppressive. It does not meet the needs for food, health care, and shelter unless these generate profit. But worse yet, people become reduced to a mere commodity. Their creativity, humanity, and desire to be socially productive, are drowned in the competitive struggle for economic security. The actions of both managers and workers are reduced by the demands of capital to mechanistic responses. At worst these actions involve the brutal murder or starvation of large masses of people; at best they mean the institutionalized violence of disease, slum life, and financial insecurity.

Is it any surprise therefore that the worker feels alienated? His work is meaningless, he has no control over either the product of his labor or the use to which it is put. He is a mere cog in the machinery of production and his knowledge of the total process is so limited that he feels powerless. And his inventiveness and development are seriously stifled.

It is a mistake to think this fate is reserved only for factory workers or typists and stenographers in office pools. Though their work is conspicuously alienating, so also is most work in this country for most people, including the so called professionals. Scientists, for example, who tend to think of themselves as the elite, have as little control over their work, the use to which it will be put, or the security of their jobs as other workers. And by one of the most standard measures of the value of scientific work, its usefulness to colleagues—consider the following estimate: "the average scientific paper is read by 1.3 people and, while many are read by several people and a few by hundreds, a large number are read by nobody but their authors (if we exclude the editors)."⁶ It is as if the work is gone, evaporated, as if it had never been done. Did anyone even read it?

Of greater concern, however, to scientists and technical workers is the realization not that their work is not used, but that more often than not it is misused — directed towards antisocial ends. Though this situation was more obvious with regards to weapons development for the Vietnam War, it has now become more generally understood that science is seldom used except to further entrench the status quo. As a result, not only have students turned away from science, but several scientists have themselves locked the doors of their laboratories.



What Should Be Done

We have seen, then, that capitalism requires a division of labor into producers (workers in the traditional sense) and technostructure (managers, university professors, etc.). It therefore needs measures, tests that will continually differentiate the commodity of human labor into these categories in the proper amounts and with the necessary competitive pressures to make these humans responsive to the necessities of the capitalist dynamic. It follows that it is in workers interest to refuse to submit to such tests. Destroy the tests, refuse the tests! In the spirit of those who have learned how to burn draft files, to tear up and burn draft cards, we must now turn against this symbolic yet real instrument of stratification and alienation, the I.Q. test. There is only one important test, the test of whether a class is fit to rule, and the capitalists have failed that miserably. They know nothing of what to do with our creation, our tools, the technology we have created with our hands and our brains but to turn it against us.⁷ Only we can turn our product to human use for human beings.

As for the Herrnstein article, it will not be read by the working class; they are not among the 325,000 readers of the *Atlantic*. However, university faculty and students

and school teachers will, and they might be impressed by Herrnstein's academic credentials and tend to accept his arguments on faith. Herrnstein's ideas can thus propagate to the public school classroom where their effect will be to justify the multitude of discriminatory practices by which students are constantly catalogued — ticked off one against the other — according to society's notion of ability and achievement. What teachers must do is expose the system of tracking, of occupational channeling.⁸ Show how it maintains the rigidities of social class, race, and sex role divisions of American society. Show how it reinforces people's belief that the poverty and alienation is the result of their own stupidity, their own failure to achieve. Show how it perpetuates competition among people for positions in what is an irrational, heirarchical, and oppressive occupational structure. Teachers must deny the I.Q. tests and the whole battery of devices used to categorize the essential commodity of the capitalist system, human labor.

What about the scientists and other technical workers? What is their task? Nothing short of drastic transformation of science and scientific practice. Consider for a moment the nature of present day science. Scientific problems are defined in only the narrowist technical terms. This means the scientist does not generally consider how the nature of his work, in fact the very selection and statement

of the technical problem, depends upon the social, political, and economic context of the work, on the form of social organization used to carry out the research, and on the various pressures for research productivity and success. Thus a physicist, for example, disregards as part of his science such aspects as the social and economic functions of his research, the agency which funds his work, the relationships among the technicians, secretaries, graduate students and others in his laboratory, the process of decision making, the criteria for success in the scientific community, and a host of others. These are seen as extraneous. And in the mind of most scientists, the use or misuse of the research also is divorced from the work itself. This whole frame of mind, the failure to perceive or deal with the totality of experience — material and human — is the dominant form of science. It results quite clearly in a science which provides the ruling class with the tools of oppression, the instruments of death, destruction and human subjugation. It results also in the patently absurd attempts on the part of scientists to deal with social problems by technological means.

To be more general, we can distinguish two different activities which use the methodology, the tools of science. The first attempts to discover the fundamental relationships among things, to find formulations based on the totality of human experience — the material world, man and ideas. It provides the understanding, the conceptions, the clarity which enables men and women to act to change the world. The other activity does not go to the root of things, does not deal with the totality of experience, but merely describes the world in detail, accounting for its behavior on the basis of immutable conceptual ideals. By its nature it serves only to rationalize the form of things and to preserve the present order. The first we call radical science. The other, rationalistic science.

The work of Herrnstein is a prime example of rationalistic science. His approach is to explain the apparent form of things by simply regarding these forms themselves as natural, as fundamental. But this is to impose upon the real world a conception which arises out of the world of ideas alone, out of the consciousness of men living within restricted social institutions. What is natural in one system is unnatural in another. Thus to invoke the natural is only to fall back on idealism, on faith.

The effect of rationalistic science is to mystify and obscure. It does nothing more than interpret, systematize, and ultimately rationalize the ideas which form the ideological basis of the system of production. Thus rationalistic science has become accepted and institutionalized because it serves for capitalism the same stabilizing function that the church served for feudalism. It has its high priests, its alters, and its devoted followers.

The transformation of science means the building of radical science. A science which, in Marx's words, "would be superfluous if the form in which things appear coincided directly with their reality."

To obtain a real understanding, to achieve clarity, requires the liberation of our consciousness from the delusions and illusions of present social relations. That liberation of mind can come only in the process of revolution, that is,

in the process of changing those social relations. The essence of radical scientific practice is to realize both the necessity and the actuality of revolution in everyday activity—to unite thought and action.

Conclusion

Taken in full perspective, the Herrnstein article itself, poses no direct threat, but does raise serious questions about the stratification of society, the reason for I.Q. testing, and the nature of science. Response to the Herrnstein article and to the alienation of capitalist stratification seems to fall into three categories: 1) Poor and middle workers, especially blacks and young workers, must deny the legitimacy of capitalism's grading and channeling of them. 2) Class conscious teachers, social workers, testers, etc. must first understand the function of the classifications that the system requires, immunize themselves against becoming part of it and then educate their less aware peers. 3) Scientific workers and academics must struggle every day in every class, seminar, at the workplace, at scientific meetings, in the pages of the journals, against the pervasive ideology. If they do not critically analyze their own practice, the conventions of science, etc. they will end up as mindless radicals mouthing phrases of struggle while perpetuating the very structure that must be destroyed.

NOTES AND REFERENCES

1. Herrnstein, Richard, *Atlantic*, September, 1971, pp. 43-64.
2. George Purvin has suggested, in a letter to his classmates at Harvard, the following references on I.Q. and intelligence which discuss the shortcomings of Herrnstein's premises:
 1. Studies of Smilanski and Weikart reported in "The First Six Years of Life" by LaCrosse, Lee, Litman, France et. al., *General Psychology Monograph*, 1971.
 2. Study of Goldfarb and others reported by Bowlby in *Monograph, Maternal Care and Mental Health*, 1951, UNESCO (WHO).
 3. Studies of twins reported in *Intelligence and Experience* by J. McV. Hunt.
 Also a pamphlet entitled *Born to be Unemployed* distributed by the University Action Group, Cambridge, Mass. (617-426-5094) discusses the shoddy psychology in the Herrnstein article, though the pamphlet's overall critique has serious deficiencies.
3. For an excellent discussion of the Jensen studies to which Herrnstein makes reference, see Lewinton, *Science and Public Affairs*, Vol. 26, no. 3, pp. 2-8, March, 1970.
4. This is a paraphrase of Marx's remarks on the role and methodology of political economy. The following with a few changes in key words from "political economy" to "sociology" or "psychology," etc., is directly applicable:

"Political economy starts with the fact of private property, but it does not explain it to us. It expresses in general, abstract formulas the material process through which private property actually passes, and these formulas are then taken for law. It does not *comprehend* these laws, i.e., it does not demonstrate how they arise from the very nature of private property. Political economy does not disclose the source of the division between labor and capital..." *Estranged Labor*, 1844.

5. "Now, therefore, we have to grasp the essential connection between private property, greed, and the separation of labor, capital and landed property; between exchange and competition, value and the devaluation of men, monopoly and competition, etc., ... the connection between this whole estrangement and the money system."

Karl Marx in *Economic and Philosophical Manuscripts of 1844*, ed. with an introduction by Dirk J. Struik, translated by Martin Milligan, International Publishers, New York, N.Y., 1964.

6. Mishan, E.J., "The Cost of Economic Growth," *Staples Press*, p. 40, 1970, London, England.
7. The following statement pertains to a different historical epoch but the ideas are still relevant:

"In the progress of the division of labor, the employment is of the far greater part of those who have by labor, that is, of the great body of the people, come to be confined to a few very simple operations, frequently to one or two. But the understandings of the greater part of men are formed by their ordinary employments. The man whose life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exercise his invention in finding out expedients for difficulties which never occur. He naturally loses, therefore the habit of such exertion and generally becomes as stupid and ignorant as it is possible for a human creature to become..."

It is otherwise in the barbarous societies, as they are commonly called, of hunters, of shepherds, and even husbandman in that crude state of husbandry which precedes the improvement of manufactures. In such societies the varied occupations of every man oblige every man to exert his capacity, and to in-

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vent expedients for removing difficulties which are continually occurring. Invention is kept alive, and the mind is not suffered to fall into that drowsy stupidity, which, in a civilized society seems to benumb the understanding of almost all the inferior ranks of people."

Smith, Adam, *The Wealth of Nations*, pp 734-35, Random House, New York, N.Y., 1937.

8. For an excellent discussion of tracking, see: *Down the Up Staircase*, by Richard Rothstein, available from Teachers Organizing Project, NUC, Chicago Teachers Center, 852 West Belmont Avenue, Chicago, Ill. 60657. Reprinted in *This Magazine is About Schools*, vol. 5, no. 3, summer, 1971.

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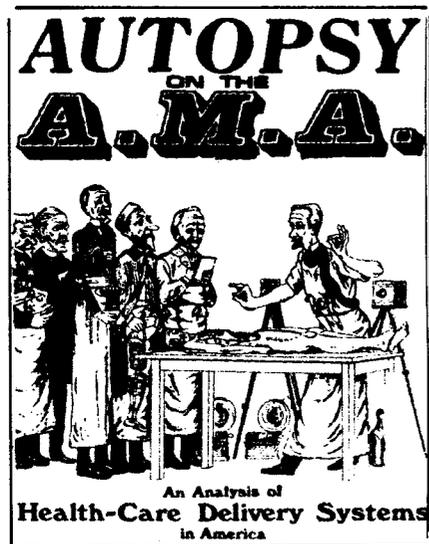
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Science for the People is organizing for a second year (see Vol. III, number 3) of activities at the National Science Teachers' Association (NSTA) annual convention. The convention in 1972 will be held in New York City from Friday, April 7, through Monday, April 10. The convention theme has officially been chosen as *Alternatives in Science! or Alternatives to Science?!* We have already arranged for a couple of our own sessions and space at the meeting. Readers who are interested in the problems of how science is taught in the schools, the political implications of this teaching and in how we can change this, contact us about our plans. Or anybody who would like to give us any sort of help, (intellectual, logistical, physical or otherwise), call or write either:

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INFLATION RECESSION AND CRISIS

OR

WOULD YOU BUY A USED CAR FROM THIS MAN?

This article has also been published in the December, 1971 issue of UPSTART, the journal of the University Radical Union, a group of radical socialists at Harvard. Some of the statistics in the appendix have been deleted due to lack of space. They are available in the UPSTART version. Copyright by the authors.

Since Nixon announced his new economic program, the American left has been searching for an effective response. In its reaction to the program and the underlying economic crisis, the left has not yet escaped some of its most familiar failings.

On the one hand, many radicals cling to an image of cataclysmic economic breakdown as the natural route to revolution: "Is this *it*?" was a common question for a few days after Nixon's August 15 announcement of the new policies. On the other hand, since this never is *it*, most of the left settles down to an essentially reformist position, in this case repeating the attacks made by labor bureaucrats and liberal muckrakers on the pro-business bias of the Nixon program.

A strategy is needed which breaks out of reformism and waiting for the apocalypse. Similarly, an analysis is needed which goes beyond denunciation of the Nixon program's short-run bias while avoiding the mirage of an "inevitable" collapse of capitalism. This article presents such an analysis. We hope that it will help others to elaborate new

strategies for the radical movement.

We are not denying that Nixon's program is a tremendous boon to big business at the expense of workers. We believe, however, that the focus on this point has obscured other important aspects of the program and the situation that brought it about. To understand the Nixon program, one must keep in mind a simple fact—one which our president has taken to dwelling upon in his recent news conferences—namely that capitalism is based on production for profit. To get the economy out of stagnation, to increase production and employment, Nixon must stimulate profits. If this means a benefit to business while important social needs remain unmet, so be it.

In different circumstances—the early 1940's or 1960's, for example—measures that stimulate profits may also be immediately beneficial to workers; but regardless of the immediate effect on workers, capitalism can only be made to grow by providing profitable opportunities for expansion.

Economic policies of a capitalist government are aimed at maintaining the stability or "smooth functioning" of the system. That is, the government works to protect and extend the operation of fundamental institutions of the system—the labor and capital markets, and private ownership and control of the means of production. It is primarily through the workings of these institutions that exploitation takes place and power is exercised in capitalist society. By insuring the smooth functioning of these institutions, rather than by favoritism to particular groups or by corruption, the state guarantees the expansion of opportunities for profit.

Nixon's new policies, as well as the more traditional economic policies that were used throughout the Kennedy-Johnson era, are a good illustration of the government assuring profits through stabilization of the economy. The switch to new kinds of policies, involving considerable political risk, is evidence that the changed economic and political situation has rendered the traditional policies far less effective than they were in the early 1960's.

An understanding of the current crisis and Nixon's program requires an analysis of the economic changes which led to the present situation. In section 1 we trace the development of the economy and of government policy over the past decade. Initially, the particular circumstances of the early 1960's allowed the success of traditional policies. But the escalation of the Vietnam War forced the economy into several years of full employment and serious inflation.

Contrary to common belief, the inflation did not mean that capitalists gained at the expense of workers. When inflation is accompanied by increased employment, the poorest groups in society—blacks, families headed by women, etc.—may gain more through employment than they lose through inflation. In fact, the low unemployment levels of the late 1960's placed labor in an advantageous position in wage struggles: profits fell while total wages increased. This situation, clearly unacceptable to capitalist interests, led to a slow-down of business activity. In an unsuccessful attempt to end inflation, government policies precipitated the 1970-71 recession.

In section 2 we discuss the international aspects of the

current crisis. Again the Vietnam War plays a particularly significant role. A decline in the U.S. trade position and a rise in U.S. government spending abroad on "costs of empire"—both resulting from the escalation of the war—were central factors in bringing about the balance of payments crisis. Short-term capital movements affected the timing of the crisis, but are not the underlying cause.

New trade agreements and changes in the international monetary system reflect the decline though not the elimination, of U.S. predominance in the "Free World". But radicals should avoid exaggerating the extent of competition among capitalist nations, and certainly should not expect a return to anything like the situation before World War I.

In section 3 we examine the motivation and future prospects of the Nixon program. There were no major alternatives open to Nixon; waiting for inflation to subside without direct controls would have been politically impossible as well as economically difficult. The situation which required direct controls will be recurrent if not permanent. Thus direct controls will be around for some time to come. Furthermore, while there is some reason for skepticism, the controls are likely to have their intended effect: in the absence of serious political opposition, the Nixon program could succeed in short-run stabilization of the economy.

In section 4, we conclude by considering the implications of the economic crisis for the radical movement. The importance of the war, and of the war's unpopularity, in disrupting the economy should emphasize the continuing significance of anti-war actions. The political effects of the international crisis, however, are not unambiguously positive for the left. Foreign competition with American industry could easily provide the basis for a revival of popular chauvinism.

Finally we consider the effects of the Nixon program on the organized labor movement and the consequent opportunities for radical action. We emphasize the organized labor movement not because it is a uniquely important part of the working class, but rather because its position is most drastically changed under the new policies. Traditionally, most struggles of American unions have been channelled into narrow wage struggles through the promise of ever-higher wage settlements. Wage-price controls upset this pattern of labor relations; the result could be either more radical action by workers or a more bureaucratized system of wage negotiations. The outcome is not certain, and there may well be a role for radicals in affecting the way the labor movement turns.

The international monetary system has been surrounded by a remarkable level of confusion in discussions of the current crisis. In the Appendix we provide some background information on the workings of the system of fixed exchange rates and dollar reserves.

1. The Domestic Economy

The quarter century since World War II should have taught radicals at least one important lesson: the U.S. economy is not a house of cards. By comparison with earlier periods, the economy has grown quite steadily and rapidly

in the postwar years. Since 1946 real gross national product has increased at an average annual rate of more than 3.5%, and real per capita income has grown by almost 60%.¹

During the 1950's, however, recessions caused recurrent minor interruptions in growth. In 1958, for example, unemployment reached 6.8%, the highest level of the postwar period, and real national income fell by 1%. Popular resentment at the "Republican recessions" doubtless played a major part in bringing the Democrats to power in 1960.

The Kennedy administration was committed to active government regulation of the economy and took several steps to counter the 1960-61 recession. Government spending, especially military spending, was increased, thus raising the total demand for goods and services. Tax cuts in 1962 and 1964 increased the after-tax incomes, and therefore the spending, of business and consumers. Interest rates on long-term loans were kept low to encourage borrowing for industrial investment, mortgages and home construction, and installment purchases. The policies seemed effective: annual growth of GNP averaged more than 5.5% in 1962 through 1965 and unemployment dropped, though slowly, from 6.7% in 1961 to 4.5% in 1965.

Low inflation combined with persistent unemployment provided the necessary framework for the effectiveness of the government's policy in the early 1960's. Prices rose by less than 2% a year until 1966; unemployment, while declining, did not drop below 5% until after 1964. The low inflation removed any concern about the inflationary effects of deficit spending, and assured the stability necessary for corporate planning.

High unemployment made labor's bargaining power in wage negotiations weak, and therefore business could respond to the government's expansion of demand without worrying about high wage bills cutting into profits. In fact, as usual in the expansion out of a recession, profits did rise faster than wages. While the real value of total wages and salaries rose by about 25% from 1960 to 1965, the real value of corporate profits after taxes rose by over 60%.

The combination of low inflation and high unemployment that characterized the early 1960's, as well as most earlier recessions, has not been repeated in the current period. We shall see below that the simultaneous high unemployment and high inflation of 1970-71 created contradictory pressures upon the government that could not be resolved within the framework of traditional policy.

The situation of the early 1960's was politically as well as economically favorable to government stimulation of the economy. In the somewhat sleepy decade between the end of the Korean War and beginning of the Vietnam War build-up, immediate political and military demands on the government were at a remarkably low level. There were no strong domestic reform movements. There was no "hot" war going on. And the Cold War required an indefinite, that is an easily manipulable, level of military expenditure.

Thus the Kennedy-Johnson administration faced almost uniquely favorable economic and political circumstances for its intervention in the economy. The situation was not only unique: it was also quite brief. By 1965-66, the government was confronted with near-full employment, more



rapid inflation, a war in Asia, and rising domestic opposition. In the new situation the government's economic policies were pathetically but necessarily inept.

The War Overkills the Economy

With the expansion of the war in Indochina, the Johnson administration encountered serious difficulties in financing its military operations. In past wars, increased taxes and cutbacks in non-military government programs had provided major sources of finance. Both of these sources were largely unavailable, however, because of the unpopularity of the Vietnam War. Major tax increases or significant curtailment of popular government programs would have directly increased opposition to the war, and would have hindered Johnson's effort to hide the whole issue. Thus the government was forced to rely on expansion of deficit spending, with unfortunate consequences for the economy.

In a period of high unemployment, deficit spending, by expanding demand, can create more jobs, lead to rising incomes, and generate more economic growth. In a period of low unemployment, however, the expansion of demand cannot readily be met by expansion of output. Thus, the government simply competes with the private sector for the available goods and services. The result is a rise in prices, that is, inflation. This is exactly what happened: beginning in 1966, war financing required increased deficit spending just as the economy was reaching near-full employment, and the result was rapid inflation.

Two miscalculations may have led the Johnson administration to believe that the inflationary effects of war deficits would not be serious. First, U.S. warmakers kept seeing the light at the end of the tunnel and imagining that they were about to win. Therefore, war expenditures were probably initially viewed as a temporary problem. Second, at the beginning of the major escalation of the war, in 1965, unemployment, though declining, was still over 4%; it may have been hoped that a short spurt of war spending would only bring the economy to a slightly lower unemployment level without creating further inflationary pressures. This hope could conceivably have been realized if the war had ended by 1967, but the struggle of the Vietnamese people was not so easily suppressed.

Inflation, Employment and the Role of the Government

The inflation and low unemployment after 1966 posed a number of problems for the U.S. government. In general, the role of the government in the economy is to maintain the "smooth functioning" of the system. Besides the international complications, dealt with below, the economic conditions of the late 1960's disrupted the "smooth functioning" of both corporate planning and labor supply.

Modern capitalism very much depends on large corporations being able to make long-run plans. A steady, uniform and predictable level of inflation can be compatible with planning; it is not crucial whether businesses know that prices will increase by zero, three, or ten per cent a year, as long as they know which it will be. For some

Latin American countries, for instance, annual price increases of 10-15% are normal and expected; but for the U.S. in the 1960's, price increases as high as 5-6% a year seriously hampered corporate planning since they were quite unexpected.

The smooth functioning of capitalism also depends on business having a readily available supply of labor at its command. We have seen how the rapid expansion of the economy in the early 1960's was based on the availability of labor: the expansion of government demand in a time of high unemployment permitted rapidly rising profits. But in the late 1960's unemployment rates became exceptionally low. The period 1966 through 1969 was the only four-year period since World War II in which unemployment remained below 4%.

Such conditions enhance the economic power of labor. With high employment levels workers are able to demand wage increases. Often having other family members working or having ready access to part-time and second jobs, workers hold a strong bargaining position. The bargaining power of employers is weakened, since they cannot turn to the unemployed as an alternative source of labor. They must raise wages to meet demands of those workers already employed and to attract more people into the workforce (such as housewives). Both ways they are forced to give up a growing share of revenues to wages and salaries.

In fact, during the late 1960's the share of national income going to labor rose, and the share going to corporate profits fell. Total wages and salaries, which had been 71% of national income in 1960 and had dropped below 70% in 1965, rose above 73% in 1969. Corporate profits before taxes were 12% of national income in 1960, almost 14% in 1965, but down below 12% in 1969.²

It is well known that worker's average real take-home pay has remained roughly constant since 1965.³ Impressive gains in money wages were quickly eroded by inflation and rising taxes. Nonetheless, the rapid expansion in the number of people employed meant that working people as a class were receiving a higher share of national income. From 1965 to 1969 the real value of total wages and salaries rose by over 23%. Average family incomes, especially those of poor families, rose rapidly with more family members working; per capita consumption continued to rise throughout the 1960's.

Corporate profits, on the other hand, rose slightly from 1965 to 1966, and then actually declined in real value. From 1965 to 1969, the real value of corporate profits after taxes declined by 10%.⁴

These figures show the crisis in which American business found itself at the beginning of the 1970's. The deteriorating state of business profits alone would certainly be enough to prompt the government to take strong actions. Also important, however, inflation meant that workers did not feel that their position was improving.

While total labor income had risen since 1965, both absolutely and as a share of national income, two factors greatly limited any positive feeling that workers might

have derived from this increase in income. First, the increase had come through more work (more family members working) rather than through higher real wages. Second, workers constantly saw any gains they made eaten up by higher prices. Whether or not the price rises actually outweighed wage gains, the situation was disconcerting. Thus government action to deal with inflation had both business and popular support.

The Limitations on the Government's Options

The Nixon administration initially tried to solve the economic problems of the late 1960's in the traditional manner: causing a contraction of demand, by reducing the government deficit (raising taxes or lowering government spending), and by raising interest rates. Such actions were designed to curtail economic activity, raise unemployment, and thereby slow down wage increases. Eventually business, in response to the lessened wage pressures and declining consumer spending, would stop raising prices, and inflation would slow down.

It all worked according to plan except for the slowing down of inflation. Unemployment was indeed raised, ushering in the 1970-71 recession. Inflation, however, continued unabated. Rather than the "either-or" choice between inflation and unemployment which faced previous administrations—the famous "trade-off"—the Nixon government found itself enjoying the worst of both.

From the above account of the 1960's it should be clear how the trade-off between unemployment and inflation operates. Beginning with high unemployment, as the economy expands unemployed workers can be drawn into production and no inflation occurs. But as unemployment falls the continuing rise in demand causes price and wage increases because different industries reach bottlenecks and cannot readily expand output, due to the increasing labor scarcity.

If the trade-off worked equally well in reverse, Nixon's initial attempts to control the economy would have most likely worked. However, once inflation becomes serious, as it did in the late 1960's, it tends to become self-perpetuating and continues after the original inflationary pressures have been eliminated. Having experienced inflation, employers and workers alike expect there to be more, raise their prices and wages accordingly, and their collective actions fulfill their expectations in spite of the government's reduction of demand. In a more competitive economy such a process would be inhibited, because a decline in demand would quickly force price reductions. But monopolistic elements in the U.S. economy can resist the pressures and maintain their prices.

So in the summer of 1971 Nixon and U.S. capitalists found themselves in a predicament. Unemployment rates had again risen to around 6%. Traditional policies of the "new economics" would call for an expansion of government spending. But an expansion of government spending would exacerbate the inflation, already close to 6%.

Either the Nixon administration had to simply wait out the present situation—that is, live with the high level

of unemployment until the inflation subsided—and then stimulate the economy, or it had to find some new means by which to intervene in the economy. If the elections had been further away and if the international monetary crisis could have been forestalled, the first alternative might have been feasible. But the elections were a fact, and, as we shall argue below, the international situation could not be forestalled because it could not be separated from the domestic events. Nixon had to act.

2. Origins of the International Crisis

As a result of the two world wars, the United States became the unchallenged, leading power among capitalist nations. In the late 1940's and early 1950's U.S. business rapidly spread its overseas activity. It made inroads to areas that had previously been dominated, formally or informally, by Western Europe and Japan. In parts of the world where before 1914 U.S. business had been one of many competing foreign groups—Brazil or Argentina, for example—it moved to undisputed dominance by the 1950's.

Economic expansion was accompanied by spreading military and political activity. The Pentagon extended its network of bases and advisors around the globe. U.S. diplomatic missions replaced former colonial offices as the real seats of power in much of the Third World.

But of course the extension of U.S. political and economic power was not confined to underdeveloped areas. The Marshall Plan, the suppression of rebellion in Greece, and the maintenance of the U.S. military presence in Germany provided a foundation for the rapid expansion of U.S. business activity in Europe.⁵

The post-war expansion of foreign trade and investment depended, among other things, on the establishment of a new set of international monetary institutions. The key factor in the new monetary arrangements, created at the 1944 Bretton Woods conference, was that the dollar became, along with gold, the basis of international transactions. The governments of countries taking part in the system (developed capitalist nations) agreed to maintain a fixed exchange rate between their currencies and the dollar. The U.S. government agreed, in turn, to maintain a fixed value of the dollar in terms of gold—\$35 an ounce.

The post-war system of dollar based exchange rates provided a stable basis for trade beneficial to business in all capitalist nations. Furthermore, the system had other aspects which, by causing the accumulation of dollar reserves around the world, serve the particular interests of U.S. capitalism.

As explained in the Appendix—where more details are provided on the working of the international monetary system—other countries, increasing their reserves, have a continuing need to accumulate dollars. The U.S., providing these dollars, can therefore spend more abroad than it receives. The foreign need for dollar reserves, in effect, finances part of the U.S. balance of payments deficit. (The growth of dollar reserves around the world could finance almost all of the moderate U.S. balance of payments deficit of the 1960's, but not the very large deficits of 1970-

71. See the Appendix for some more details.)

What has happened, in short, is that the total dominance of the U.S. in the international capitalist economy after World War II led to the creation of a system—partly formal and partly de facto—that further enhanced the relative position of the U.S.

Reconstruction and Competition

U.S. leadership of the capitalist world after 1945 was a natural consequence of the long-run balance of power. But the extent of U.S. predominance immediately after the war was unusually great, and clearly temporary. All the other major industrial nations had been ravaged by the war, while the U.S. economy had benefited immensely from the stimulus of war production. With the return of peace and gradual reconstruction, European and Japanese competition with the U.S. was sure to reappear.

The U.S. furthermore was caught in a situation that impelled it to hasten the decline of its relative power. First, the military and strategic imperatives of the cold war required that the U.S. build up the economies of all developed capitalist countries, including its recent enemies as well as allies. Second, the expansion of the U.S. economy was dependent on the revitalization of world trade and the reopening of opportunities for foreign investment, and this also required rebuilding the economies of Western Europe and Japan.

Even though it was clear that the relative dominance of the U.S. had to decline, the timing and the extent of that decline remained unclear. Several counterforces operated to preserve the U.S. position. U.S. economic strength at the end of World War II led, as we have pointed out above, to an international financial system that continually favored U.S. interests. Also, while U.S. economic dominance could be challenged, the military might of the U.S. was less assailable. And so long as military hegemony could be maintained, the economic power of the U.S. would have a firm support.

Finally, the rise of socialism greatly affected the question of conflict and unity among capitalist nations. The military challenge and social threat of socialism would certainly force a certain solidarity among capitalists even with a decline in U.S. economic power; indeed, the situation might force the lesser powers into greater reliance on U.S. political and military leadership.

Genesis of the Current Crisis

It is tempting to identify the current U.S. balance of payments crisis as the natural result of foreign competition and declining U.S. economic predominance. Closer examination of the facts, however, suggests that more blame should be placed on direct and indirect effects of the war in Vietnam, and less on European and Japanese competition, than is commonly recognized. We can trace the weakening of the U.S. international position in each of the three major long-term components of the balance of payments—trade, long-term investments, and costs of empire—and in the secondary effects of short-term investment.

Throughout the twentieth century the United States has had a trade surplus—exports have exceeded imports each year until 1971. The existence of a U.S. trade surplus may seem paradoxical. After all, wages are higher in the U.S. than in all other parts of the world. How could U.S. industry, paying such high wages, continue to compete with low wage producers elsewhere?

The answer is, of course, that U.S. industry could compete so long as its higher paid labor produced sufficiently more than other countries' lower paid labor. Having more education (imparting both skills and discipline), better nourishment, more industrial and organizational experience, and better equipment to work with, U.S. labor has been the most productive labor in the world, as well as the highest paid. Although some industries—e.g. textiles and shoes—requiring large amounts of relatively unskilled labor have long been hurt by competition from low-wage foreign industry, such cases are not typical of most U.S. industry throughout the postwar period.

The high wages of U.S. labor would become a fetter on industry only when foreign capitalists were more successful than U.S. capitalists in keeping productivity increases ahead of wage increases. This might be the case, especially, in industries with strong U.S. unions but weak foreign unions. But there is little reason to believe that such a phenomenon has had general importance up to this point.

The growth of multi-national corporations may accelerate the entrance of foreign labor into effective competition with U.S. labor. A U.S.-based multi-national enterprise can use its advanced technology, organizational skills, marketing power, and highly trained skilled labor along with cheap foreign unskilled labor.

Although such forces do have long-term significance their role in precipitating the current crisis seems rather limited. As recently as the first half of the 1960's the U.S. trade surplus was high and increasing. It is only in the later 1960's, as the war-related inflation made U.S. goods higher priced and less competitive in world markets, that the current general deterioration in the U.S. trade position began. The average trade surplus dropped from \$5.4 billion in 1960-65 to \$2.0 billion in 1966-71.

It seems reasonable to attribute this decline, in view of its timing, to the inflation of the late 1960's and thus to the war spending and the domestic struggle between U.S. capital and labor which gave rise to inflation. A decrease in the U.S. trade surplus due primarily to foreign competition and declining productivity differentials between U.S. and foreign workers would have been much slower and more gradual; there is no visible way that such long-term trends can explain the rising trade surplus before 1964 and the abruptly falling surplus during the Vietnam war years.

War and inflation are fundamental features of the present world capitalist system, no less so than rising foreign competition; thus it should be clear that the current trade deterioration results from some of the basic contradictions of contemporary capitalism.

Direct U.S. investment abroad cannot be viewed as contributing to the current balance of payments problem. While foreign investment does amount to a significant outflow of dollars, it is more than offset by the foreign profits on previous investment returning to the U.S. The total of foreign investment plus profits on past foreign investment has been a positive and rising entry in the U.S. balance of payments for more than a decade.

Direct foreign investment is carried on, of course, by multi-national corporations. The contradictory aspects of those corporations' foreign activity are reflected in two opposing effects on the U.S. balance of payments. On the one hand, foreign investment by U.S. companies may facilitate foreign competition with U.S. industry, and thus lead towards a long-run decline in the U.S. trade balance. On the other hand, foreign investment increases the extent to which the industries of all capitalist nations are under the unified control of U.S. business. A natural expression of this control is the rising amount of foreign profits returned to the U.S.

It is not yet clear whether the competitive or the unifying aspect of multi-national corporate activity will be more important in the long-run, either in the world-wide distribution of economic power or in the effects on the U.S. balance of payments. Returning foreign profits could not outweigh the rapid inflation-induced deterioration in U.S. trade in the late 1960's. However, the more gradual long-run decline in the trade balance which can legitimately be attributed to rising foreign competition might well be of a magnitude comparable to the returning foreign profits. Only guesses are available on this question; *Fortune* magazine, a usually informed and cautious source, guesses that by the late 1970's rapidly rising foreign profits will indeed outweigh a modest U.S. trade deficit.⁶

Costs of Empire

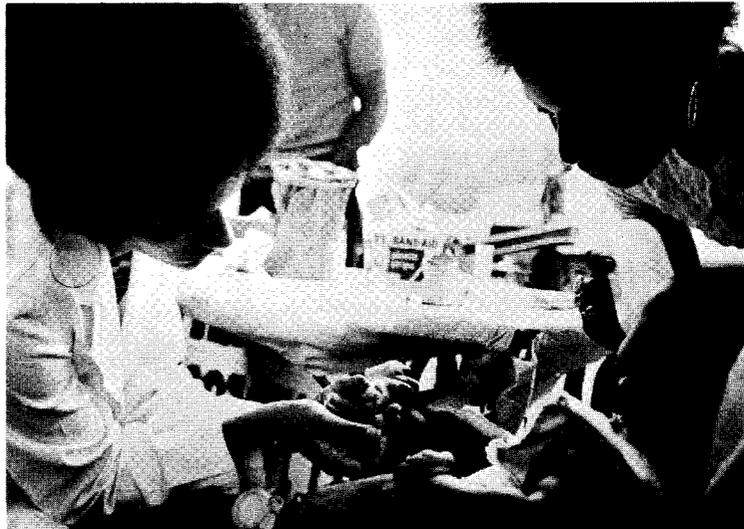
The direct and indirect effects of economic expansion on the U.S. balance of payments go well beyond trade, investment and profits. The military and diplomatic operations of the U.S. government provide a necessary support for multi-national corporate activity.

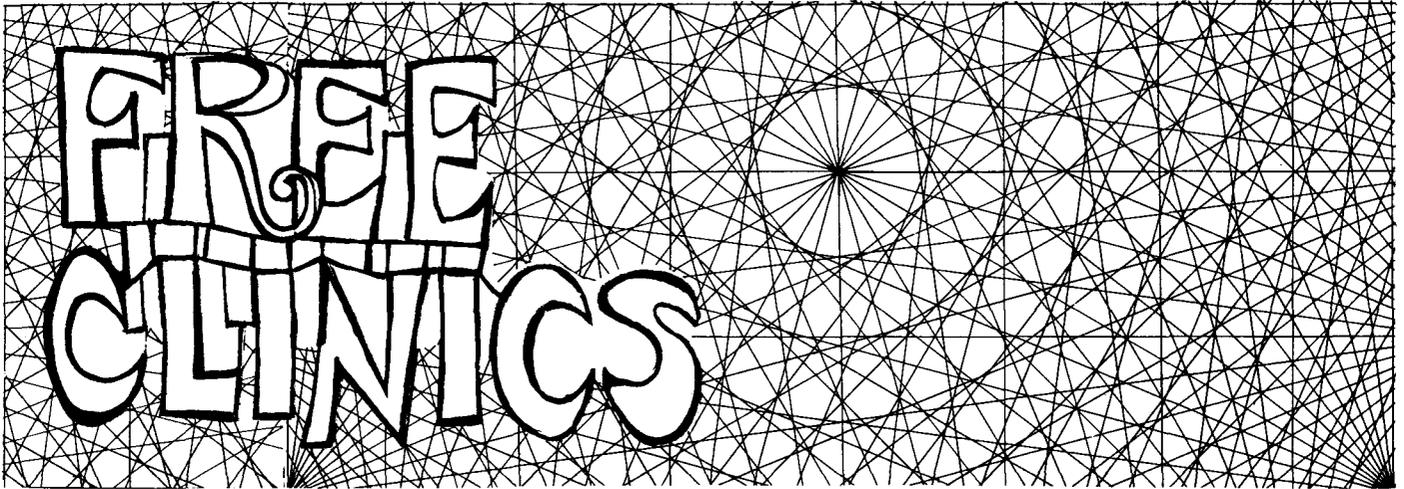
The costs of empire—military and aid spending abroad—do not result from mistaken or extravagant overseas activity; they flow directly from the requirements of the capitalist system. Economic activity cannot exist in a political vacuum; it requires the active support of the state. The significant form of this support is not graft or short-run favoritism to a particular business (though such favoritism is recurrent), but rather long-run programs designed to maintain the "smooth functioning" of the system, internationally as well as domestically.

The U. S. government, for instance, played a leading role in establishing international monetary institutions and negotiating trade agreements. Similarly, the U. S. provides economic aid to friendly, weak governments and employs a military strategy designed to keep the world safe for capitalist activity.

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Medical institutions derive their wealth from patient fees, research grants and real estate investments. The wealth of many medical empires is measured in the tens, if not hundreds, of millions of dollars. Using this measuring rod, free clinics are but fleas on the hide of the elephantine medical system.

Since the Haight-Ashbury Free Clinic opened its doors in 1967, free clinics, however, have experienced explosive growth in their own right. Today, upwards of 200 free clinics are operating and new ones are coming into being regularly. They see tens of thousands of patients annually and are staffed by many hundreds of community activists and health workers.

Free clinics, therefore, would be worth examining if only because of their sheer appeal and popularity. But serious analysis of free clinics is also needed because all free clinics have, with varying clarity, focused on a vision of good health care, which they try to represent in their activities. The vision came together during the 1960's in what the media has labelled "The Movement for Social Change." It is a distillation of the experience and beliefs of the New Left, underground culture, Black Power advocates, and OEO. The vision is founded on the twin convictions that: The American medical system does not meet the people's needs; and the American medical system must be radically restructured! It can be summarized by the following principles:

- Health care is a right and should be free at the point of delivery.
- Health services should be comprehensive, unfragmented and decentralized.
- Medicine should be demystified. Health care should be delivered in a courteous and educational manner. When possible patients should be permitted to choose among alternative methods of treatment based upon their needs.
- Health care should be deprofessionalized. Health

care skills should be transferred to worker and patient alike; they should be permitted to practice and share these skills.

— Community—worker control of health institutions should be instituted. Health care institutions should be governed by the people who use and work in them.

Free clinics have taken on the double tasks of meeting the people's needs and of radically restructuring the health system. In most cases they attempt this by serving as an example of good health care and a model for the future. Some also attempt to be instruments of change, by challenging existing health services as well as providing their own.

In the beginning, free clinics appeared to be a response to the needs of the youth culture movement. The new life style, with heavy emphasis on mind expanding drugs and communal living arrangements, resulted in a rash of health problems—from bad drug trips to nutritional deficiency. Traditional medical institutions were unsuited to the value system and the problems that the young patients had. For instance, kids on bad trips seen in emergency wards, often ended up in mental hospital wards, if they were lucky, in jails if they weren't. Rather than risk incarceration, many young people went untreated.

However, it doesn't take much digging to recognize that free clinics are not just a response to youth culture needs. They also have broad appeal in Black, Puerto Rican and Chicano communities. To people traditionally barred from medical institutions because of racism, cost and location, the attractiveness of "free" institutions, more accessible to their neighborhoods and perhaps even to their control, is evident. Free clinics rose on the wave of "black power" and "community control" to meet the centuries of unmet health needs in ghetto communities across America.

Free clinics are not just a response to the unmet needs of Black, Puerto Rican, Chicano, or hip communities. They are a response to the failure of America's traditional health institutions. The failure of doctors not only to treat bad trips, but to provide any minimal standard of care in ghetto communities; the failure of hospitals to

break down the hierarchy among health workers that fosters poor patient care; the failure of Blue Cross, and now Medicare and Medicaid to eliminate financial barriers to decent medical care. Free clinics are a response to the crisis in the American medical care system.

Attractions and Detractions

The free clinic response is indeed an attractive one. On the one hand, it directly serves people. It is a positive concrete step toward a vision of the health system as it should be in the future. "People have been promised change for so long, they will no longer accept your word for it. You've got to show them it can be done." Free clinics also provide rewards for those that work in them. Free clinics are one of the alternatives that *Vocations for Social Change* talks about, when it says, "[There] is a growing awareness that the kind of roles we are all being prepared for in this society—housewife, factory worker, executive, welfare recipient, etc.—cannot satisfy either our personal needs or our collective needs, and that alternatives must be found." Free clinics fit the rhetoric—"do your own thing" and "build alternative institutions."

This attractiveness of the free clinic movement can disguise the limitations manifest in current free clinic practice. Many of these shortcomings are discussed in the October, 1971 *Health/PAC Bulletin*:

— Free clinics are not successful in eliminating some of the principle disadvantages of out-patient departments: waiting time is long, there are no appointments, follow-up is shoddy, continuity of care is almost impossible.

— Free clinics are just as dependent on a limited supply of doctors despite their emphasis on skills transfer.

— Free clinics, because of limited resources, must make serious trade-offs: foreexample, of quality care is to be given to each patient, then fewer patients can be seen.

— Free clinics may demystify medicine, by removing the doctors' white coats and by taking away some of their "professional" prerogatives, but they often fall short of educating patients about their illness or about the politics of the health system.

— Free clinics, by and large, have not been able to overcome the obstacles to community/worker control.

Political Effects

In many ways most free clinics fail both patient and worker in not measuring up to their goals. For patients, the effect of free clinics, beyond the service provided appears to be minimal. Most free clinics have not established successful mechanisms for involving patients in the decision-making of the clinic, other than by becoming a worker in the clinic. Likewise, free clinics have not involved patients in struggles around the larger health institutions in the community. The result is that free clinics are limited in their effect on patients to the individual personal encounter at the time of receiving service.

There is more effect on the worker in free clinics than the patient. The non-professional health worker

PEOPLE'S HEALTH MOVEMENT

The following is a description of the activities of the People's Health Movement (PHM). Interested people should contact People's Health Movement, 3141 Bishop Street, Cincinnati, Ohio, 45219

The People's Health Movement (PHM) is an organization of welfare recipients, industrial workers, professionals, health workers and students. It has a membership of 300 people. It was started in February, 1971 when residents from many of Cincinnati's communities came together and expressed grave concern over the faltering health care delivery system in Cincinnati. Out of the meeting came a list of demands such as:

1. Family-oriented, community-controlled, comprehensive seven days a week, 24 hour a day health centers with backup services to all hospitals and supportive services from the Cincinnati Health Department.
2. Regular and emergency transportation services from the communities to health centers and hospitals.
3. All factories be inspected for safety and health violations at least once a year.
4. Environmental programs that expose and resolve health problems such as poor housing, malnutrition, lead poisoning, rat infestation, venereal disease, air pollution, sickle cell anemia, and all other forms of health exploitation and oppression.
5. Change in the city Charter so that more working people could be on the Board of Health.

The People's Health Movement has focused its attack on the Cincinnati Health Department because it is the agency that has the legal responsibility for serving the health needs of the residents of Cincinnati. So far PHM has forced the Health Commissioner to resign, was involved in choosing the new Commissioner, has forced the Board of Health to resign and managed to have one of the five successors be a person chosen by the PHM, has forced the City Council to amend the City Charter to expand the Board of Health and has fought along with local communities to improve the neighborhood health centers.

The PHM has attempted to provide a focal point around which working people can begin to have their needs met. The struggle has just begun. The following is a quote from the draft of the People's Health Movement manifesto:

The PHM intends to keep those who control the health industry from moving along without our voices and needs being heard. Health care is the right of all people; not a privilege of those who happen to be rich and influential. We know our needs and refuse to have them shuffled about and overlooked.... We will struggle to destroy this system that treats us not as people but as animals and in its place create a system that includes our goals and is responsible to us.

gains self-confidence, not merely by learning new skills, but also by running a health clinic. Free clinics often do represent experience on the first few rungs of workers' control. Whether this gets translated in to the desire to control the dominant health institutions in the community, the hospitals or the health department, is left to chance or circumstance.

For the professionally trained health worker, free clinics do represent an experience in de-professionalization. This experience is not just a matter of superficial style, but involves challenges to professional prerogative and privilege. Thus patient advocates may criticize doctors for their attitudes toward patients or confront them about their inconsistent prescribing habits—unheard of practices in any hospital. However, confrontation tends to be limited because the professionals on whom all free clinics depend are in short supply. They must not be “turned off” or else the clinic folds. In addition, professionals are seldom pushed by their free clinic experience to struggle within the institutions they train and work.

To be sure, some health professionals have their eyes opened when they are taken from their secure institutional environment and placed in direct contact with a unfamiliar patient environment. Similar experiences occurred in the Peace Corps and VISTA. But there is no evidence that this awareness leads to commitment, or that it even is an inevitable concomitant of the free clinic experience. Equally common is the observation of one Chicago free clinic coordinator: “Many medical students say they’re committed to the community. And to a limited extent they are. But their commitment only goes so far. When they graduate they go work in sunny Arizona. You ask them why they don’t intern at Cook County Hospital, they say: ‘I can’t hack it anymore.’ That’s how far their commitment to the community goes.”

If free clinics have a limited effect on patients and workers, their record in the community is equally disappointing. Free clinics offer real opportunities for community outreach and political education about the health system. They could initiate programs of door-to-door screening for anemia, lead poisoning and tuberculosis. They could indict landlords, City Health Departments and even medical empires for neglect of these health problems. But few clinics have had the money or manpower, to say nothing of the political analysis, to realize this potential. Free clinics fear being overburdened by the health problems they discover. They do not see outreach as an opportunity to push on the responsibility of the dominant health institutions in the community.

Few clinics have the vision of the Young Patriots Organization in Chicago, which hopes to develop a “health cadre” to provide emergency care, treatment of minor illnesses, screening services and offer medical advice and assistance on-the-spot in every apartment house in Uptown. As one young Patriot put it, “I can treat ninety percent of the patients walking in the clinic. I can’t see why we can’t train other community people to do the same. If we find problems we can’t deal with, then we’ll force the hospitals to help.”

Alternate Institutions

It is an assumption of many free clinic advocates that “Free clinics, as alternate institutions, are threats to the system”. This is an elusive concept. Free clinics aren’t competitive with existing health institutions. No doctor’s office or hospital’s clinics is threatened with closure by the mere existence of a free clinic. While free clinics, in and of themselves, are not a threat to the system, those free clinics that support community struggles against the health system are closer to that ideal.

But there is a fine line between challenging the health system and actually doing its work. Free clinics actually take the heat off other health institutions by filling the gaps which they have left, while still maintaining the community’s ultimate dependence upon local medical institutions. Free clinics admitted they were not hassled by the establishment because they were doing the system’s job. This became blatantly obvious when one local city hospital began to refer patients to the free clinic for physical examinations. In another city, when the Health Department ran out of tetracycline, they came to the free clinic to replenish their supplies.

Another free clinic assumption, “We’re free therefore we’re political”, collapses with more careful examination of the price free clinics pay to remain “free”. Most free clinics depend on hospitals, drug companies and City Health Departments for supplies, manpower and grants. It can become difficult to bite the hand that feeds you. As one clinic spokesman said, “Taking money from the medical school is fine, but what happens next year if after we’re dependent on it, the medical school demands we allow our patients to be used as teaching material?” As long as clinics depend on institutions in order to provide their free services they will be deterred from conflict with the existing health system. The amount of time it takes to simply run a clinic can also deter them from taking an active role vis-a-vis institutions. As one clinic person said, “If we could do our job politically, they’d close us down in a week.”

In addition, if free clinics become more effective in community outreach, they will become more desirable plums for the medical institution pie. Free clinics can relate to populations that staid medical institutions find it difficult to accommodate. Thus free clinics may become more friendly outposts in the hostile communities that surround many of the major medical institutions in America. So existing medical institutions may have a real interest in free clinics and a desire to incorporate them into their own framework. Perhaps this explains the willingness that an increasing number of medical schools and health departments have demonstrated in supporting free clinics.

Institutional Confrontation

Providing service is one response to the failure of the American health system. It is attractive because of the tangible alternative building that it offers. Institutional confrontation is another response, though still somewhat

untried, that offers potential to effect far wider change. The power and resources of the American health system lie in institutions. Therefore, changes in institutions have great consequence for the delivery of health care.

Institutional struggles affect the lives of those working in institutions as well as those using them. Institutional confrontation targets the struggle at those most responsible for the failure of the system.

The Young Lords Party in New York City decided not to establish any free clinics in El Barrio. Rather they sought to challenge existing health institutions to perform their stated functions. The Lords exposed the Health Department for not using its 40,000 lead poisoning testing kits by demanding that the Health Department release some of the kits for a Young Lords' screening program. In another program, the Lords discovered 800 positive tuberculin cases through door-to-door screening in East Harlem. The next step was to have the people x-rayed. The Lords found that patients had to wait up to 6 hours in the local hospitals just to get a chest x-ray. Few patients could afford to miss a day's work or pay for a babysitter. Therefore, the Lords asked the Health Department to re-route one of its mobile chest x-ray units to East Harlem to do the necessary testing. When the Health Department refused, with media present, the Lords hi-jacked the truck (with the cooperation of the driver and x-ray technician), brought it to East Harlem and took the necessary x-rays.

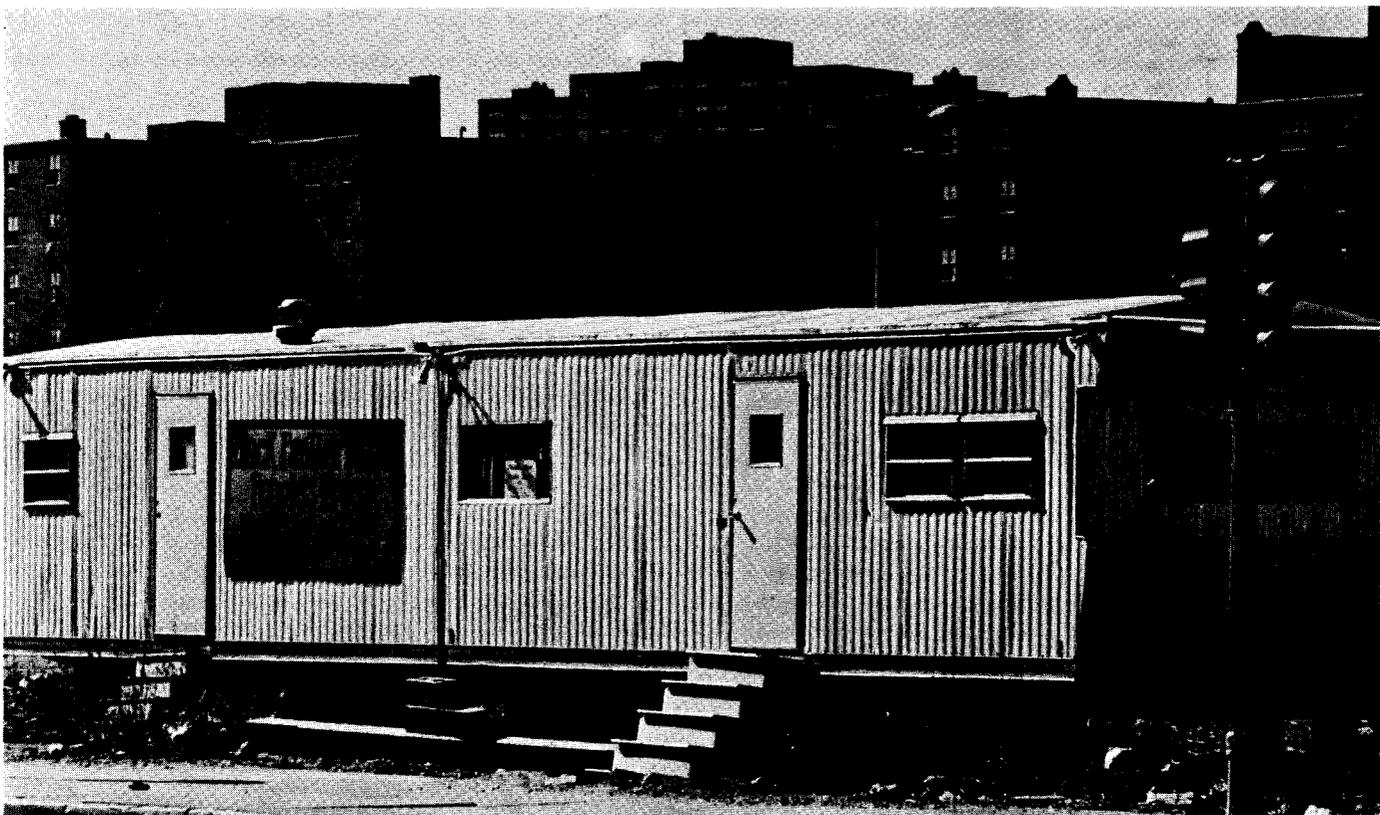
Institutional confrontation also has the potential to resolve many of the contradictions that presently abound in free clinics. It unites the disparate forces that relate to free clinics. Patients can become involved with the free

clinic around its struggle with other health institutions. Health workers can connect their free clinic work with struggles in the institutions where they train and work. Institutional confrontation brings new problems to free clinics, but helps to resolve many of the old ones.

Chicago—The Hub

Several of the free clinics in Chicago have adopted this approach, both out of choice and necessity. Their early requests for back-up services and specialty consultations developed into confrontation situations. At Weiss Hospital, located in the same neighborhood as the Young Patriots Clinic, there was considerable resistance to developing a relationship to the free clinic. Several demonstrations were necessary to convince the hospital that it should accede to community requests. At Northwestern Medical Center, the path was paved by the active support of medical and nursing students in coalition with hospital workers. Many of these students and health workers also worked in the Latin American Defense Organization (LADO) free clinic located in a Latin American neighborhood on Chicago's north side. The students had pressed their own demands for minority admissions and improvement in the outpatient clinics through a 24-hour sit-in in the dean's office, prior to LADO's demand for a contract with Northwestern. This history facilitated LADO's negotiations with the medical center.

The contract includes (1) that referrals from the LADO clinic be accepted at Northwestern Outpatient Laboratory and Clinics (2) that Northwestern extend malpractice in-



insurance to cover professionals who work at the LADO clinic (3) that Northwestern provide \$1000 per month in drugs, supplies and equipment to the LADO clinic for one year (4) that Northwestern waive fees for patients who are unable to pay.

The contract finally signed by Northwestern was used by LADO to pressure St. Mary's and St. Elizabeth's Hospitals, two community hospitals to admit Spanish speaking patients. In the past, St. Mary's had refused to take any obstetrical patients from the Spanish-speaking community because an administrator said, "We can't understand them and they scream too much."

Over the past year, Chicago's free clinics have also been involved in a continuous struggle with Mayor Daley's Board of Health, which has been trying to close down the free clinics. Chicago is the only city where the mere existence of free clinics was found to be politically threatening. Thus Daley's Board of Health has decided to employ an end-run around the free clinics by opening up eight new clinics, virtually adjacent to the existing free clinics. The LADO clinic has been able to raise sufficient community pressure together with student and health worker support at Northwestern Medical Center, to prevent the opening of the Board of Health Clinic in their neighborhood.

The Young Patriot's Community Health Service adopted a different tactic toward the Board's clinics. Rather than try to stop the opening of the Health clinic, the Young Patriots have insisted that the City clinic provide better services. In November, 1970, 200 people occupied the Uptown Board of Health Clinic and demanded "24-hr a day, seven days a week, full health services as well as free transportation and child care." In addition, the protestors insisted upon "full community control of clinic policy and personnel."

The Chicago free clinics maintain a constant barrage of criticism aimed at the health establishment. Hospitals that fail to deliver services are challenged. Free clinics are the base from which community and health worker activists attack institutions. The mimeograph machine is as important as the stethoscope. Besides maintaining a high level of institutional confrontation, many of the Chicago free clinics have encouraged professionals that work in the clinics to organize in their own hospitals as well.

For some people working in free clinics, the time commitment is so great that they feel extremely pressed. As one Chicago medical student put it: "I think the free clinics are the most important political development in the city. But the time involved is so great I can't do anything else." Another Chicago doctor suggests the solution to this dilemma is "to encourage loose hospital-based collectives. It's easier to develop the consciousness needed to continue the struggle back at the hospital itself."

Alliances between community organizations and workers within health institutions have contributed to the viability of the Chicago free clinics. Thus Daley continues his efforts at repression. Most recently, Obed Lopez, a leader of LADO was arrested for "operating a clinic without a license." When he objected that he was not personally responsible for the clinic's operation, the arresting officers demanded that he turn over the names and addresses of all personnel who work in the clinic. When he refused to do this he was jailed.

The Chicago free clinics have seen themselves as more than alternate institutions. They have seen the necessity and used their opportunities for institutional confrontation. Unless other free clinics adopt this course, they will either wither and die or become incorporated into the established health delivery system.

Inflation, Recession and Crisis (continued from page 19)

Aid and military operations can be costly. From 1960 to 1965, U. S. spending abroad on costs of empire averaged \$5.5 billion a year. When major spending for the Vietnam War began, the costs of empire increased, averaging \$6.9 billion a year from 1966 to 1971. Thus the direct spending on the war, as well as the war-related inflation, contributed to the current balance of payments problems.

Short-run Capital Flows: Precipitating the Crisis

While trade problems and costs of empire lie at the roots of the crisis, the international movements of short-term capital investments affected its timing. The importance of these short-term movements should not be ignored. They reflect the increasing integration of international capital markets, and the present crisis illustrates how that integration can hamper the activity of a national government attempting to regulate "its own" economy.

The balance of payments difficulties attributable to

trade and costs of empire began to appear in 1966 and became substantially more serious in 1967-69. However, rising interest rates in the U.S. accompanied by economic difficulties in Europe resulted in a large inflow of short-term investments—i.e., investments in short-term bonds and securities—into the U.S. This forestalled for a few years the coming balance of payments problem.

By 1970, the increasing severity of the recession in the U.S. led the government to push down interest rates to stimulate investment in productive activity. Instead of inducing investment, the lower interest rates, along with more stable conditions and higher interest rates in Europe, resulted in a huge flight of short-term capital from the U.S. Short-term capital flows, which amounted to a \$9.6 billion inflow to the U.S. in 1969, plummeted to a \$5.8 billion outflow in 1970—a virtually unprecedented change of more than \$15 billion in one year. Further declines in the U.S. interest rate and continuing better conditions in Europe led to a further outflow of capital: in early 1971 the balance of payments deficit from short-term investment flows

was running at an annual rate of \$10.7 billion. It was these dramatic shifts which brought the balance of payments crisis to a head in 1971 rather than 1969 or 1973.

Beyond the effect on the timing of the crisis, the importance of short-term capital flows is twofold. First, the increasing internationalization of capital markets, a victory for capitalist expansion, forces all major capitalist countries to maintain near-identical interest rates. Manipulation of the interest rate, one of the traditional instruments of government economic policy, can no longer be employed to counter recession or inflation.

Second, Nixon and the mass media are probably wrong in attributing these movements of short-term investment to "international speculators" More likely the culprits are not the stereotyped scheming individuals—the "gnomes of Zurich"—but rather the treasurers of U.S.-based multi-national corporations. These treasurers are responsible for the tremendous cash balances maintained by their companies; they would be remiss in their profit-maximizing duties if they failed to use their cash wherever it provided the highest quick returns. (Companies with a few million dollars of cash on hand do not keep it all in a checking account.)

Thus the internationalization of capital markets, and the use made of those markets by large corporations, limits the freedom of individual governments to regulate their economies, illustrating the contradiction that arises in advanced capitalism between international integration and nationalism.

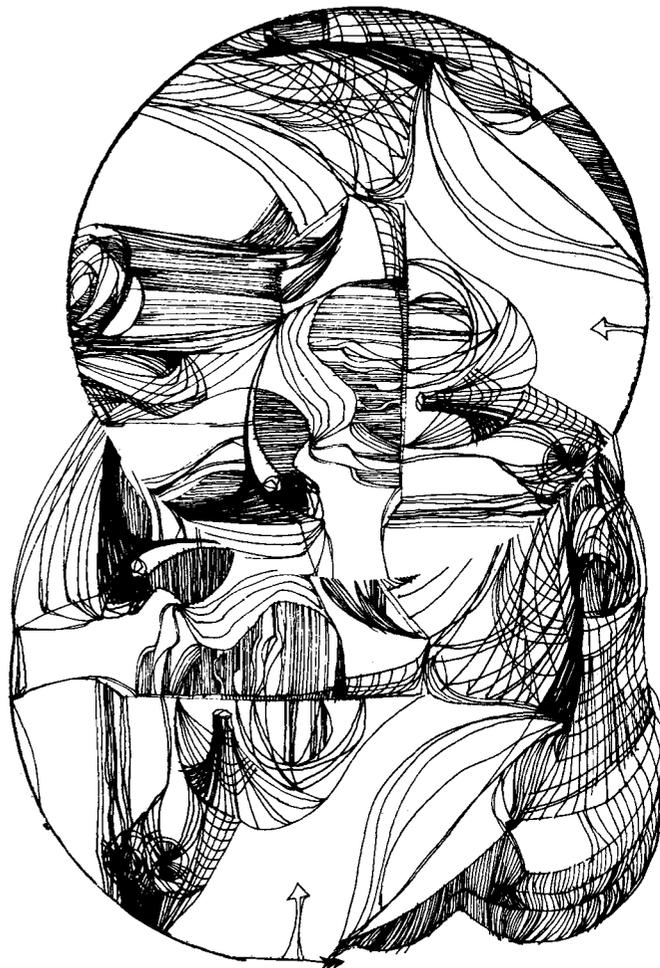
Balance of Payments: A Summary

The forces affecting the balance of payments operate at very different speeds. Short-term investment fluctuations are the quickest and most dramatic, sometimes reversing direction within a year or less. The effects of war and inflation are somewhat slower and less volatile; in the relevant time period, they can be observed by comparing five- and six-year averages. The slowest forces, changes in foreign competition and in returning foreign profits, take decades to make themselves felt.

The shortest-term forces obviously affect the timing of any particular crisis. But a crisis caused exclusively by short-term investment flows probably would not cause serious difficulties to any major capitalist power. The current balance of payments crisis has longer-run causes. The trade deterioration of the late 1960's, apparently resulting from war-related inflation, and the rising costs of empire during the Vietnam war, seem to be the principal factors causing the long-term balance of payments deficit. We see no evidence that the longest-term factors are significantly involved in the current crisis; important as they may become, their effects still remain limited.

3. Nixon's Program and Where it is Leading

The seriousness of the international monetary crisis, coupled with the mounting pressure of domestic events and the impending election, left the Nixon administration



little leeway. The government might have waited a month or two and it might have postponed strong action even further by some lesser regulations.

Having chosen to act, Nixon had no general alternative to the policy he has pursued. To succeed the government policy must achieve expansion without inflation, and it must at least show signs of progress in this direction before the 1972 election—sooner than inflation could have been controlled without direct price controls. The wage-price freeze is not permanent; it will be replaced by an “incomes policy” in phase II, permitting gradual, but still controlled, increases in wages and prices.⁷ Such controls, together with expansionary policies, were the only option Nixon possessed.

The program had to be one that would freeze everything but profits. (Only in a situation of total crisis, such as World War II, can business be expected to tolerate a “profit freeze” of any sort; and even during that war business did not do so badly.) Aside from special provisions and the difficulty of enforcing the price side of the freeze a wage-price freeze automatically favors profits. As output per worker rises, but wages remain constant, the amount of product sold can increase while costs are unchanged. Rising sales revenues with constant costs means increasing profits.

In the U.S. output per worker has been increasing at 2% to 3% annually since World War II; with increasing productivity a wage-price freeze automatically boosts profits. (Since profits are usually about 10–15% of sales, the 2–3% productivity gains would yield profit gains of 10–30% with fixed prices and wages.) The phase II incomes policy will probably tie wage and price increases to productivity increases, to eliminate this extreme bias of the total freeze.

The discussion of a “profits freeze” reflects a basic misunderstanding of capitalism. For the system to grow profits must be heated up, not frozen. That is the way capitalism works. Within the capitalist system the controls on wages and prices, but not on profits, are rational; more “humane” or “equitable” alternatives were not possible.

To call for a profits freeze, or to join the liberals in carping at the especially blatant aspects of the program is to encourage the idea that the economy’s problems could be solved by a liberal administration. But a liberal government, no less than a conservative one, would have to maintain the smooth functioning of the system. At most the talk about a profits freeze might lead a Democratic administration to a trivial increase in the corporation income tax rate, to create a pretense that business, also, is suffering from austerity. And beyond the profits freeze issue, most liberal politicians have only minor criticisms of Nixon’s program. It is what they would have done themselves.

The efforts to expand the economy and curb inflation were dictated by the international as well as the domestic needs of U.S. business. With wages and prices held down, the international competitiveness of U.S. goods would improve. Here again, workers pay the costs of overcoming the crisis. And here again there was little alternative within the system.

The Meaning of Direct Intervention

It is quite significant that U.S. capitalism has come to a point where there is no alternative to direct government intervention in the determination of wages and prices. Although many European capitalist governments have pursued these sorts of policies for years, U.S. government and business alike have shied away from such programs. Indeed the prerogative to make price, wage and production decisions without government interference has long been seen by U.S. business as the foundation of economic success.

When U.S. business leaders welcomed the wage-price freeze, they saw it as an escape from crisis, not necessarily as a permanent new order. They will use the freeze as best they can, but if the circumstances change they may exert pressure for a return to old, indirect forms of government policy.

But are the circumstances producing the freeze so ephemeral? The current crisis, in both its international and its domestic aspects, results in large part from the war in Vietnam. While U.S. intervention in Southeast Asia is not about to end, and there will no doubt be other war in the future, military action on the scale of the late 1960’s is probably not a permanent state.

Nevertheless, our analysis has suggested that the traditional policies work well only when the economy is free of serious wage-price spirals and when the government is free of strong domestic and international political constraints on its budget. The political limitations should be stressed: the stronger the opposition facing the U.S. government at home and abroad, the greater the need for direct controls on the economy.

And even in otherwise ideal circumstances, the scope of indirect government policy is now more limited than it used to be: international movements of short-term investments force all capitalist countries to adopt nearly the same interest rates, removing one traditional policy instrument from the hands of national government.

Thus there are dim prospects for a long-lasting reversion to the old system of indirect controls. The new controls will remain a recurrent, if not quite permanent, feature of American capitalism.

Will the New Policies Work?

But the question remains, will the new policies succeed where the old ones failed? There is little doubt that the policies can initially succeed in at least one area—controlling inflation. And if we are correct in our analysis of the current inflation as a wage-price spiral set in motion by forces no longer active, breaking the spiral may reduce inflation for a considerable period of time.

As to moving the economy out of recession, the immediate prospects for the program are less favorable. As of this writing (October 20) usual economic indicators—the industrial production index, new housing starts—show little sign of an upsurge in the economy. Nixon’s intentions for Phase II and beyond remain opaque. The

longer there is confusion about the program, the longer business will wait before starting new investment or expansion of production, and consequently the slower the recovery will be.

One aspect of the confusion about Nixon's intentions has been much noted by Paul Samuelson and other liberal economists. Despite proclamations that the new policies are designed to create jobs and economic expansion, Nixon's August 15 announcement projected no increase in the government deficit. Tax reductions were to be met by reductions in government spending, including some direct cuts in government employment. But it would require an increase of the government deficit—i.e., of the government's demand for goods and services beyond its tax revenues—to obtain a strong and sustained expansion.

Rather than joining the liberal economists in "hoping" Nixon did not mean what he said, we may surmise that he has a fairly good public relations staff. The budget-balancing in the initial program was necessary to make the anti-inflation program seem convincing. Later, when the election is a little closer and when there will likely have been some success in controlling inflation, Nixon may well announce a reversal and advocate deficit spending to attack unemployment. This announcement would leave the liberals no leg to stand on in the final months of the campaign. Until such an announcement, however, Samuelson's skepticism about the job-creating aspects of the program is justified.

From the point of view of business, the failure of the policies to reduce unemployment is not an unmitigated loss. Of course businesses do not advocate recession; but neither do they enjoy the very low unemployment rates (i.e., the scarcity of labor) which characterized the late 1960's. The four-year period, 1966 to 1969, when the unemployment rate stayed below 4%, was bad for profits. Businesses can be expected to encourage government policies that, while promoting economic growth, stop short of unpleasantly full employment.

A solution to the domestic crisis would go a long way towards solving the balance of payments problem as well. Effective control on inflation would increase the competitiveness of U.S. goods in world markets, thereby increasing the U.S. trade surplus.

But there are other issues in the international situation beyond simply the competitiveness of U.S. goods. The real question is this: will the U.S. be able to establish a new set of stable political and economic relations to replace the earlier arrangements from the period of unchallenged U.S. hegemony? Obviously, the actions taken on August 15—floating the dollar, introducing the surcharge, etc.—are only a first step towards creating those new arrangements.

In fact, the extreme measures that the Nixon administration took, most notably the 10% surcharge on imports, seem to be either a bluff—perhaps an opening maneuver in negotiations—or the result of an overestimation of the continued extent of U.S. power. Most likely the surcharge will be bargained away in return for some concessions abroad, e.g., a more rapid opening up of the Japanese eco-



BOOKS ON WAR CRIMES— A VERY HIGH PRIORITY REQUEST

The DRVN Commission for the Investigation of U.S. War Crimes in Viet Nam urgently needs copies of the following books (of which it has knowledge but no access).

1. *Vietnam and Armageddon*, R.F. Drinan SJ, N.Y. Sheed Ed.
2. *The Village of Ben Sue*, J.Schell, N.Y. A.A. Knopf
3. *Why Are We Still In Vietnam?*, S. Brown, N.Y. Random House
4. *Nuremberg and Vietnam: An American Tragedy*, Tel-ford Taylor
5. *One Morning in the War*, Richard Hammer, Coward McCann
6. *In the Name of America*, Seymour Melman, Richard Falk
7. *The Military Half*, J. Schell, N.Y. A.A. Knopf
8. *Casualties of War*, D.Lang, N.Y. McGraw Hill
9. *Chemical and Biological Weapons*, S.Rose, Beacon Press
10. *Chemical Warfare*, Maj. F.J. Brown, Princeton
11. *Crimes of War*, R.A. Falk, N.Y. Random House
12. *Ecocide in Indochina*, Barry Weisberg, N.Y. Canfield Press
13. *Efficiency in Death*, The Council of Economic Pri-orities, N.Y.
14. *Militarism U.S.A.*, J.A. Donovan, N.Y. Scribner's
15. *Revolutionary Non-Violence*, D. Dellinger, N.Y. Bobbs-Merrill
16. *The Silent Weapons*, R. Clarke, N.Y. David McKay
17. *The Social Responsibility of Scientists*, M. Brown, N.Y. The Free Press
18. *The Ultimate Folly*, R. McCarthy, N.Y. A.A. Knopf (published in the *New York Review of Books*)
19. *Some Notes on the War and White Ethnic Groups*, Father Andrew Greeley, National Opinion Research
20. *American Opinion of the Vietnam War*, James A. Davis, (Dartmouth College)

In addition to the above books the commission re-quests copies of other books—regardless of political orien-tation—about the war and particularly about war crimes.

nomy to U.S. investment.

It is possible, however, that the Nixon administration will resist compromise and the situation will spark a series of counter measures and trade wars. This alternative would work against the interests of the U.S. based multi-national enterprises; since they include many of the largest firms in the economy, we are inclined to believe their interests will prevail.

A more difficult problem arises when the U.S. at-tempts to reduce the costs of maintaining the empire. Both Nixon and Connally have emphasized the need for other advanced capitalist nations to share the costs of "free world defense." But the U.S. faces a dilemma: it is difficult to share costs without sharing power. Only if other measures fail to improve the balance of payments will the U.S. gov-ernment willingly cede any of its military power. Such a redistribution of power, if it occurs, will mark at least as great a step away from U.S. hegemony as does the present crisis.

4. The Economy and the American Left

The most important issue, in any case, is to deter-mine the political implications for radical action in the United States. One point stands out as particularly impor-tant in the analysis of both domestic and international problems: the U.S. aggression in Southeast Asia lies at the heart of the current crisis of U.S. capitalism.

The war was the catalyst in the domestic crisis and has placed severe constraints on the ability of the govern-ment to deal with economic problems. Partly through in-flation and partly through direct war spending, the war has also brought on the international crisis.

An international crisis might have come, even in the absence of war, as a result of slower, longer-run forces like rising foreign competition. But in explaining this par-ticular crisis, the war is the central issue. Nixon's talk of international speculators, or the fascination of many radi-cals with international monetary problems and long-run crises of capitalism must not distract the left from contin-ued focus on the war. The analysis of the economic crisis underscores the potential of continuing anti-war action.

The usefulness of the action is twofold. First, the war would not have had nearly such serious economic con-sequences had the government been able to make it popu-lar and pursue it openly. Then open taxation and direct controls (as during World War II) would have been ac-cepted, limiting government deficits and inflation. The course followed by the economy would then have been very different.

The American left, despite its shortcomings, has played an important role in limiting the government's ability to pursue the war. If the anti-war movement can be revitalized the war can be made a continued burden to U.S. capitalism. As the left backed up the struggle of the Vietnamese and helped force Johnson to resign and Nixon to drastically alter the nature of the war, so now more action can hamper the U.S. operation even further.

A second important lesson for action derives from the

importance of the war in the present crisis. The situation provides natural opportunities for relating the immediate economic circumstances of many people to the war and to the basic nature of capitalism. A basis for such political work exists in the popular hostility towards Nixon's program, especially among organized labor. Without being unduly optimistic about the possibilities of the left creating ties to the working class, we do see new chances both for widening the base of opposition to the war and for expanding support for a left interpretation of the crisis.

Aside from the issues relating to the war, there is another lesson to be drawn from the international situation, relating to the new power relations among capitalist nations. While the relationship among capitalist powers is not likely to revert to a pre-World War I level of antagonism, it is clear that national conflicts within the developed capitalist world will become increasingly important. With those conflicts can come resurgence of popular chauvinism to supplement the waning force of anti-communism as the ideological basis for U.S. foreign policy.

There is a significant danger that the American left could become a party to the development of that chauvinism. The pre-World War I socialist parties of Europe illustrate that such has been the fate of our predecessors.

Furthermore, it is quite possible that conflict can develop alongside of integration of capitalist economies. As capital shifts the location of particular production activities, workers would see themselves losing jobs to foreign labor and would become easy prey for a chauvinist revival. Opportunism on the left could easily dictate capitulation to this chauvinism in order to gain quick popularity within the working class.

Organized Labor and the Left

The events of these months do change class relations in the United States. We noted at the beginning of this essay that the customary pattern of union activity in the U.S. channels class struggle into isolated wage struggle. Such a situation creates well known difficulties for the left. In particular, wage struggles tend to fragment the working class and to divert workers from struggles over control.⁸

The new circumstances created by direct controls seriously alter traditional union practices. Three possible outcomes can be suggested.

First, wage controls might transform disputes over wages from conflicts with individual employers to struggles against the government. This seems unlikely, especially since the AFL-CIO leaders have agreed to serve on the government pay boards. A confrontation with the state over wage controls could only be carried out by a more radical labor movement than exists in America in 1971.

Second, with wage demands absorbed and co-opted by the new bureaucratic apparatus, union activity might increasingly focus on local struggles over working conditions and control of the workplace. This alternative is more likely than the first one; in areas where there are strong militant groups within local unions it may well happen. But imagining that local non-wage struggles could quickly

SCIENCE FOR VIETNAM REPORT

The November issue of *Science for the People*, in the article *Science for Vietnam*, indicated topics where information would be useful to the Vietnamese. Topics included were cell and molecular biology, mathematical biology, population biology, warfare damage, herbicides, forestry, etc. *Science for Vietnam*, newsletter number 4, gives additional topics and needed information. Those interested in becoming involved with Science for Vietnam or who have needed information should contact Science for Vietnam, Biology Department, University of Chicago, Chicago, Illinois 60637

Groups in the following cities have begun working on Science for Vietnam:

Madison: A newsletter is being put out, and packet-gathering is in progress. Bibliography on rice diseases has been compiled.

St. Paul: Collecting books listed at the end of the request list. *People can send those books, or any others on Indochina, to them.* Meeting of SFVN held Saturday, October 9—45 to 40 people who were genuinely committed attended.

Evanston, Ill.: Work has begun looking into the use of strip farming using grass or legumes to fight erosion. People with information or interest contact Sarah Ludden and Dave Culver, Dept. of Biology, Northwestern University.

St. Louis: Getting together a packet on techniques of organic gardening that might be applicable to the Vietnamese. Also, subscriptions to *Unasyva* (FAO journal) and *Tropical Abstracts* are being forwarded to the Vietnamese.

Chicago: Packet on plastic pellet problem and some course bibliographies being sent. Collections of lab equipment, books, and cultural material mentioned in request list have begun. Experiment on effects of herbicides on soybeans in planning stage.

become widespread probably involves an exaggeration of the strength of labor radicalism today.

Finally, wage conflicts may be absorbed into the bureaucratic apparatus, but in a manner surrounded with legalistic confusions, conflicting jurisdictions of various commissions and councils, dozens of loopholes and escape clauses, etc. A natural tendency for labor union activity might be to convert struggles over wage demands into legal disputes, having the union lawyers try to find the right loophole in the wage controls for each union. Bureaucratized legal disputes over wages are unfortunately quite compatible with the ideology of labor leadership; it is not certain, but quite possible, that most union members will at least initially accept this new conservative pattern of union activity.

Which of these trends prevails—the tendencies toward radicalization or the tendencies toward increased bureaucratization—is ultimately a political question. There are clearly new opportunities for us to build activity within the ranks of organized labor. Without such activity the bureaucratic tendencies will surely prevail.

It would be foolish to imagine that we can have an immediate impact on the politics of organized labor. But the Nixon program of economic controls will be around for quite a while—long enough for us to develop a coherent response and perhaps become a relevant political force.

Indeed, throughout the analysis of the economic crisis political forces play a crucial role. These political forces are conditioned, but by no means mechanically determined, by the economic factors. The success or failure of the Nixon program, and the ultimate effects of the current crisis, depend on the reactions of many groups, including the Vietnamese people, the U.S. labor movement, and other capitalist governments, as well as the American left.

Above all, the political as well as economic effects of the war in Indochina are central to an understanding of the current crisis. A socialist response to the crisis must link opposition to Nixon's program both to the war and to the entire system of American capitalism.

APPENDIX

Fixed Exchange Rates and Dollar Reserves

One need not have a detailed understanding of the workings of the international monetary system to comprehend the current crisis. Nonetheless, the following general remarks may serve the reader as a useful supplement to our argument, especially that at the beginning of section 3:

Fixed exchange rates are useful to trade because they allow a business to make plans based on knowledge of the future value of its trading partner's currencies. However, maintenance of fixed exchange rates places a considerable burden on the governments involved: they must continually prevent the normal workings of supply and demand from driving the value of their currencies up or down.

For instance, suppose that Britain experiences more rapid inflation than the countries it trades with. Then

British exports become higher priced, i.e., less competitive, in world markets. Other countries, buying less British exports, have less need for pounds, so the demand for pounds declines. If currency values fluctuated freely, like the prices of stocks in the stock market, the reduced demand for the pound would immediately result in a lower price for the pound (in terms of dollars or gold).

Under the fixed exchange rate system, however, the British government must use its reserves of dollars or gold to buy pounds, thus adding to the demand for the pound and eliminating the downward pressure on its price. Simultaneously, of course, the government would make efforts to halt the inflation, restore the competitiveness of British exports, and revive the *normal* demand for the pound. (This is a hypothetical example to illustrate the workings of the exchange rate system, not an actual explanation of recent British balance-of-payments problems.)

Thus a country with substantial reserves can prevent short-run economic fluctuations from altering the fixed value of its currency. But it may turn out, of course, that the causes of pressure on the value of a currency are not short-lived factors. In the capitalist world, development necessarily proceeds unevenly among countries. As a particular country falls behind or moves ahead, the fixed rate between its currency and the dollar becomes more and more out of line with the real relationship among economies. The long-run slow-down of the British economy and its decline in efficiency relative to other nations, and the long-run relative rise in efficiency of the West German economy are cases in point. Buying or selling the currency with reserves of dollars is only a stop-gap measure. Ultimately a devaluation or revaluation—a decrease or increase in the fixed value of the currency—becomes necessary; and this is exactly what happened, respectively, in Britain and West Germany.

Such an adjustment in exchange rates can be a major disturbance to international economic activity, especially when undertaken by one of the major economic powers. If, however, it occurs only infrequently, it is not a large price for capitalism to pay for the otherwise stable conditions that fixed exchange rates provide.

The post-war system of dollar-based fixed exchange rates provided a stable basis for trade beneficial to business in all capitalist nations. However, the system had other aspects which, by causing the accumulation of dollar reserves around the world, serves the particular interest of U.S. capitalism.

The fixed exchange rate system requires that countries hold reserves in one of the stable currencies, most notably the dollar.⁸ (There is not enough gold, and the world supply of gold is not increasing fast enough, for it to rival the dollar as the principal reserve.) The reserves held by a government (usually by the central bank) are used in the purchase of its own currency that are necessary to maintain the fixed exchange rate.

Dollar reserves do not just fall from the sky. The number of dollars in a country increases when the country has a balance of payments surplus, i.e., when the country's

receipts from abroad (on exports, etc.) exceed its foreign expenditures (on imports, foreign investment, etc.). Then businesses and individuals will have more dollars than they need, sell them to the general bank for local currency, and thereby increase the government's reserves.

Conversely, when a country has a balance of payments deficit, meaning that foreign expenditures exceed receipts from abroad, more dollars are leaving than entering the country. The central bank may then have to use up some of its reserve to finance the foreign expenditures. Thus in order to build up increasing reserves, a country must over the long run have a balance of payments surplus.

The system of dollar reserves—deriving from the strength of the U.S. economy and the system of fixed exchange rates—yields an important benefit for U.S. business and government. Other capitalist countries have an increasing demand for dollar reserves as their economies grow. The total world-wide demand for dollars for increasing reserves has averaged close to two billion dollars a year during the 1960's.⁹ To accumulate these reserves, the other capitalist countries must achieve a balance of payments surplus totalling that same amount, \$2 billion, every year.

The United States, however, as the source of all these dollars, is thereby able to run a balance of payments deficit of the same amount to supply the world with increasing revenues. In effect reserve holdings are supplying an important credit to U.S. business and government for international operations. The U.S. can spend several billion dollars a year on military operations abroad, foreign investment, imports, etc., in excess of its receipts from abroad without worrying about balance of payments problems or the value of the dollar.

An analogy may clarify the role of the dollar as a reserve currency. Suppose that you were a famous movie star and all your friends saved your checks and didn't cash them in because they wanted to keep the autographs. You could then write more checks than you could afford to cash in; your friends would be financing this extra expenditure of yours by reducing their own spending in order to save up your checks.

European central banks have no sentimental attachment to the autograph on the dollar—their reasons have been explained above—but the mechanism is the same. The need for dollar reserves provides an important credit to U.S. business and government for international operations.

What has happened, in short, is that the total dominance of the U.S. in the international capitalist economy after World War II led to a system being established—partly formal and partly de facto—that further enhanced the relative position of the U.S.

REFERENCES

1. Expressing amounts in "real" forms means that the figures have been corrected to eliminate the effects of inflation. For example, if income rose from \$100 to \$110 while there was a 5% inflation, we would say that real income increased by only 5%.
2. The remaining roughly 15% of national income is unincorporated business income, income of farm proprietors, rental income of persons, and net interest (of financial institutions).
3. The oft quoted average, however, obscures the real picture. First, government and agriculture workers are excluded from the figure. Second, and probably more important, since the composition of the work force has shifted with higher employment rates to include more low paid workers — e.g., blacks and women — it is possible that everyone's wage could rise while the average remained constant. Imagine an economy with one man working with a wage of \$100/week and one woman working with a wage of \$50/week in 1965. The average wage would be \$75. In 1969 there are two women and one man. The man gets \$110/week, each woman gets \$55/week, and the average is \$73.33. The average goes down while everyone's wage goes up. Something like this actually was happening in the U.S. economy during these years. The point emphasizes the fact that for political purposes it is always necessary to look beyond the simple, gross averages.
4. This calculation uses after-tax profits, while the income share figures, above, refer to before-tax profits.
5. See H. Magdoff, *The Age of Imperialism*, Monthly Review Press, 1969; and A. MacEwan, "Capitalist Expansion, Ideology and Intervention", *Upstart* no.2, May 1971, for the arguments that back up this statement as well as the general basis of our analysis of U.S. imperialism.
6. S. Rose, "U.S. Foreign Trade: There's No Need to Panic", *Fortune*, August 1971.
7. Income policies are employed in several Western European countries. Under such policies an annual decision is made about how fast wages and prices should rise in the coming year, and the government then tries, with varying degrees of success, to hold companies and unions to that rate of increase.
8. These problems are explored at length by Andre Gorz in *Upstart* no.1 and elsewhere.
9. The stability of the dollar, it should be emphasized, is based on the strength of the U.S. economy, not on the formal arrangements of the international monetary system.
10. For data, see, R. Triffin, "International Reserves in 1970 and Beyond," *The Morgan Guaranty Survey*, Feb. 1971, p. 8, as cited in *Monthly Review*, Oct. 1971, p. 8.

THOSE WHO PROFESS TO FAVOR FREEDOM,
AND YET DEPRECIATE AGITATION, ARE MEN
WHO WANT CROPS WITHOUT PLOWING UP THE
GROUND. THEY WANT RAIN WITHOUT THUNDER
AND LIGHTNING. THEY WANT THE OCEAN
WITHOUT THE AWFUL ROAR OF ITS WATERS.
THIS STRUGGLE MAY BE A MORAL ONE; OR
IT MAY BE A PHYSICAL ONE; OR IT MAY BE
BOTH MORAL AND PHYSICAL; BUT IT
MUST BE A STRUGGLE. POWER CON-
CEDES NOTHING WITHOUT A DEMAND.

IT NEVER DID, AND IT NEVER WILL. FIND
OUT JUST WHAT PEOPLE WILL SUBMIT
TO, AND YOU HAVE FOUND OUT THE
EXACT AMOUNT OF INJUSTICE AND WRONG
WHICH WILL BE IMPOSED UPON THEM; AND
THESE WILL CONTINUE UNTIL THEY ARE
RESISTED WITH EITHER WORDS OR BLOWS,
OR WITH BOTH. THE LIMITS OF TYRANTS
ARE PRESCRIBED BY THE ENDURANCE OF
THOSE WHOM THEY OPPRESS...

FREDERICK DOUGLASS
AUGUST 4, 1857

The following is a press release from the Polaroid Revolutionary Workers Movement (PRWM), issued on Oct. 27, 1971:

INTERNATIONAL BOYCOTT

On October 27, 1970 the Polaroid Revolutionary Workers Movement called for an INTERNATIONAL BOYCOTT of all Polaroid Instant Gadgets. We would like to report that public support in condemning Polaroid in its role as sole supplier of instant pass photos and race ID cards in South Africa has been shown by the loss of \$15 million to date in Polaroid sales. Polaroid has admitted losses of \$4 million in the first quarter, and \$11 million in the third quarter, 1971.

We thank all those right-on thinking people who have supported our campaign this past year as well as call for further international support as we go into Phase II of the International Boycott. We feel that those financial losses should influence Polaroid, either thru the workers or stockholders, and that public response will prove it unprofitable to remain in South Africa.

POLAROID'S EXPERIMENT TO PROTECT ITS INVESTMENT IN SOUTH AFRICA

Polaroid will put the final touches on its PR campaign in January, 1972. That date ends the so-called "Experiment in South Africa". Polaroid has tried to saturate the public with facts and figures about the economy of South Africa, with the ploy of increased investment in South Africa as the means of ending the insanity, brutality, and inhumanity of the race-identifying system, apartheid. The fact remains that Black South Africa—eleven years ago—chose armed warfare as the means of gaining their freedom. The fact is that Polaroid's investment in South Africa, and that of all US and foreign investors, is seriously threatened by the Liberation Movements in Angola, Mozambique, and Guinea Bisseau, and directly threatened by Blacks in Namibia, Rhodesia, and South Africa itself.

PRWM'S PHASE II:
FREEZE POLAROID—
FOR XMAS, AND
UNTIL...

POLAROID PROMISES TO STRENGTHEN APARTHEID WITH IBM'S HELP

While Polaroid and other supporters of racist South Africa are publicly talking of change in the apartheid system (DIALOGUE), they are planning and preparing the reinforcement of that viscious system. In February of 1972, the South African regime will begin a new registration plan under the Population Registration Act of 1950. The plan is to replace the passbook and race ID's with a *Computerized ID Card*. A *Polaroid ID Card* produced by the *ID-3 Instant Identification System* hooked with an *IBM 360 Computer Data Bank*. On March 2, 1971 in the *South African Hansard* it states that the plan was scheduled to begin in June, 1971—cancelled by the PRWM campaign—will begin the first of February, 1972. It will employ 438 persons under the Ministry of Interior, and the Deputy Secretary will be in charge of the system.

This is a new phase for the fascists in South Africa, technological fascism that knows no humanity. Now the police can be replaced by a computer box, and passes by a *Polaroid Data Card*. We are dealing with the same mentality that reigned in Nazi Germany and that intends to put South Africa into an era that does not allow for conventional destruction. The result of Polaroid's and IBM's technological assistance in South Africa—the same used in Vietnam under Operation Phoenix—is aimed at eliminating the forces of liberation in all of Southern Africa.

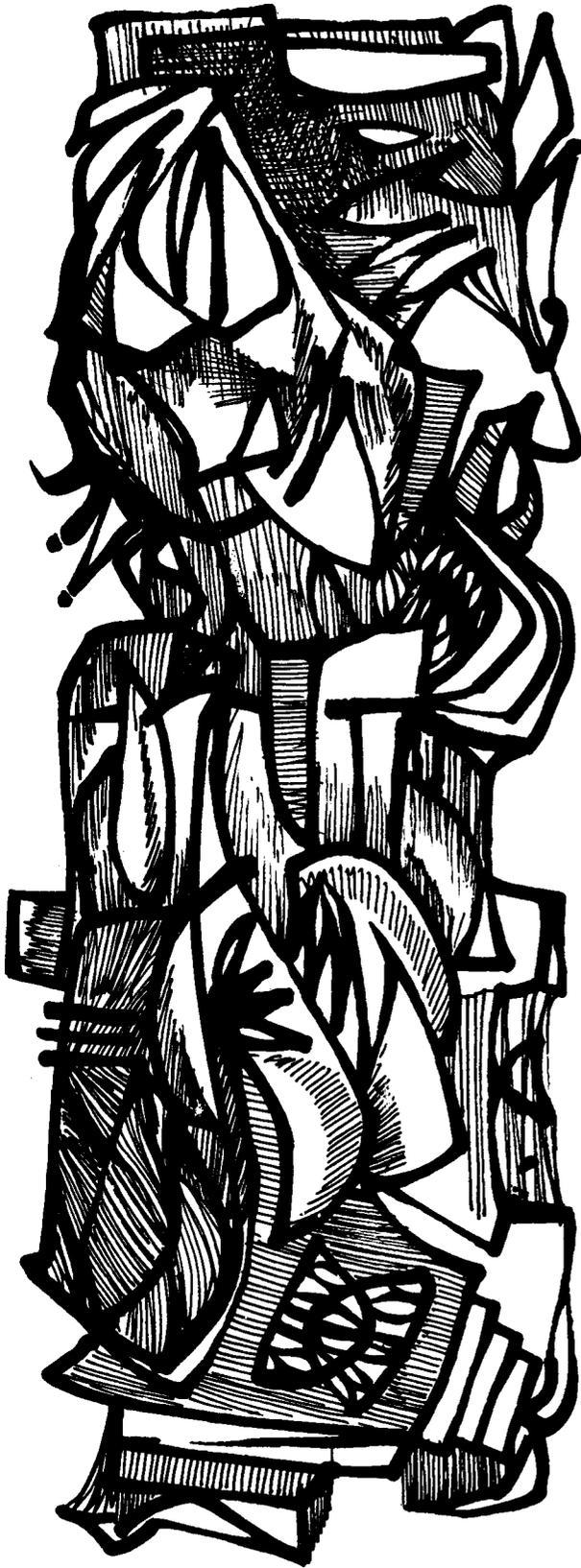
FUTURE OF PRWM

The future of PRWM is therefore very clear and necessary. We will continue and intensify our efforts against the Polaroid Corporation and all US companies in South Africa. The International Boycott, already a success, will continue with reinforced efforts nationally and internationally. We will continue to work to bring about a consciousness in the US concerning the role of the government, corporations, and an unknowing public that aid and abet that inhuman system of forced labor.

We have expanded our functions and have expanded our membership to include not only Polaroid workers and former Polaroid employees, but also any right-on thinking person who supports the struggle for Liberation of Southern Africa and the International Liberation of all Black Peoples.

We must and will continue our public opposition to forced identity cards being issued throughout this country under various innocent disguises. We are opposed especially to the recent plan forcing high school students in Boston, Cambridge, Richmond, Berkeley, Memphis, New Orleans, Chicago, Detroit, Washington, D.C., and too many more cities to carry an identity card and to be entered into a national computer data bank. We see an increasing similarity to the US and South Africa in the laws and conditions, not only for blacks but especially the poor. We call upon the public to answer to the seriousness of *compulsory identity card* and the *uniform means that is being imposed—Now, before it is too late.*

LETTERS



Dear SESPA,

During the past I have been a member of several dozen groups whose aim and attitude and ethics was the same or close to the same as those of SESPA.

During the same period I have subscribed to many magazines that voiced the views of these groups, reported events that were of interest to them, and even suggested plans for righting the wrongs.

The net results thus far are exemplified by these:

1. The lying, thieving, deceitful, brutal, uncivilized Johnson was dumped. He was replaced by the lying, thieving, deceitful, brutal, uncivilized Trixon.
2. The lying, thieving, deceitful, brutal, uncivilized Charlie Murphy was dumped. He was replaced by the lying, thieving, deceitful, brutal, uncivilized Richard Daley.
3. The mass murder of the coal miners, their wives and children as they slept in their tents in Ludlow, Colorado, by John D. Rockefeller's goons in National Guard uniforms was replaced by the mass murder of students at Kent and men, women, children and babies by Nelson and David Rockefeller's goons in the uniform of my Country.

Has SESPA any plan that is likely to eliminate the lying, thieving, deceitful, brutal, uncivilized elements from the control of our nation and replace them with decent competent honest and civilized individuals?

Thus far I have not seen anything in *Science for the People* to indicate an operational plan.

I would like your reply. I still hope (but leafraking does not interest me any longer).

Jim Winston
Sacramento, Calif.

If making a social revolution were as easy as writing a marketing plan for a new brand of toothpaste, then we would have succeeded long ago. But it is not, so none of us has a step by step operational plan that we can publish to tell everybody what his part is. The operational questions and theoretical analysis can only be explored and reported on in the magazine.

What you call leafraking, I agree, is not a revolutionary activity . . . people have to do things, to organize where they live and where they work to tear power away from the liars and capitalists and bring it back to the people.

That people are beginning to organize is a demonstrable difference between now and even a decade ago. Science for the People tries to let people know about a segment of it. That's why it's not a rehash.

Science for the People

Dear Young Friends;

The November issue of *Science for the People* was beautiful.

It is difficult for me to single out any single feature—but the factual response to Djerassi's letters, the Ethnic Weapons article (especially the response to Larson's bullshit), and Herb Fox's *excellent* advice to Dick Novick—stand out in my mind. The overall quality was high—for me, very informative and educational.

Warm Regards
N.A. Coulter

I like what you are doing.

I would like to see some kind of organized effort to provide technical/scientific assistance to specific needs of the movement. If the Kapitalists can mobilize enormous resources for developing technology for their goals, why can't we do *something* to do the same for ours?

1. Organize a Census of technological needs.
2. Establish an agency for receiving these needs as formulated by movement people—providing a continuous input.
3. Establish a Science for the People register—of scientists and engineers willing to use skills and expertise for a people's technology, to limits of available time.
4. Establish a Project Mobilization service—a group to evaluate input needs, organize projects involving scientists and engineers with needed skills, and expedite the project to completion.

Computer People for Peace might be able to help with this. But without meaning to downgrade *consciousness raising*, it seems to me that *something* could be accomplished along these lines, and that the activity once started, could grow (and be coordinated with consciousness raising),

Cordially
N.A. Coulter

Dear Friend,

We would like to bring you up to date on the activities of Computer People for Peace and the Technology Working Group in Los Angeles. Both groups have reorganized as Scientific Workers for Social Action and we are continuing our efforts against the manipulation of the US scientific and technical communities for the purposes of war and oppression. We are looking for ways of using our knowledge to help transform our society into one which is peaceful and just.

We have been helping to adapt the LA Peace Action Council mailing list for computer processing. This is in line with our objective of working with other movement groups to identify possible needs for technical help in their political work. To minimize dependence on *experts* we have helped others to learn the skills needed to keypunch and maintain the list.

We have begun a regular leafletting itinerary designed to cover workplaces employing large numbers of scientific people throughout the local area. We will produce a series of leaflets relating problems of particular concern to people like ourselves (such as *security* clearances, unemployment, and the Pentagon Papers) to the significant popular movements and the basic political issues facing all of us (such as racial oppression, the subordination of women, and American militarism and intervention in other countries).

We are discussing other projects including:

meeting with interested employee groups at various workplaces to lead discussions, present films, and generally provoke political thinking about science and technology.

organizing a workshop to focus on the relation of education in the sciences to the twin problems of public ignorance of science and scientists' political irresponsibility.

working with Computer People for Peace/NY on a proposed IBM project involving research and action around IBM corporate activities.

writing of proposals by groups of people from various fields, working out possible uses of technology to serve social needs rather than the war makers. Such proposals could provide a focus for organizing pressure on corporations and government agencies as well as raising public awareness of what might be done with democratic control over our country's resources

We are organizing a contingent of scientific workers to join in the peace march in LA on Nov. 6. This is part of the nationally coordinated effort to show the government that the anti-war movement lives, and will keep gaining strength until the war is over.

For the last several months only a small group has participated in our activities. At this point it is crucial for many more of us to become involved. We need people to help write and distribute leaflets, to write proposals and organize around them, to develop and implement projects.

Ken Ziedman S.W.S.A.
Box 1263, Venice, Calif. 90291

MORE →

Dear Sir:

I have read P.B.'s "Engineers in the Working Class" (September issue) with great interest.

In order to understand what is happening to the engineering field in the United States, it is useful to look at the broad picture.

Firstly, existing engineering organizations—American Society of Mechanical Engineers, American Society of Civil Engineers, National Society of Professional Engineers—are completely dominated by industrial management. Concealing a 19th century outlook under Madison Avenue verbiage they have fought for many years to prevent union organization in the engineering field.

The primary approach in their campaign is the old imperial Roman "Divide and Conquer." This has been accomplished by pitting older experienced engineers against younger ones and by using foreign-born engineers against both groups:

1. Dominated by industry, Engineering Manpower Commission—a completely private outfit despite its pretentious title—has disseminated misleading statistics purporting to show a present or prospective shortage of engineers. EMC's faked figures also picture engineers as highly paid. High school and college advisors then use EMC's phoney figures to persuade bright students to enter the field. These statistics have also been used to justify unrestricted immigration of foreign-born engineers into the country. The combined effect is to create an ample pool of engineering labor.

2. Engineers have nothing to sell but their labor. They are therefore in fact members of the working class. With the help of the universities, however, a strong propaganda campaign has been waged to convince student engineers that they are budding corporation officials. As a result, many new engineering graduates leave the university prepared to live their jobs 24 hours a day in preparation to climbing corporate heights.

3. Five or ten years field industrial experience shows the overwhelming majority of engineers their true status as skilled working men, at best. Naturally, they no longer do two men's work for one man's pay. At this stage:

- (a) Engineer bosses begin whining about "declining productivity" of older men.
- (b) Industry raises the smoke-screen that older engineers have somehow become *obsolete*. (The specious nature of the claim is evident from the fact that practically no corporations offer men company time off for additional schooling).
- (c) At the same time, industry imposes harsh age restrictions; men over 35 years old find employment doors increasingly shut. (Laws against age discrimination are completely ignored in practice.)
- (d) Industry has been importing engineers from Europe, Asia, South America eager to work at

30% below American pay. Loss of their jobs may mean that foreign engineers are forced out of the country.

These measures have imposed a dead conformity upon engineers. The fear of being permanently barred from the engineering field if he loses his job immobilizes and silences a man. This is our vaunted *freedom!*

A couple of other items deserve comment.

It usually takes 15 or 20 years service for pension rights to become men's property. A man who quits or is fired before the end of this period loses all his rights with little prospect of accumulating a new pension fund for himself. So pensions constitute a powerful auxiliary means of holding men silently to their jobs. At the same time, companies are free to get rid of engineers as they approach the 15 year (or 20 year) mark in order to avoid paying them pensions and so minimize pension fund premiums. Parenthetically, pension funds now afford many companies an easy way of gambling on the stock-market without risking their own money.

High pay to engineers is a myth. Engineers, at best, earn a quarter or a third as much as dentists, doctors, lawyers and enjoy infinitesimal stability by comparison. Engineers earn appreciably less than unionized skilled mechanics—crane operators, welders, pipefitters—and have neither the transferable pensions nor the premium overtime rates of the skilled tradesmen.

The strict *security* curtain clamped on much government work means in fact a government sponsored blacklist. The man who expresses an unorthodox view or attends a non-conformist meeting stands a chance of being declared a *security risk* and black-listed against similar employment throughout the whole country. Prodded, everyone on such work will whisper a story of the engineer who was escorted out of the office between guards. And, the curtain of *security* facilitates stealing at higher corporate levels.

Of course industry, government, universities have a vested interest in keeping engineers from organizing into unions and taking on some of the rights of free men. But ours is the major fault for allowing officially propagated myths and deceptions to obscure the reality of engineering work in this country.

Name withheld

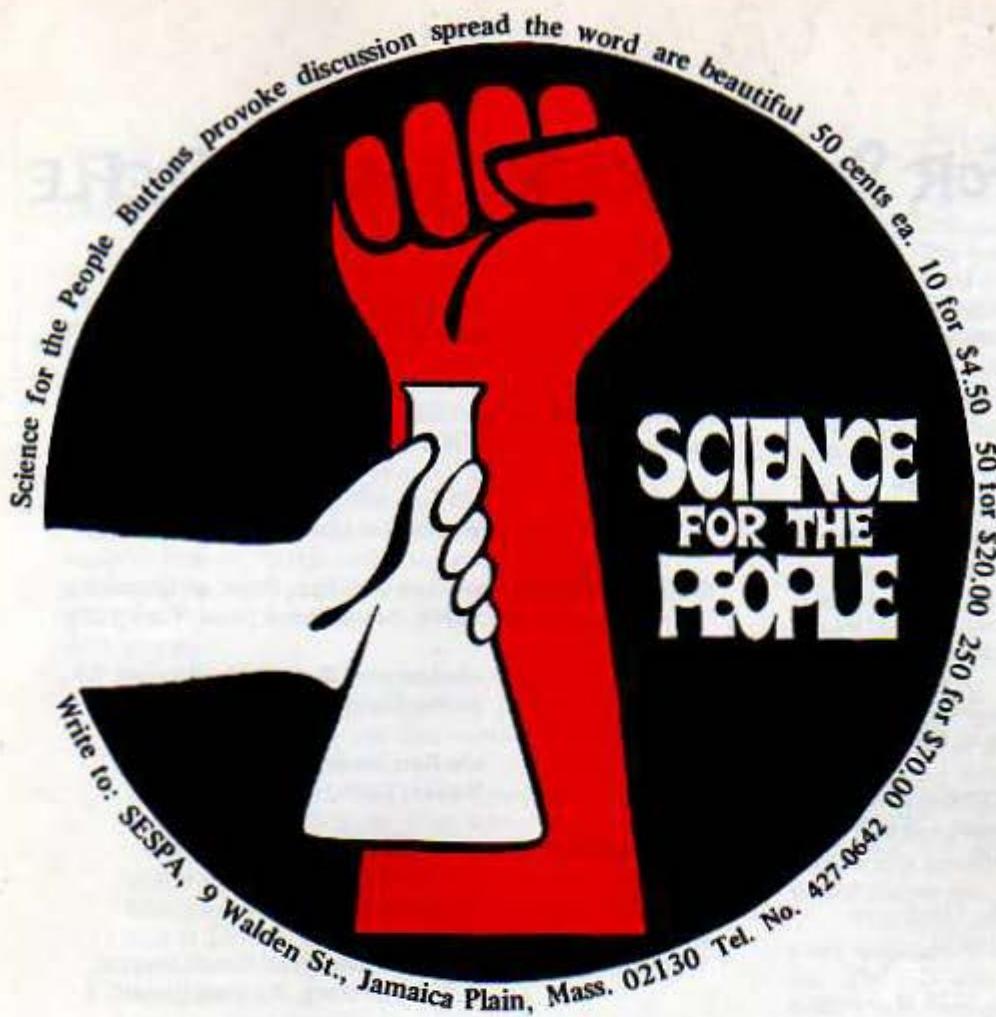


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SESPA is defined by its activities. People who participate in the (mostly local) activities consider themselves members. Of course, there are people who through a variety of circumstances are not in a position to be active but would like to maintain contact. They also consider themselves members.

The magazine keeps us all in touch. It encourages people who may be isolated, presents examples of activities that are useful to local groups, brings issues and information to the attention of the readers, presents analytical articles and offers a forum for discussion. Hence it is a vital activity of SESPA. It is also the only regular national activity.

We need to know who the members are in order to continue to send *SCIENCE FOR THE PEOPLE* to them. Please supply the following information:

I am a member (check here if subscriber only. [])

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Occupation:

(if student or unemployed please indicate)

If you are working, do you work in industry [], government [], university [], other _____

2. Local SESPA chapter or other group in which I'm active:
3. I am enclosing money according to the following scheme: (a) regular membership—\$10, (b) indigent membership—less than \$10, (c) affluent or sacrifice membership—more than \$10, (d) completely impoverished—nothing, (e) I have paid already.
4. I will sell _____ magazines. This can be done on consignment to bookstores and newsstands, to your colleagues, at meetings. (If you want to give some away free because you are organizing and can't pay for them, let us know)
5. I am attaching a list of names and addresses of people who I believe would be interested in the magazine. Please send them complimentary copies.

Please add any comments on the magazine or SESPA or your own circumstances. We welcome criticism, advice, and would like to get to know you.

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