

- iv) that IQ tests measure abilities needed for success in high-level occupations:
- v) that blacks are intellectually inferior;
- vi) that blacks are innately intellectually inferior (pp. 13-22).

In each case Blum finds the evidence adduced by psychologists in support of such claims to be dubious in the extreme. Blum charges those who have strenuously espoused psychometrics and eugenics with practising pseudoscience. He defines this as a sustained process of false persuasion transacted by simulation or distortion of scientific enquiry and hypothesis testing (p. 145). In effect it is a process of false persuasion by scientific pretense, where the leaders in this field are those who manage to swallow the necessary corruption of scientific practices, and then to delude themselves, their benefactors, and the public. This, Blum suggests, is precisely what the meritocrats and intelligence testers have done.

But it is principally in the context of schooling that the testing movement has had its major impact. Blum notes, when this movement reached full force after World War I, universal schooling was already a reality. Accompanying this development was the implementation of grading on standardized tests which meant that children were tracked into different curricula on the basis of

their performance. Hence schools came to be avowedly meritocratic institutions. Yet for this to be successful teachers, students, parents, and above all the testers themselves, must adopt attitudes traditionally espoused by the upper classes. In this way testing and measurement in schools facilitated the emergence of what Marx called bourgeois ideological hegemony. Where the bourgeoisie controls the most important cultural institutions it is able to generate a consensus around ideas congenial to it. This occurs all the more readily when the working class is weak politically and unable to assert itself (pp. 170-181).

What, then, should be done? Blum suggests a thorough revision of the image of mental ability is of paramount importance. Continued adherence to the notion of levels of intelligence serves only to perpetuate a divisive and foolish myth, since test scores can only describe performance: they do not explain it. A useful step forward would be the abolition of intelligence testing in schools and the concept of IQ along with it. This was done, in fact, in the USSR in 1936. The result was that psychologists consciously and productively turned their attention to investigating the learning process and facilitating it. In essence this is Blum's solution too. It is a solution which we ignore at our peril.

— Robert Mackie

DISCUSSION

AN INVESTMENT LED RECOVERY?

"But to the extent that the productive power develops, it finds itself at variance with the narrow basis on which the conditions of consumption rest." (1)

In the ALR No. 64 Economic Notes use simplifying assumptions in order to present valuable diagrams that show essential aspects of how a capitalist economy works. The product is shown as made up of capital goods such as machinery and consumption goods such as food and clothing. Profit is shown as purchasing the capital goods produced. Wages are shown as purchasing the consumer goods produced.

But then Economic Notes use this "simple approach" to conclude that "capital accumulation can proceed at any rate within limits ultimately determined by the rate of exploitation". "Cutting working class living standards is not an impossibility for the capitalist class; it will not drive the system into a crisis of under consumption. On the contrary, it is highly desirable from the capitalists' point of view; all it

requires is an adjustment in the composition of output, by a shift away from producing consumption goods to producing more capital goods."

Thus, if profit rises relative to wages, all that is required is a shift in the composition of the product from consumer goods to capital goods. Then the higher profit levels that result from increased exploitation will be matched by a higher output of capital goods, and the relative fall in wages will be matched by a decline in the output of consumer goods relative to the output of capital goods. The accumulation of capital as a whole will proceed unchecked by this change in the composition of the product.

Economic Notes are correct in saying that this is the thinking behind Fraser's "investment led" recovery. Thus the 40 per cent investment allowance, and the attempts to reduce real wages, aimed to promote the capital goods and mining sectors relative to the consumer goods industries, and profit relative to wages.

In Volumes 2 & 3 of **Capital**, Marx had already criticised these conclusions in Economic Notes. Thus in Volume 2 he shows that the capital goods and the consumer goods industries are interdependent. Much of the output of the capital

goods industries such as machinery, steel and buildings is sold to the consumer goods industries. Thus continued growth in the capital goods industries is dependent on continued growth in the consumer goods industries.

In chapters 13, 14, and 15 of Volume 3 of *Capital*, Marx provides a lucid criticism of the view that increased exploitation can be smoothly offset from the point of view of capital accumulation by a shift in the composition of output from consumer goods to capital goods. In fact, in Chapter 15, he describes the more rapid growth in the capital goods industries as placing a recurring barrier to the process of capital accumulation.

The capitalist aims at maximising surplus value or profit on an ever-expanding scale. This implies increasing productive capacity and output at reduced cost per unit of output. These objectives are realised by the introduction of new technology, the growth in the capital goods industries in terms of the analysis in *Economic Notes*. These objectives mean that costs, and particularly wages costs and therefore consumer spending, will be kept at a minimum and if possible, wages costs will be reduced per unit of output. Since wages are the main element in consumer spending, this means that consumption will rise less rapidly than output. Today inflation accentuates this trend inherent in capitalism. Marx makes the point that this emphasis on new technology explains why capitalism has carried through its historic role of expanding the productive powers of society.

Thus Marx and *Economic Notes* discuss the capital goods industries expanding relative to the consumer goods industries, and profit rising relative to wages. *Economic Notes* make the unqualified statement that these tendencies are "highly desirable from the capitalists point of view". Marx also stresses that the capitalist will strive to expand investment relative to consumption, and profit relative to wages and how shows how this expands productive capacity and surplus value.

But then Marx goes on to show the contradiction inherent in these tendencies, a contradiction that explains overproduction, stagnation, and the development of a "Surplus of Capital" and "Surplus of Population".

Marx shows that there are two stages in the production process. In the first stage, at the point of production, the primary aim is to maximise the production of surplus value and its reinvestment on an ever-expanding scale. In the language of mainstream economics, this means the emphasis is on profit relative to wages, and on investment (e.g. application of new technology) relative to consumer spending which is mainly dependent on the rate of growth in wages.

But "now comes the second act of the process". The entire mass of commodities must be sold; that

is, value including surplus value must be "realised". Unless this is done, and at profitable prices, the worker has been exploited but "none the less" the capitalist may be faced with "a partial or complete loss of his capital".(2)

The conditions of direct exploitation and those of realization of the products of labour are contradictory. In the first stage, the emphasis is on the expansion of the productive powers, of investment, relative to the rate of growth in wages, and therefore in consumption. In the next stage, the condition for realisation is that consumption will rise at a sufficient rate to purchase at profitable prices the expanding output that flows from the increased productivity of labour. Because of the class relationships in a capitalist society, Marx concludes that "to the extent the productive power develops, it finds itself at variance with the narrow basis on which the condition of consumption rest". And again: "Conflict must continually ensue between the limited conditions of consumption on a capitalist basis and a production which forever tends to exceed its imminent barriers".

Economic Notes are correct in rejecting the view that the present recession in Australia is due to underconsumption, and underconsumption can be overcome by increasing wages. Recessions arise from the contradictions which have shown themselves to be inherent in the process of capital accumulation. In fact, the growth of "the productive power", relative to consumption, reflects the relative power structures of the main classes in a capitalist society.

But there is excess capacity in Australian industry, relative to demand. And "sluggish" levels of consumer spending partly reflects reduced levels of after-tax real wages.

In periods of capitalist expansion, such as the nineteenth century or the 1950s and 60s, this tendency for productive capacity to exceed demand resulted in recurring economic crisis which were of relatively short duration, apart from the 1930s. Today there is such a vast accumulation of capital goods that there is a chronic tendency to overproduction, and thus under-utilisation of resources, in the major western capitalist countries. This reality provides a background in which popular movements are growing which put the emphasis on reduced hours of labour and socially useful and satisfying labour in areas such as education, public transport, home building, urban renewal, etc.

— Charlie Silver

References

- (1) *Capital*, Vol. 3, p. 287. References are to the Kerr edition.
- (2) See Chapter 15, Vol. 3 of *Capital*, on these points.