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IN THIS ISSUE ..... 

Barry Commoner, US environmental scientist, writes on the relationships between the ‘three E’s’: Energy, Environment and Employment. With capitalist interests using the current crisis to play these off against one another, this article is especially useful in its proof that solutions exist which can harmonise these allegedly competing interests.

In a related vein, Eric Aarons discusses some of the theoretical issues behind the new phase of technological change and economic restructuring in the capitalist world.

Following Marian Sling’s article ‘Czechoslovakia and Eurocommunism’ in the last ALR, we print an assessment of the ‘Prague Spring’ by Jiri Pelikan, a leader of the Czech Socialist Opposition living in western Europe.

American history professor Tim Harding is interviewed about the recent mass upsurge against the Somoza regime in Nicaragua.

Rex Mortimer reviews Jim Hyde’s Australia: The Asia Connection and Joyce Stevens reviews Capitalist Patriarchy and the case for Socialist Feminism, a collection edited by Zillah Eisenstein.

A review article by Graham Rowlands on Christopher Caudwell and a short review complete the Reviews section.

Finally, there are a short discussion piece and our regular Comment.
No doubt virtually everyone in the Labor Party — and those on the left outside it — would agree that Labor's present economic policy contains no strategy for a transition to socialism in Australia. While some members of the ALP clearly regard this as a virtue, since, in their view, a socialist transformation of Australian society is neither possible nor desirable, others in the Labor Party retain a commitment to socialism. For them, a crucial question must be: what role can the ALP play in the development of a transitional strategy for Australia?

For too long, socialists in the ALP have given most ground to their rightwing opponents in the arena where they should have been strongest: economic policy. The left's successes, such as they have been, are nearly all in other areas. This is true, not only of the Whitlam government's initiatives in foreign affairs, social welfare and urban development, but also to state Labor governments, such as those now in office in South Australia and New South Wales. Economic policy in Hayden's ALP — or Wran's or Dunstan's for that matter — is dominated by the imperatives of capital accumulation. How far — and how fast — a Labor administration can go in implementing social reforms is seen as limited by what's happening at the economic level. The argument between the left and the right then becomes one over the tempo of change with both taking their cue from an economic reality both taken as given and fixed.

In these circumstances, it is important for those on the left, both within and outside the
ALP, to search for an adequate way of posing the problem of a transition to socialism in Australia. For this, we need to tackle head-on the question of economic policy.

**ALP discussion paper**

Recently, the ALP’s Committee of Inquiry set up after the last Federal election tried to do this in a Discussion Paper called “Economic Issues and the Future of Australia”. Both the Committee of Inquiry and the ALP’s leadership have been careful to point out that this document is not ALP policy but has been produced to promote discussion. Nevertheless, this initiative is remarkable for the way in which it is trying to shift the terms of economic debate in this country to include not just the option but the necessity of a transition to socialism.

The discussion paper, the sixth issued by the Committee of Inquiry to promote debate in the ALP within different policy areas, was drafted by Geoff Harcourt, Professor of Economics at Adelaide University. It argues that a Labor government should not confine itself to administering a capitalist economy. It “also must try to plan for a smooth path through the transition to a more just and equitable society”.

The current crisis in the Australian economy is deep-seated and long-term, the Committee of Inquiry argues. Present and past policies — including those of the previous Labor government — are not adequate to meet this crisis.

Unemployment is not just an immediate problem. “Manufacturing, indeed the industrial sector as a whole, is stagnant or even declining”, the Committee points out. The reasons are familiar: inefficient plant, small-scale production, a small domestic market and real wage rates that are still higher than in some other competing countries.

Some investment is taking place in this sector but it will not solve the problem, since it is likely to be labor-saving in character.

“In itself”, the Committee goes on, “the decline in employment in this sector because we are now able to meet our demands with lower overall labor inputs is not something to be regretted. In fact, it should be the source of a higher standard of living if the labor displaced could be channelled into other uses (which could include more leisure for all of us). The large question, which, to date, has not been tackled at all adequately is ‘where to?’ That is why the present composition of our workforce and the trends in it are so disquieting.”

This explains why, the Committee says, there is such deep-seated opposition to tariff cuts within the ALP and especially in the trade union movement. “If the Industries Assistance Commission efficiency-is-all approach is followed...those firms and industries which survived the long haul of tariff reform would provide rising real incomes for those who were still in employment...(but) this would be small comfort for the substantial numbers who would continue to remain in the reserve army of the structurally unemployed.”

“Especially would this be so if the community continues its present barbarous and uncivilised attitude to those who are unemployed, ably spurred on and indeed led by the leaders of the present government in order to distract attention from their mismanagement.”

The Committee, however, does not plump for the opposite course of propping up inefficient industries with as much tariff protection as they need to survive. This “inward looking” approach would mean “growth in productivity and real incomes could be sluggish or not-existent”. While “faced with a clear choice between efficiency and employment there seems little doubt that the bulk of the electorate would chose employment”, the question still arises: is there another way?

As the Committee points out, these two scenarios are placed in the same analytical framework as that adopted by the IAC. That is, they rely on market forces as the guides to the potential outcomes. “They are policies which would be adopted by an ALP which sees its role as manoeuvring within capitalism rather than trying to restructure an economy in transition”, the Committee argues.

“Capitalism has developed beyond the freely competitive phase, and beyond the monopolistic-competitive phase at the
national level, to a phase of monopoly capitalism dominated by internationally operating corporations. This has two important implications. Because the dominant mode of production is international capitalism, the national economy is dependent on the decisions of private corporations whose interests do not necessarily coincide with those of the national economy.

"Furthermore, the decisions are made by corporations acting at an international level. They therefore have no incentive to coordinate their decisions with the strategy of national governments (although they do manipulate the reverse co-operation); they therefore can frustrate individual government's policies and, indeed, entire strategies. This contradiction between national government and international capitalism leads to the conclusion that a trade policy which is purely protectionist cannot be effective even in terms of protecting employment for too long, as with accumulating pressure on the balance of trade and hence on the exchange rate created by such a policy, a multinational corporation can shift production to another base.

"The failure explicitly to recognise the inter-relatedness of unemployment, inflation and the international character of production and marketing has led to a great deal of inconsistent ad hocery in economic policy-making by governments of both major political parties."

**Alternative approach**

An alternative approach, the Committee suggests, is for a future ALP government to intervene in the economy by taking over the function individual corporations are evidently unwilling to perform: supplying investment funds.

"An open economy reliant on private capital's decisions is inherently unstable and tends to both inflation and unemployment", the Committee points out. "Counter-cyclical policies aimed at administering capitalism and protectionist policies aimed at isolating manufacturing from competition with the rest of the world eventually will be ineffective. Thus the government's intervention in a mixed economy must be of a changed nature.

"It needs to create institutions that can encourage the level of private investment it considers desirable while engaging in the production of a surplus through its own activities such that it can fulfil its redistributive goals and provide a social wage without having to create ever-increasing deficits.

"Incentive schemes which rely on private capital's response are attempts to make the 'market' allocate resources in a way it would otherwise not do. It is probably more 'inefficient' for the public sector to take the initiative directly, in these new pursuits."

**Transitional policy**

So far, most socialists would agree with this analysis and welcome the fact it is being put forward with such vigor from a perhaps unexpected source. However, at this point the Committee endorses a "transitional policy" which has always been treated with a great deal of suspicion in the working class movement. In calling for an "incomes policy in the transition" the Committee argues — correctly — that capitalist production bears no necessary relation to the productive service rendered. State intervention must therefore be of a different nature than just organising capital more efficiently. Its intervention needs to be of a nature whereby major private firms are taken into public ownership and investment expenditure decision in those firms made from that position."

Does it follow, however, that an incomes policy administered (as the Committee suggests) by the Arbitration Commission should be part of such a transitional strategy?

The working class has had too long an experience of incomes policies under capitalism — whether they have been called that or not — to accept a truce in the battle over the rate of exploitation without being convinced that exploitation itself had ended. In other words, until investment decisions which involve spending the non-wage portion of the national income are made collectively and democratically, workers will regard this part of the value they create as alien.

They will fight against any attempt to increase it at the expense of their wage
income, even if carried out by a government that they regard as representing them, and even, if the consequent investment is all directed to nationalised projects. This is not because of selfishness. Rather, it is a recognition of the real role of work as a labor creating process and the consequence — either in capitalist or in state-owned enterprises — of the products of the labor process becoming capital which then, as dead labor, dominates living labor, the worker.

Today, this occurs as dramatically in state-owned enterprises, such as Telecom, as it does in capitalist firms. It will only cease when the products of labor — whether they are consumer goods or investment goods — no longer dominate those who produce them. This requires much more thorough-going institutional changes than the ALP Committee of Inquiry seems prepared to contemplate. In particular, there would have to be democratisation of whole areas of life now regarded as the job of private capitalists or government representatives.

The attitude of any political party that advocates a transition to socialism to this devolution of political power will be a key test of its sincerity — and competence — to participate in that transition.

Another test of any political party advocating socialism is its assessment of, and attitude to, likely opposition. We need only recall the events in Chile during the period of the Allende government, or the investment strike that occurred in Australia under the Whitlam government, to see that the more drastic changes suggested in the Committee of Inquiry’s scenario are bound to be met with vicious opposition from international capital.

What is the Committee of Inquiry’s response to this possibility? “The successful maintenance of a private capital sector will depend on whether Australian and overseas investors will be prepared to work within such a framework”, the Committee says, “or whether their income and capital withdrawals will be such as to put pressure on our balance of payments and exchange rate so as to make this approach impossible.

“Especially will this be so if it also means that they are unwilling to undertake even the much smaller amount of private investment expenditure that is envisaged for them.

“Their reluctance should be reduced by the greater certainty with which future expectations could be held, since the economy’s costs would be more stable and its level of output and employment also more stable.

“The taking over by the state of private firms was indeed hinted at by Keynes, namely, that investment may need to be socialised if the capitalist mode of production is to continue at all: what we must argue is that the economy would be a part of a more civilized society if the capitalist mode of production and the ruling ideas by which it exercises control became secondary to a more socialised mode of production.”

The Committee does not go on to discuss how this transition could be effected in the face of the violent opposition of domestic and international capital, but then that is a problem no grouping on the left, here or overseas, has adequately answered. It clearly raises the question of a political strategy to implement this economic policy. Maybe the Committee felt such questions were outside its brief. Certainly there are enough controversial issues raised in this document without treading on this even more sensitive ground.

Despite these limits the strategy put forward in this discussion paper deserves serious and wide-ranging discussion and comment. It represents a significant development in thinking on economic policy within the Labor Party, when compared, say, with the policy the left fought for at the ALP’s Perth Conference.

Revolutionaries outside the ALP are grappling with many of the problems raised in this document and will disagree with much of it. Nevertheless, it opens the way to a debate on points of disagreement about the transition to socialism such as the role of incomes policies, workers’ control of production and the place of state institutions such as the Arbitration Commission — and parliament itself. All sections of the left should welcome — and participate in — this debate.

— Terry O’Shaughnessy

14/11/78
ENERGY ENVIRONMENT EMPLOYMENT

BARRY COMMONER

As the author of Science and Survival, The Closing Circle and The Poverty of Power, Barry Commoner needs no introduction to environmentalists. He is the Director of the Centre for the Biology of Natural Systems, Washington University, St. Louis, Missouri and the Chairman of the Board of Directors, Scientists' Institute for Public Information, New York.

The present article, © 1978 Barry Commoner, is a revised version of an address presented to the Conference on Jobs and Environment sponsored by the Canadian Labor Congress, Ottawa, February 20, 1978.
The theme of jobs and the environment is a timely and crucial one. Both are urgent and unsolved problems. Canadian unemployment has jumped from a “normal” rate of 4 or 5 percent to 8.4 percent, the highest since World War II. In the United States, despite a 6.4 percent figure in December, unemployment averaged 7 percent last year. About 15 percent of young workers are unemployed and nearly 40 percent of young, black workers are unemployed. At the same time, in spite of major legislation and a huge effort to clean up the environment, we are still plagued by pollution. Some environmental problems, like toxic chemicals, have become even worse. Their most serious effects, such as sterility and cancer, have been imposed on labor — the workers who produce and use these chemicals.

The persistent problems of unemployment and environmental decay have now been joined by a third one — the energy crisis. Although there is much confusion about what the energy crisis is, who is to blame for it and even if nothing is done, it will have enormous effects on both jobs and the environment, and indeed on all the other issues with which labor is concerned — prices, working conditions and the strength of the economy.

We therefore confront three serious, simultaneous problems: Unemployment, environment and energy. The worst feature of this troublesome triumvirate is that it seems impossible to solve any one problem without making the others worse.

When more than 20,000 U.S. steelworkers were laid off in the last six months and steel plants closed, the industry blamed the cost of pollution controls for its inability to compete with steel imports. Here in Canada we are told that to meet the nation’s energy needs, much of Alberta’s land and water must be diverted to mining tar sands, and that the resulting environmental damage must be borne as a kind of patriotic duty.

People seem ready to accept the notion that there are built-in, insoluble conflicts among the three goals of employment, energy sufficiency and environmental quality. Compromise seems to be the only way out, trading off jobs for environmental quality and energy for agricultural land and clean waters. “There is no free lunch”, we are told: we cannot meet all these goals at once, something has to give. Anyone proposing to solve one of the problems is expected to question the importance of solving the others. The oil companies call for strong incentives for oil and natural gas production, but we want environmental controls to be “reexamined” and made “more reasonable”.

Those of us who are seen as “environmentalists” are expected to argue strongly for environmental quality and energy conservation, making only some sympathetic sounds about the plight of the unemployed.

And inevitably, labor is caught in the middle. Utility executives and business leaders pressure labor to join battle against environmentalists, claiming that their opposition to nuclear power plants will throw people out of work. Auto executives pressure the unions to join in condemning gasoline conservation for fear that it will worsen the economic situation in the auto industry.

Before I examine this situation, let me make my own position unambiguously clear:

If there were in fact a conflict between jobs and environmental quality, or between maintaining the supply of energy and ecological balance, I would personally favor actions that cut unemployment and maintain the flow of energy, and suffer the environmental consequences. I say this because my own interest in the environment and in a sensible energy policy is based on a much more fundamental aim — the improvement of human welfare. And I know of no way to accomplish that aim if people are out of work, if inflation is rampant and the economic system is in a decline.

I’d like to carry this argument even further, and assert that of these three issues, the one which most urgently needs to be solved is unemployment, and the attendant problems of runaway inflation and economic decline. Unless we can solve the unemployment problem, the rest won’t matter very much. How long can we tolerate the rejection of one
in every five workers — or two in five if they are black — trying to find their very first job; trying, as every young person must, to discover if they can find a place in society? It is hard to conceive of a nation finding the will to tackle the enormously complex energy crisis or coping with thousands of chemical pollutants when the new generation which is supposed to reap the benefits of these improvements is condemned to such despair. Or to put it in more practical terms, an economic system incapable of finding work for such a large proportion of its new generation of workers could hardly be expected to muster the huge financial resources needed to clean up the environment and to weather the energy crisis. On these grounds I am convinced that if we were forced to choose among them, the task of reducing unemployment and of rebuilding the faltering economy would have to take precedence over the energy and environmental crisis.

But are we in fact forced to make this desperate choice? Must we sacrifice environmental quality — which is, after all, also essential to human welfare — on the altar of high employment and economic stability? My answer is no.

I am aware that this is a strong claim which seems to fly in the face of common wisdom about our trio of crises. And I would agree, if you are convinced that people are unemployed because they don’t want to work, that the Arabs are to blame for the energy crisis and that pollution is due to our sloppy habits, it is indeed hard to see any connections among the three issues. Looked at this way, there does not seem to be a way to harmonize the three goals rather than compromise them; to solve all the crises rather than trying to improve one situation by worsening the others.

But if we look for more fundamental reasons why, like ancient Egypt, we have been afflicted with this series of unexpected plagues, we will discover that they are connected. More than that, we will discover that the only way to meet the fundamental needs of labor — to reduce unemployment and inflation and reverse the present economic decline — is to adopt a policy that would at the same time make sense out of the energy crisis and reduce pollution. The reverse is also true: the only sound energy and environmental policy — a policy that can best give the nation a stable energy supply and a clean environment — is one that serve these needs of labor. This is the main point of my remarks, in which I hope to demonstrate why I have reached these conclusions.

To begin with, we must recognize that the place where labor works, where energy is produced and used, and where most environmental problems are created, is the same: the productive enterprise — the mine, the forestry, the farm. This means that the relation between the availability of jobs, the production and use of energy and impact on the environment depends on how these productive enterprises are designed and operated — more generally, on the technology of production. In turn, the design and operation of a mine, a factory or farm involves economic factors: the wages paid to labor, the price of energy and other necessary inputs, the amount of capital needed to buy or build the productive machinery, the value of the goods that are produced and the expected rate of profit.

The welfare of labor — the availability of jobs, for example — depends on how this complex system operates, and that, in turn, depends on how all of its different technological and economic elements are connected. What labor requires from this system, simply stated, is that it should operate at its highest possible capacity; that it should provide, for all who can work, decent jobs at decent pay, in conditions that protect safety and health; that the goods which it produces should be sold at prices that labor can afford; that inflation, which erodes the standard of living, should be controlled; that labor should be free to organize and to take part in the decisions which affect its welfare.

Our task here is to learn how the production and use of energy and the quality of the environment affect these requirements which labor — and indeed society as a whole — must place on the production and economic system. Specifically, we need to ask what energy policy will encourage strong economic activity, ample job opportunities, control inflation and enable labor to play its proper role.

The first, most obvious feature of such a policy is that energy must be available. It is a
simple but often overlooked fact that every form of production — in factories, farms, transportation, offices — requires energy and cannot operate without it. This is the inescapable result of the physical laws which govern the production and use of energy. These laws tell us that work must be done if we wish anything to happen that won’t happen by itself (for example, producing an auto) and that work can be done only if there is a flow of energy. Any block in the flow of energy means that production stops — and people lose their jobs. And a small interruption in the flow of energy can have a much larger effect on the economy. For example, when the American Midwest ran out of natural gas last winter — because Texas producers preferred to make an extra profit of $1 per thousand cubic feet by selling gas within the state rather than shipping it north at a lower, regulated price — the resulting economic dislocation involved losses, in wages alone, many times greater than the cost of the missing fuel. No matter what else is done about energy, it must continue to flow if goods are to be produced and people are to remain at work.

The second basic point is that the availability of energy depends on its price. People have frozen to death because they couldn’t afford to pay their utility bill. In turn, the price of energy has a heavy influence on general inflation and worsens its damaging effects: reduced purchasing power, lowered demand for goods, depressed production and unemployment.

Because energy is used in producing all goods and services, when the price of energy rises it inevitably drives up the cost of everything else. When the price of energy, which was essentially constant for 25 years, suddenly began escalating in 1973, wholesale commodity prices followed suit. Before 1973 commodity prices had been inflating at a modest rate of about 2 percent a year. After 1973 they took off, going into double-digit figures in 1974, and since then running at more than 10 percent a year.

The prices of goods that are particularly dependent on energy are hardest hit by inflation. Unfortunately, these energy-intensive goods include housing (which depends on the cost of fuel and electricity), clothing (most of which is now made from petroleum-based synthetic fabrics) and food (which now heavily depends on fertilizers and pesticides, chemicals made out of petroleum and natural gas). This puts a particularly heavy burden on the poor. In the United States, the poorest fifth of all families use about 25 percent of their budget to buy such energy-intensive items; the wealthiest fifth of the families use only 5 percent of their budget for this purpose. When the price of energy rises the poor suffer most.

The rising price of energy also damages the economy and increases unemployment because of its influence on economic predictability. This is an important factor in a new industrial investment because an entrepreneur needs a reliable prediction of the long-term cost of the energy which will be needed to operate it. This is how the rate of return on the investment is computed — the famous “bottom line” which determines whether or not an investment will be made. The price of energy is now rising at a rate unprecedented in the history of the United States. In the ten years before 1973 the energy price index increased at about 3.7 percent per year; in 1973-1976 it increased at the rate of 25 percent per year. The problem for the businessman is not so much the actual price of energy, since in most cases he can pass the cost — and usually a little more — along to the customer. What the businessman cannot cope with is the rate of increase, because when the rate is very high it is also uncertain, making future energy costs highly unpredictable. Several business commentators have pointed to such uncertainties as a major cause of the present slow rate of investment — which means that plants are not built, and job opportunities are lost.

Unfortunately, nearly all of our energy now comes from sources that must, inevitably, rapidly increase in price. Nearly all of our energy comes from oil, natural gas, coal and uranium. These are nonrenewable resources. They are limited in amount. We are “running out” of them. At this point some people tend to visualize oil and gas supplies slowing down to a trickle as the underground pools run dry. But that is not the way it works. What happens as oil, for example, is taken out of the ground is that the easiest oil to produce is produced first. As a result, the cost of producing oil inevitably escalates as more oil is produced.
As production of oil, natural gas and, more recently, uranium, increases it becomes necessary to drill deeper, to tap smaller deposits and to use more expensive recovery methods. Inescapably, whenever the limited supply of a nonrenewable fuel is sufficiently depleted, its price begins to rise exponentially — that is, the higher the price, the faster the price increases.

In the case of oil, this is sometimes blamed on OPEC and the Arab states' embargo. But in fact, two years before the embargo, the OPEC oil ministers got their cue from a massive and detailed report published by the U.S. National Petroleum Council. The NPC — which should know, since it is composed of the officers of the U.S. oil companies — predicted that the price of domestic U.S. oil, which had been essentially constant for the previous 25-30 years, would, beginning in 1972-73, need to rise exponentially if the oil companies were to maintain their rate of return on investment. The OPEC oil ministers believed their American colleagues and took steps to see that they were not left behind.

In sum, the situation is this: As long as we continue to use nonrenewable energy resources, the price of energy will continue to escalate, causing a series of disastrous economic effects — rapid inflation, an erosion of the standard of living of poor families and uncertainties about investments in new production — all of which depresses the economy and worsens unemployment. Continued dependence on nonrenewable energy sources inevitably hurts the country, and labor in particular.

A third basic link between energy and the economy is provided by capital. We now hear frequent complaints in the financial columns that the present weakness of the economy is in good part due to the lag in new capital investment. This is an ominous sign, for a slow rate in investment in new productive enterprises today means much lower productive capacity — and job opportunities — tomorrow. The availability of capital, and the willingness of investors to risk it in new productive enterprises, is a crucial feature of the economy's health.

There is a close connection between the flow of energy and of capital. It is widely recognized that the availability of capital strongly influences energy production. Utilities have been forced to abandon new construction projects (especially nuclear power plants) and investors have been forced to abandon synthetic oil and shale oil projects for lack of the necessary capital. What is less well-known is that the opposite connection is also important: The ways in which we now produce and use energy strongly influence the availability of capital, and therefore the rate of new investment which depends on it.

Various methods of producing energy differ considerably, in their capital productivity — that is, in the amount of energy (for example, BTU's) produced annually per dollar of capital invested. One dollar invested in oil production (in 1974) produced about 17 million BTU's of energy per year. But that same dollar invested in producing strip-mined coal yielded only 2 million BTU per year; in shale oil about 40,000 BTU per year; and nuclear power brings up the rear with the equivalent of 20,000 BTU per year. Thus, any energy policy which emphasizes the production of electricity (particularly from nuclear power plants), rather than direct burning of fuel; which favors the use of coal over oil and natural gas; or which emphasizes the production of synthetic or shale oil, would worsen the energy industry's already serious drain on the availability of capital.

Each of the different ways of producing energy also has its own particular demand for labor. For example, in 1973 for every unit of energy yielded (trillion BTU’s), oil and natural gas extraction created six jobs; strip mining, six jobs; deep coal mining, 18 jobs. As a result of these differences, and differences in capital productivity, the same amount of capital invested in different ways of producing energy can have very different effects on unemployment. For example, one calculation shows that a given amount of capital would produce two or four times as many jobs if invested in solar energy rather than electricity generation. A report to the New York State Legislative Commission on Energy Systems calculated that investment in energy conservation would produce about three times as many jobs as the same capital invested in nuclear power.

Finally, the impact of different forms of energy production on working conditions and on the general environment also vary a
great deal. The physical dangers of work in coal mines and the risk of diseases such as black lung are well known.

In the nuclear power industry, uranium miners are exposed to particularly high risks of radiation-induced cancer. The risks of radiation to other workers in the industry are still poorly understood, but some recent studies suggest that they may be higher than most earlier estimates. Shale oil production and conversion of coal to synthetic fuels produce highly carcinogenic substances; workers in a pilot coal conversion plant operated in West Virginia in the 1960s suffered 16-37 times the incidence of skin cancer as comparable workers in different jobs. There may be similar problems in tar sands operations.

The environmental impact of different energy sources closely parallels their impact on the workers' health. Coal mining, shale oil and tar sands oil production devastate the land and use large amounts of scarce water. Coal conversion operations are heavy polluters of the air. Coal-burning power plants pollute the air with nitrogen oxides, sulfur dioxide and carcinogens. The nuclear power industry has yet to solve its serious environmental problems, such as safe disposal of radioactive wastes. When energy is conserved all of these difficulties are, to that extent, reduced. And if solar energy were used instead of these conventional sources, environmental impact would be very sharply reduced.

From these considerations it is apparent that the effect of energy production on major factors which govern the welfare of the nation, and of labor in particular — inflation, employment, the availability of capital, working conditions and environmental quality — varies greatly depending on the form of energy which is produced. While a continuous flow of energy in some form is essential to keep the production system going and the economy strong, the way the flow is sustained can have the opposite effect. For example, if we choose to sustain the necessary flow of energy by relying heavily on very capital-intensive sources of energy (such as nuclear power, shale oil production and the production of synthetic fuels from coal) the enormous drain on capital will hinder investments in the productive enterprises that use the energy, and will seriously disrupt economic development. It is true that continued production of energy is essential to the economy. But is it also true that we could literally bankrupt the economy by investing heavily in the wrong kinds of energy production.

Perhaps the most striking example of this danger is nuclear power, as Saunders Miller, a prominent utilities investment counselor, has pointed out:

Based upon thorough in-depth analysis, the conclusion that must be reached is that, from an economic standpoint alone, to rely upon nuclear fission as the primary source of our stationary energy supplies will constitute economic lunacy on a scale unparalleled in recorded history, and may lead to the economic Waterloo of the United States. (1)

If we turn now from the ways in which we produce energy to a consideration of the ways in which we use it, we see once more that there are profound differences which seriously affect both labor and the national welfare. Here we need to consider how efficiently energy, capital and labor are used in production processes. A convenient way to measure these efficiencies is in terms of the productivity of an enterprise, such as a particular manufacturing operation. This measures how much economic gain — usually expressed as value added — is produced per unit of energy, capital or labor used. Thus, three basic productivities need to be considered:

Energy productivity, or how efficiently the enterprise converts the energy that it uses into value added. This is measured as: dollars of value added per BTU used in production.

Capital productivity, or how efficiently the enterprise converts the capital invested in it into value added. This is measured as: dollars of value added per dollar of capital invested.

Labor productivity, or how efficiently labor is converted into value added. This is measured as: dollars of value added per man-hour.

Let us compare the productivities of two industries which produce competing materials: leather products and the chemical industry which produces the plastics that
have so heavily replaced leather and other natural materials. Of the two industries, leather production is about 4.5 times more efficient in converting capital into value added, and nearly 13 times more efficient in its use of energy. This relationship between capital and energy productivity is quite general among different industries. Five industries (petroleum products, chemicals, stone, clay and glass products, primary metals and paper) account for about 59 percent of the electricity and 77 percent of the total energy used in manufacturing. They also have the lowest capital and energy productivities of all major sectors of manufacturing.

There is a good correlation between energy productivity and capital productivity, because energy is used to run the machines purchased by capital; the more capital (machinery) involved in an industry, the more energy it uses, and in many cases, this means fewer jobs, since the energy is often used to replace human labor.

For example, for the same economic output the chemical industry uses less than one-fourth the amount of labor used in the leather industry.

Another important feature of the relation between energy and the economic system is that — strange as it may seem in the light of supposed economic principles — capital and energy tend to flow toward those enterprises that use them least efficiently. Capital used in industrial production flows heavily toward those sectors which are low in both energy productivity and capital productivity. For example, the five industries cited earlier that use energy and capital least efficiently use nearly one-half of the capital invested in all manufacturing industries. In contrast, the seven most energy-efficient industries (such as leather) use only seven percent of the capital invested in manufacturing.

As pointed out earlier, various ways of producing energy also differ significantly in their capital productivity (i.e., how efficiently capital is used to produce energy). Here, too, capital tends to flow toward those enterprises which use it least efficiently. For example, although electric power represents only 21 percent of the total amount of energy which we use, it consumes 56 percent of the capital invested in energy production. At the same time, due to thermodynamic limitations, no more than one-third of the fuel used to drive a power plant is converted into electricity. Electric power is therefore by far the most expensive form of energy in terms of capital expenditure. When electricity is used to produce space heat, more than 97 percent of the thermodynamic value of the original energy is wasted. Yet about a fifth of U.S. electric power is used in this way—an enormous waste, not only of energy, but also of the capital needed to produce job-generating factories and homes.

In recent years industries with high energy and capital productivity (such as leather) have given way to industries with low capital and energy productivities (such as plastics). This is particularly true of the displacement of natural products (leather, cotton, wool, wood, paper and soap) by synthetic ones (plastics, synthetic fibers and synthetic detergents). For the reasons cited earlier, this displacement not only drains supplies of energy and capital, but also worsens unemployment. In the U.S. about half of the unemployment is “technological”. That is, job opportunities are lost when such new production technologies are introduced and cut the overall demand for labor — and usually disproportionately increase the demand for energy and capital.

Now we can see the basic links among energy, the economic system and the environment.

The same shifts in production technology that reduced the productivity of capital and energy and have cut the number of jobs usually increased the impact of production on the environment. As synthetic products replaced natural materials, more petroleum and natural gas were used both as raw materials and for fuel, polluting the environment with combustion products and toxic chemicals. The petrochemical industry demonstrates the close links among the wasteful use of energy and capital, the assault on the environment and unemployment.

Thus, we find that unemployment is part of the same economic trends that generated the energy crisis and the environmental crisis. Energy has been produced increasingly in forms (especially electric power, and nuclear power in particular) which use a great deal of capital relative to the amount of energy that
they yield. As a result, energy production has claimed an increasing proportion of the capital available for business investment, making it less available for investment in new job-creating enterprises. (In 1960, energy production claimed 26 percent of the capital invested in industry; by 1980 it is expected to claim more than a third.) At the same time, industries which use energy inefficiently also use capital inefficiently; they also pollute the environment most heavily and are often least effective in creating jobs. In sum, the same economic tendencies — the displacement of labor by energy-driven machines — that have worsened employment carry a good deal of the responsibility for the energy crisis and the environmental crisis. The crisis in employment, energy, and the environment are, in this sense, the same crisis.

Against this background what can be said about Carter's National Energy Plan, which is the United States' first effort to establish a comprehensive energy policy? Judged by the standards developed above, most of the plan must be given rather bad marks, especially for its effect on labor. The plan is based on the strategy of raising energy prices as a means of encouraging energy conservation. Leaving aside the fact that the plan would in fact accomplish very little conservation (only 16 percent of the increased demand for energy between now and 1985 would be met by conservation) this approach will only worsen inflation, and with it unemployment and all the economic ills which trouble labor.

The plan mandates a sharp increase in the present rate of nuclear power plant construction and in the use of coal, with a resulting doubling in the contribution of electricity to the energy to be acquired between now and 1985. This means heavy reliance on the ways of producing energy that are most wasteful of capital, a step that is certain to add to our present economic difficulties. At the same time, by increasing the availability of electricity (relative to direct use of fuel) the plan would encourage those industries that are power-intensive — and which are thereby likely to use little labor. Finally, the plan would create enormous new environmental difficulties, because it relies so heavily on the two methods of producing energy that most severely threaten the environment — the use of coal and nuclear energy.

In sum, the National Energy Plan is likely to aggravate the energy crisis rather than solve it, for it would worsen the main effects of the energy crisis: inflation, unemployment and economic uncertainty. This means, I fear, that if the plan is enacted in anything remotely resembling its present form, we will be confronted even more by the divisive antagonisms among those concerned with unemployment, energy and the environment — antagonisms that only contribute confusion to a debate that cries out for clarity.

Is there no way out? There is. There are alternatives to the nuclear power plants, the strip mines, the coal gasification projects, to the continued use of oil and natural gas which will rise in price forever. The alternative is, of course, solar energy.

Now at this point many people will react with a faraway look in their eyes, and perhaps with some impatience and frustration, expecting to hear another one of those pie-in-the-sky schemes about a beautiful solar future. But that is not what I am talking about. I am not going to tell you that all will be well if we do more research on solar energy, set up a few more demonstration houses or learn how to build a solar power plant in space. What I am going to tell you — and not on my own authority, but on the authority of U.S. government agencies — is that for most methods of using solar energy the technology is already in hand, and can be introduced at once in most parts of the country, for a wide variety of uses, at economically competitive cost. To many people, and apparently to some government officials, this is news. But it is good news, for the most important thing about solar energy is that, unlike conventional energy sources, it will stabilize the price of energy, slow inflation and improve investment planning; it will create rather than destroy jobs; it can turn the country's faltering economy around. It can give us a real energy plan that solves the energy crisis rather than making it worse — the kind of energy plan that meets the needs of labor.

Here are a few reminders about solar energy.

First, unlike oil, natural gas, coal or uranium, solar energy is renewable; it will
never run out (or at least not in the next few billion years). Because solar energy is renewable it is not subject to diminishing returns — which means that its price, instead of escalating like the price of present energy sources, will be stable and even fall as the cost of devices continues to decline. By stabilizing the price of energy, solar energy reduces the threat of inflation and eases the task of planning investments in new productive enterprises, thus relieving two of today’s worst economic problems.

Second, the use of solar energy does not depend on any single technique. There are different sources of solar energy, some forms more available in one place and other forms in other places. Everywhere that the sun shines, solar energy can be trapped in collectors and used for space heat and hot water. Of course, the amount of sunshine varies from place to place, but not as much as most people think. The sunniest place in the United States, the Southwest, gets only twice as much sunshine as the least sunny place, the Northwest. In some places the most available form of solar energy may be wind (the wind blows because the sun heats the air on the earth’s surface unevenly). In agricultural areas solar energy will be available in the form of organic matter (which is produced by plants through photosynthesis, from sunshine); manure, plant residues, or crops grown to be converted into methane (the fuel of natural gas) or alcohol. In forested areas, waste wood, or even wood grown for the purpose, can be converted into heat, either directly, or by being made into gas. And wherever the sun shines, photovoltaic cells can be used to convert solar energy directly into electricity.

Third, for each of these solar processes the scientific basis is well understood and the technological devices have been built and are in actual use. Solar collectors are used all over the world, and were once (about 30 years ago) common in Florida and California; small windmills used to dot the farm landscape; methane plants are in operation in hundreds of thousands of Indian and Chinese villages; alcohol produced from grain was used extensively, mixed with gasoline, to run cars and trucks during World War II; photovoltaic cells now power satellites and remote weather stations. Of course solar energy needs to be stored during the night or over cloudy periods. This can be done in batteries, in tanks of alcohol or methane, in silos full of grain, as standing timber, or for that matter in piles of manure. All these items exist.

The main questions are, once again, economic. Granted that most solar technology exists, does it pay to introduce it? More precisely, the question is not whether it will pay, but when. The cost of conventional nonrenewable fuel is now rising exponentially, and will do so indefinitely. Since it is renewable, the cost of solar energy is fixed only by the cost of the equipment, which will fall in price as experience is gained. Place these two curves on the same time scale and inevitably they will sooner or later cross. Solar energy, which a few years ago was more expensive than the conventional alternatives, will inevitably equal them in price and then each year become cheaper relative to conventional energy.

Estimates of when and how solar energy systems become economically advantageous have now been made by the Solar Energy Task Force of the Federal Energy Administration (now part of the new Department of Energy). Here are the main features of the Task Force’s “National Solar Energy Plan”:

Solar heating: In most of the central part of the United States, if the government provided low-cost loans, it would today pay a householder who uses electricity or oil for space heat and hot water to replace about half of it with a solar collector system. Even borrowing all the necessary funds at eight percent interest, with a 15-year amortization period, would cut the average annual heating bill by 19-20 percent.

Photovoltaic electricity: Here is the biggest surprise. For a long time even those of us most optimistic about solar energy were convinced that this technology — a wonderfully simple way to produce electricity from sunshine — was unfortunately so expensive as to remain uncompetitive for some time to come. Now the FEA report shows that the production of electricity from photovoltaic cells systems can compete with conventional power sources and exactly how that can be accomplished. The report shows that, beginning immediately for the more expensive
installations such as gasoline-driven field generators, within two years for road and parking lot lighting, and within five years for residential electricity in the Southwest, photovoltaic units can compete, economically, with conventional power. All that is required to achieve this remarkable accomplishment is the investment of about $0.5 billion in the purchase of photovoltaic cells by the U.S. government. This would allow the government to order about 150 million watts capacity of photovoltaic cells. The order would allow the industry to expand its operations sufficiently to reduce the price of the cells from the current price of $15/watt (peak) to $2-3/watt in the first year; to $1/watt in the second year and to $0.50/watt in the fifth year, achieving the competitive positions noted above and successfully invading the huge market for conventional electricity. A similar federal (or state) purchase plan could bring large-scale power-generating windmills down to a competitive price, according to the FEA report.

Methane and alcohol production from organic matter: While methods of commercializing these sources of solar energy have not yet been worked out by the FEA task force, current research already begins to show how that can be done. Public works funds can be used effectively to rebuild urban garbage and sewage-sludge disposal systems so that they generate methane, which can help meet a city’s energy demand. In certain farm operations — such as a dairy with 200 or more cows or a farm raising 5,000 or more chickens — it is already economical to replace current manure-disposal systems with methane generation, using it, for example, to produce electricity to drive farm machinery and heat to warm the barns. In Texas, one company has already begun to sell methane produced from feed-lot manure to the natural gas pipelines. Several Midwestern states are actively developing alcohol production from grain, as a partial substitute for gasoline in cars, trucks and tractors.

The most important aspect of solar energy, I believe, would be its effect on employment and economic recovery, but solar energy has another unique feature — it has no economy of scale.

In all conventional energy production there is a very large economy of scale: the cost of the energy falls sharply with the size of the unit. Solar energy is very different. When a farmer wants to produce more corn he does not produce bigger corn plants, but plants more of them over a larger area. And each corn plant operates at the same efficiency, so that one acre of corn traps solar energy as efficiently as 1,000 acres of corn. The same is true of all solar techniques, such as photovoltaic cells. You can run a flashlight or a whole house on photovoltaic cells, at the same energetic efficiency.

In conventional energy production the large economy of scale means that only very large corporations can compete (that explains why the energy corporations are such big ones). In solar energy production a small or middle-sized company (or a household) can do as well as a corporate giant. As a result, huge, centralized solar installations are unneeded. The power can be produced on a scale that matches its use, where it is used, thus eliminating the need for heavy transmission systems (although light ones will be useful to balance out production and demand).

It is easy to see that the introduction of solar energy would mean a rebuilding of not only our system of energy production, but also many of the ways in which energy is used in manufacturing, agriculture and transportation. This would mean a vast program of new construction. It would create new jobs, and in doing so begin to control inflation.

The point of the foregoing analysis of the economic consequences of different ways of producing and using energy is not so much to support this particular theory about the role of energy in the production and economic system. What I wish to emphasize is the basic point that all energy sources and ways of using energy in production are not alike in their effects on jobs, inflation and economic stability, and therefore on the interests of labor. Yes, some form of energy must be available if production and the economy is to continue — if goods are to be produced and if people are to have jobs and afford to buy what they need. But it makes a big difference which form of energy is chosen to support production, and how it is used. Choose the wrong form of energy and the effort to support the economy and create jobs will have the reverse effect.
Consider, for example, the often-repeated claim that nuclear power plant construction is a good way to produce energy, support the economy and create jobs. *This claim simply does not stand up before the facts.* When compared with alternative ways of producing the needed energy, nuclear power is *not* the best way to sustain the economy and to provide jobs. Here is a concrete example: The Fiat Company, in Italy, has just announced the availability of a cogeneration unit ("TOTEM") which uses natural gas, or methane produced from a solar source, to drive a converted gasoline engine, producing electricity and recapturing the normally wasted heat as a source of space heat. About 67,000 TOTEM units would produce a total of about 1,000 megawatts of power — the capacity of a typical U.S. nuclear power plant. However, whereas the nuclear plant would cost about $1 billion, the TOTEM units would cost only $191 million, and they would produce electricity at about one-fourth of the cost of electricity from the nuclear plant.

The economic efficiency of such cogeneration units, as compared with nuclear power means not only lower electricity prices, but also a more effective use of capital, therefore more opportunities for productive investment of capital — and more jobs. Because they can run on methane — a renewable solar fuel — such units can help bridge the gap between our present dependence on nonrenewable fuels and a solar economy.

As should be evident from Fiat’s accomplishment, such units could readily be manufactured in U.S. and Canadian auto plants, where they could take up the slack created by the disruptive effects of the energy crisis.

It is also informative to compare nuclear power with photovoltaic cells. If the proposed U.S. federal purchase plan were carried out, in five years or so the photovoltaic industry would expand enough to begin to allow local installations to compete economically with nuclear power in many parts of the United States. Again, many more jobs would be created by the solar technology than the nuclear one. The widespread availability of competitive photovoltaic cells would also create many opportunities for new types of industrial production. For example, it would encourage the development of battery operated hand-tools, since batteries could readily be recharged by a photovoltaic unit mounted on the factory roof.

These are only two examples of the choices that are now open to us, and I mention them only to emphasize that there are choices. There is only one way in which the familiar arguments that pit jobs against the environment, that put labor leaders on the side of nuclear utility executives, make sense. And that is if we accept the assumption that the alternative to a new nuclear power plant is no new electricity and that the alternative to massive strip mining is no new sources of heat. In other words, this argument holds only if we give up the right to choose, among the different ways of producing energy, those which best serve the nation’s — and labor’s — needs. Then, of course, the bitter choice between jobs and the environment *must be made, for if the flow of energy is disrupted we will surely suffer massive unemployment and economic disaster.*

*Labor groups have often decided to support nuclear power, shale oil production, coal conversion and similar energy sources which, on the basis of the foregoing analysis, seem not to be in labor’s interests. But I know of no instance in which such support has been based on an actual comparison with alternative sources of energy. In every case, it is not a matter of making the wrong choice, but of avoiding a choice — in the belief that energy is essential for production and jobs (which is correct) and that all forms of energy will yield the same beneficial effects (which is not correct). Resolutions have been passed by labor groups which in one place strongly urge a fight for jobs and against inflation, and elsewhere urge the development of all forms of energy, listing sources such as nuclear power and coal conversion — which are bound to do employment and inflation more harm than good — alongside solar energy, which is labor’s most powerful weapon against energy-driven inflation and unemployment.*

If labor is to win its fight for jobs, for reasonable prices, for decent working conditions and for a strong economy, it must accept the responsibility of deciding, for itself, which forms of energy and which ways of using it will best sustain these aims. Up to
now these decisions have been made not by labor, but by management. And now that management's choices — for nonrenewable sources such as oil and capital-intensive sources such as nuclear power, rather than the solar alternative — have precipitated the energy crisis, the decisions are being made by government executives and legislators. But, again, labor is on the sidelines.

Unless labor enters into the debate — on its own terms, making its own decisions about what energy policy best serves the needs of society, and of labor in particular — we will make the same disastrous mistakes once more. Nor is it enough for labor to rely on "environmentalists" and other people of goodwill to suggest the right way to produce and use energy. There is no guarantee, for example, that an energy policy will be free of serious economic and social disadvantages just because it is based on solar energy. Devotion to solar energy is not, after all, proof against indifference to social welfare, greed or simple foolishness.

Consider for example two different ways to achieve a transition to solar energy. One option is deliberately to increase the price of conventional energy, so that solar technologies will become more quickly competitive. The other is to hold down the price of conventional energy as much as possible and use public funds to cut the cost of solar alternatives and make them competitive. For the reasons already given, the first approach would place an intolerable economic burden on the people, especially the poor and the minorities, who suffer most from unemployment.

At the same time, wealthier people would benefit from the transition. This strategy would increase both the general cost of energy and the price the consumer needs to pay to shift to a solar source. Poor people, unable to afford the high price of the new solar technology, would be forced to pay higher fuel prices, while wealthy people, who could afford the solar investment, could avoid buying the high-priced fuel. The strategy of raising fuel prices in order to encourage solar energy would tax the poor and favor the rich, justifying the suspicion already being voiced that public movements for energy conservation and solar energy are likely to be more in the interest of the wealthy than of the poor and the unemployed.

Perhaps the most serious dangers of this approach arise from a feature which in some quarters would be regarded as a virtue — the strategy relies on the "free marketplace" to govern the introduction of solar technologies. Bluntly stated, this means that the introduction of each solar technology would be governed by a single criterion — that it generate a profit for its producer greater that one he might obtain from an alternative investment. Such a strategy would please the companies now entrenched in the energy field. The oil companies would, of course, benefit from higher oil and natural gas prices. Even if the price increase were generated by taxes, it would make the oil companies' holdings in coal and uranium more valuable, and help support the price of oil in the world market — in which most of the U.S. companies are also involved. Private utilities could also benefit, by using their position in the consumer market and their access to capital to sell or lease to their customers whatever solar technologies are most profitable and least damaging to their centralized operations.

The last to gain from such a solar transition would be the poor. They would need to wait for benefits until, in the course of time, the massive substitution of solar energy for conventional sources stabilized the rising price of energy, and reduced the rate of general inflation. Finally, when the cost of the solar technologies fell far enough, the poor could afford them too. Such a profit-oriented transition would mean that the benefits of solar energy would be allowed, as usual, only to trickle down to the mass of people.

Clearly, it would not serve labor's interests — or for that matter, the nation's — to rely on such an approach to an environmentally-sound system of solar energy. Rather, labor and the nation need an approach which permits rational planning of the development, testing and introduction of solar technologies in keeping with their efficacy in the overall process of transition rather than on the basis of the narrow criterion of profitability. This approach would, of course, challenge the widely fostered notion that private profit is the sole acceptable basis for new productive investments. But this has happened before in connection with the development of energy
resources — notably in the development of hydroelectric projects, in particular the Tennessee Valley Authority, rural electrification and most recently nuclear power. In each case, the creation of the system required public initiative and at least the initial investment of public funds. The issue is not necessarily one of public ownership, since in the case of nuclear power, the decision to develop it and the design of the technology was determined socially, while the ownership and operation of most of the industry has been in private hands. The example of nuclear power should also remind us that social governance of such decisions is by no means a guarantee that they will be in the best interest of society. Social governance is a necessary but not sufficient condition for maximizing social welfare.

An independent labor position on energy could provide a powerful remedy for some of the serious economic difficulties of American and Canadian industry. Many industries — automobiles, steel, textiles, shoes and electronics — are being forced to cut back because they cannot compete with imports. These industries face the enormously difficult job of overcoming the economic advantages of foreign producers, achieved by their more modern productive facilities, in order to regain their share of the market. Meanwhile, plants close and people are thrown out of work.

From what has been said earlier it should be evident that to cope with the energy crisis, all industrial countries will need to develop new renewable sources of energy and new energy and capital-efficient production technologies. Promising examples are photovoltaic cells and cogeneration units such as Fiat’s TOTEM. Consider this very sobering possibility: that U.S. and Canadian industry, still locked in the old pattern of producing and using energy, will not move quickly enough to develop photovoltaic cells and cogeneration units, failing to meet the inevitable demand for them.

If that happens, we will soon see Japanese photovoltaic cells and Italian cogeneration units capturing not just a part of the North American market, but all of it. We will have been frozen out of a good chunk of the enormous world-wide industrial transformation that is certain to take place under the impetus of the energy crisis.

I believe that labor can protect us from this fate, strengthen economic development and create jobs by taking its rightful place in the decision-making process that will determine our response to the energy crisis. Labor has the most to lose from the wrong decisions, and the most to gain from the right ones. Labor has the experience to understand how old production facilities can be converted to new uses and how to train workers in the new skills. Labor has the experience to defeat the notion, already being heard in some quarters, that union labor would drive prices up and make the solar transition that such harder, and to show that non-union labor would mean shoddy workmanship that could only hold back the new technologies. Finally, only labor has the political strength to break the corporate stranglehold on energy and to help society apply the power of public governance to the creation of a new energy system that can truly serve human welfare.

Notes

5. The Energy Conservation and Production Act of 1975 required FEA to develop commercialization plans for solar development. The first report was released that year by the FEA Task Force on Solar Energy Commercialization: Preliminary Analysis of an Option for the Federal Photovoltaic Utilization Program (Washington, D.C.: FEA, July 20, 1977). Other reports for this program are in preparation on solar heating and cooling, wind energy and industrial applications of solar energy. These reports will form the basis of the solar plan referred to. The information in the text was obtained from draft versions of the other reports and related work from other parts of the ERDA and the new Department of Energy.
The “Prague Spring” of Czechoslovakia, 1968, is still discussed ten years after it was quelled by direct Soviet military intervention. Voices are still raised in Prague, despite repression and “normalisation” — like those of Dubcek, Kriegel, Kahout, Vaculik and other protagonists of 1968 who remain faithful to the ideals of the Prague Spring; the youth and political fringe; Christians; liberals and forbidden underground cultural movements which reject the hypocrisy of the occupation regime and demand respect for “human rights”. It is those disparate political and cultural elements which form the “Charter 77” movement.

The Prague Spring was essentially an attempt to “reform” the Soviet socialist model by moving towards a more democratic and pluralist socialism. Accordingly, democratic and socialist forces of East and West were made aware of a democratic, self-administering, pluralistic socialism — socialism with a “human face”.

The movement for “renewal of socialism” in Czechoslovakia in 1968 was not purely a national or “accidental” occurrence. It was the climax of a long crisis in socialism from which Stalinism had grown, and at the same time a tangible attempt to form a socialist alternative in a developed country. This was the real feeling of “The Spring” and the main reason for Soviet intervention.

That attempt at “socialist renewal” was certainly not the first by any Eastern bloc country. One recalls the Budapest revolt and the “Polish October” of 1956, the refusal of Tito and Mao Tse-tung to submit to the dictates of Moscow. But the uniqueness of Czechoslovakia was that of an economically developed country with traditions of parliamentary democracy, where the economic basis of socialism had been laid after World War II, in 1945, and where the imposition of the Soviet model, in 1948, had resulted in an economic, political and ideological crisis. It was important to see if socialism would give the Czechoslovakian people more liberty, democracy and participation in managing society in a developed country — as preconceived by Marx and Engels — than in countries which had no history of parliamentary democracy or had come directly from feudal regimes or dictatorships as in Russia, China, Cuba, Portugal and Vietnam, without denying the importance of respective changes.

This was why leading bureaucratic groups in Moscow, Berlin and Warsaw had to stifle the Prague Spring on August 20, 1968. They were frightened by the germ of a more “libertarian” socialism which could not only contaminate peoples of the Eastern countries, but also those of the West. The present leaders of the USSR have no interest in a “Western” socialism which is different from theirs and which may have repercussions for them in countries dominated by them. Hence the type of “Kadarisation” imposed after August 20, 1968 and why Czechoslovakia is still controlled by them 10 years later. It was to discourage others from following the same example.

August 20, 1968 was a shattering experience which deprived hundreds of thousands of citizens and 500,000 former communists of a political and cultural life; it has transformed Czechoslovakia into a “Biafra of the Spirit” (Louis Aragon), and ensured that the Prague Spring cannot be easily repeated.

However, traces of the former spirit still remain. It is in the development of a “Eurocommunism” which began with non-acceptance of Soviet intervention and has its roots in the Prague Spring. It is characterised by a more critical attitude to the Soviet model in the awareness that socialism cannot exist without democracy. This new approach appeals to many in the international left movement which has no
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clear ideology or central point of agreement, but represents the beginnings of a process which could overcome the divisions within workers’ movements. In fact, “the universal value of democracy” (E. Berlinguer) and political pluralism has largely healed the division between “reformists” and “revolutionaries”. The line of demarcation now exists between the partisans of the “Soviet model” and those of a “different socialism”. Resolving this will take a long time. The Prague Spring will be the point of reference, like the Paris Commune has been to marxist revolutionaries.

Some leftwing movements, certain Communist parties, different radical groups and trade unions in Paris, Rome, Berlin, etc. which were more attracted by the romantic visions of Che Guevara, the Chinese Cultural Revolution, by Cuba, Viet Nam, and later Portugal, are now discovering the virtues of the less spectacular revolution of Czechoslovakia, 1968, which the numerous debates and discussions in many countries of the world attest.

It could be that 1968 drew in China. Their disagreements with the USSR up to this time had been mainly ideological. The Soviet aggression against Czechoslovakia may have convinced them that they, too, may be faced with the menace of Soviet militarism. They mobilised their people and armed forces. They set defensive safeguards by approaches to the USA, to Western Europe and non-aligned countries (such as Australia) whom they previously denounced as “the united objectives of American imperialism”. One could say that the volte-face of Chinese politics which had its theoretical expression in the “theory of three worlds” (Mao Tse-tung) has its origins from conclusions made by the Chinese leaders from the aggression against Czechoslovakia, by the Soviet military.

It is paradoxical that the “West” has not understood the true implications of the change in Chinese politics. They consider it to be more “ideological” than it really is. The West mistakenly believes that the Chinese take the Czech lesson lightly, like “an accident along the way”, when the opposite is the case.

It is true that the phenomena of political and cultural dissidence in Eastern European countries existed well before the Prague Spring, but mainly as individual protest. In Czechoslovakia, the expulsion of 500,000 from the Communist Party created a huge base for opposition to the occupation. For the majority of its participants, opposition has to be in secret because of the presence of the Soviet Army and genuine fears of reprisals. The hopes engendered by the “Spring” for Eurocommunists and liberals of other Eastern European countries have aroused the fear of leading groups that the same phenomena occurring in their countries will lead to Soviet repression so that discrimination has taken place against real political opposition.

This atmosphere has produced “ghettos” of the discriminated composed of actual and potential dissidents, which provide new voices in the struggle. It is because of this that certain movements have come into being such as the “Charter 77” in Czechoslovakia; the “Committee for Self-Defence” in Poland; the “Watchdog Committees of Helsinki” in the USSR, etc. These movements have expelled communists, socialists, christians, liberals and nationalists — all sharing a common platform which includes: the defence of free speech and religion, the right to strike, freedom of access to information, respect for liberty and the participation of the people in control of state power, all guaranteed in the laws and constitutions of Eastern Europe, but to which their leaders pay only lip service.

Thus, one is witnessing the birth of a culture parallel to the official kind as one can see in the various editions of “Samizdat” in the USSR, “Edice Petlice” in Czechoslovakia, the literary reviews of Poland, Hungary, etc. None of that was possible before the Prague Spring which, even after its defeat, has shaken the myth and stability of the Soviet model in Eastern Europe.

The essential question now exists for Eastern Europe: what are the prospects for real change and will it be reform or revolution? Is an array of “gradual reform” definitely barred by the defeat of the Prague Spring, as the Polish philosopher Kolakorski insists? The answer is not easy. In the present situation, the chances of another
Spring appear minimal particularly in ‘normalised’ Czechoslovakia. Consequently, one can see nothing different developing — no radical tendencies to left or right, no phenomena of anti-Soviet nationalism, not even anti-socialism. But there is pressure. Pressure on the “Establishments” of Eastern Europe. Pressures especially for economic reform and the need to “open” to the West. There is ideological cynicism and pragmatism confronting the ideological rigidity of the party apparatus and its police, with their solid ties to Moscow.

The greatest fault in Dubcek’s leadership was to believe that one country alone could go forward with a process of democratisation, provided it did not interfere with foreign policy and provoke Moscow.

This belief was fostered in the illusion that the USSR was still in the “after Khrushchev” mood and in line with the 20th Congress decisions on de-stalinisation. Dubcek was convinced that the Soviet leadership would understand the importance of this new type of socialism for all communist and socialist movements and as such would not contemplate the use of military force. Because of this, nothing practical was done to face that menace which may have discouraged the Soviets from what they did. Czechoslovakia should have warned the Soviets that while faithful to the Warsaw Pact, they would defend themselves in case of aggression. They should have accompanied this warning by mobilising the army and people’s militia.

I think that this was the only way Soviet military intervention could have been avoided. This view has been confirmed by the examples of Tito, Mao Tse-tung and even Ceausescu who have not been afraid of risking conflict with Moscow in preserving their own road to socialism without becoming dependent on the West.

It is an important political lesson, not only for opposition in Eastern Europe, but for all who want to build an alternate socialist society in all developed countries. Each attempt, whether in Rome, Paris or Madrid, is going to meet the same hostile opposition from the Soviet leadership. When we talk of this to some western communist parties they reproach us for pushing them into a brutal rupture with Moscow. We do not ask this. We merely suggest that they be not taken by surprise as we were in 1968 by underestimating the aggressive stalinist nature of the present Soviet leadership, to understand that the socialist opposition in Eastern European countries is its natural ally in the struggle for a socialist alternative to capitalist society, while ruling bureaucratic regimes are merely brakes on the development of socialism throughout the world.

The progress to democracy can only be achieved if it happens simultaneously in two or three Eastern European countries like Poland, Czechoslovakia and Hungary. This would prevent Moscow from punishing one country by punitive intervention like August 20, 1968, or by making “concessions” by the “finlandisation” of Eastern Europe as the Polish dissident Jacek Kuron calls it. The possibilities of modification to socialism which conform with tradition and need, do run contrary to the essential interests of Soviet power in Eastern Europe.

It is for these reasons that the “Charter 77” movement, other protest movements and “contracts” between opposition groups are phenomena of greatest importance to the future of Eastern Europe — against the alliance of the bureaucrats is the new solidarity of the oppressed. Changes wrought in Eastern Europe could possibly provoke a political crisis in Moscow and as a result certain changes be effected — movements of national liberation often provoke political crises in corresponding metropolitan countries. This perspective is only possible though by international détente as an effort to overcome the division of the world into spheres of interest by the two super-powers.

The return to the Cold war, economic crises and terrorist phenomena will foster only authoritarian and totalitarian solutions of the right or left. To foster democracy in developed countries is to become allies in the fight for true socialism and against the status quo. That is why co-operation and solidarity between all socialist forces is a primordial condition for socialist transformations in the world. The defence and development of democracy coupled with the rights of all humankind is an essential condition for progress in Eastern, as well as Western, countries of the world.
"Australia’s most important resource is not minerals or wool — it is people — people must come before technology."*

A simple but profound statement. It is profound because it affirms that a principle other than greed for profit or the commercial compulsions of the market should govern society; because it rejects the throwing of hundreds of thousands of people on industrial and social scrapheaps; because it could well become a battle-cry in every industry throughout the land.

For marxists, such a statement has a wealth of meaning.

Marxism is not a theory of technology or a technological determinism, though some passages in the classics have such overtones. But the causes and effects of technological change in capitalist society are central questions for marxists — particularly the specifics of today when the pace of change is faster than ever, and the effects or potential effects far-reaching.

I propose to examine these aspects of the process:

* From full-page newspaper advertisements setting out policy on technological change, inserted by the Policy Co-ordinating Council of the Australian Bank Employees’ Union and the Commonwealth Bank Officers’ Association, November 15, 1978.
1. Its concurrence with the world capitalist economic crisis and the new stage of internationalisation of capital.
2. Its extent and depth.
3. Its occurrence at the beginnings of an energy, resources and ecological crisis.

* * *

1. Capitalism is an economic system which, unlike systems preceding it, has an inherent tendency to revolutionise the productive forces. This is because capitalism’s motive force is private profit: individual capitalists, competing in the market, can make a higher profit than others if they can reduce their costs of production below the average. Speed up, a longer working day, below average wages, absence of union organisation, better organisation of production and distribution, etc. can all play a part in this, and have done so.

But the most important means (particularly today when some of these avenues are largely blocked by the strength of the labor movement) is the introduction of new equipment reducing the labor content of each commodity turned out, or, put in another way, increasing the productivity of labor. The first in the field makes extra profit. But others are bound to follow suit or go to the wall in competition. This is so particularly because, in addition to reducing the cost per unit, the new facilities usually turn out a much larger number of units, so that supply increases in relation to the demand, putting additional price and profitability pressure on those retaining the old methods.

When the new equipment becomes standard, the extra profit is not longer to be made by anybody, and a new average rate of profit becomes established. It is now lower than previously because the value creating factor — living labor — is generally a smaller proportion of the total capital employed.

This is, of course, a very simplified account of what actually occurs, and there is considerable discussion in marxist circles today about the “law of value” and “the falling tendency of the rate of profit”. I will refer to some aspects of this later, but for the moment want to stress the dynamics of the process. It is neither smooth nor steady. It takes place in bursts, and lies at the bottom of the boom-bust (or, euphemistically, “business”) cycles which characterise capitalism.

Technological change goes on all the time; but it becomes a matter of life or death for the capitalist when markets are glutted, as at present. Some go to the wall; some old production facilities are taken over by survivors and/or dismantled; the goods in over-supply are gradually sold or destroyed, and a spate of investment in new equipment gets under way between the competing survivors. This means jobs for the unemployed in industries making equipment. They now have wages to spend, so consumer goods production can also expand and a new boom gets under way. But it also prepares the way for a new crash because, production expanding without plan, it eventually exceeds the purchasing power of the workers who receive in wages only a portion of the total new value they create.

From the point of view of a general understanding of the dynamics of the process it doesn’t matter at what point of the cycle one begins. But from the practical, political point of view it matters a great deal, as do all the concrete surrounding circumstances.

From the beginning, capitalism needed and created a world market, so that “cost of production” of a given commodity was never purely national. It was its lower costs — or higher productivity of labor — which made 19th century Britain the “workshop of the world” and gave it “the heavy artillery with which it batters down all Chinese walls” (Communist Manifesto, excluding its goods both from feudal countries and other capitalist countries, though tariff and other barriers were continually being set up to exclude them and allow indigenous industry to develop. (It was behind tariff barriers that Australian manufacturing industry developed, especially after the two world wars.)

Today, the internationalisation of production and the market, especially per medium of the multinational corporations, is ever so much more advanced, generating great pressures on the industries of each
country to fit into a new “international division of labor” adapted to the requirements of the multinational corporations and the new technology controlled by them.

Such new phenomena as the “global car”, assembled from components made with the very latest techniques in many countries, is an example of the kind of almost irresistible economic pressures to which the car industry in separate countries is subjected — with politics, skulduggery and inter-nation and inter-multinational corporation rivalry also coming into it.

Mr. Lynch recently warned that “integration of the Australian vehicle and component industry into the world car concept would be essential .....” (Financial Review, November 10, 1978.)

So, today, in Australia, as well as other countries, the “normal” pressures for introduction of new technology merge with pressures from the “international market” to remove tariff barriers, to abandon whole industries or drastically curtail them to one or two more efficient operators, to move “offshore” to take advantage of low-paid, un-unionised labor, and to transfer capital into the energy and raw material resource areas where higher rates of profit are being obtained in very capital-intensive processes.

The Liberal and National Country Parties naturally bow to the pressures — or, rather, ally with them, though with an eye to the political costs, traditional sectional-class alliances, etc. with the crudest outcome in the resource-richest states of Queensland and Western Australia. (See L. Aarons, “The Conservative Crisis”, Tribune, November 8, 1975.)

But the dominant centre-right in the trade unions and the Labor Party — traditionally champions of “Australian manufacturing” — are also succumbing on the grounds of “realism”, and not even attempting to formulate an alternative perspective.

This places extra responsibility on the left, with corresponding opportunities for increasing its mass support. Solutions are not simple, economically or politically. Even were socialists to be running Australia tomorrow, it would not be self-evident what should be done with the car industry, whitegoods, ship-building, transport, etc. A lot of homework has to be done, and, indeed, is getting under way in a number of quarters, including the CPA. Nor is unity about a suitable approach easy to achieve politically, because all the changes are not felt equally by all sections of the workforce — some may even gain in a very narrow sense from the process.

But, to give into or go along with international market pressures really means giving into or going along with the multinational corporations who dominate in that market, with increasingly harmful consequences.

Big corporations don’t care about the effects of asbestos and other substances on the workers they employ, and even hide the facts. They will destroy Jarrah forests for bauxite and put Perth’s water supply in jeopardy. They will support any regime, however oppressive (e.g. The Shah of Persia’s) if it suits their interests. They will charge into the uncharted nuclear future, destroy whole industries, and condemn millions to unemployment without compunction. How can anything good come from succumbing to market forces which express their dominance?

The guiding principle of an alternative is given in the banking unions’ advertisement, which is along similar lines to the approach adopted earlier by the Telecom workers: putting people first, recognising them and their actual and potential skills as the main wealth of the country. This means putting people’s needs before multinational corporation ones. It means putting social needs before private (profit) ones. It means identifying such interests as those of Australia as a nation. Not in isolation, but in co-operation with working class forces everywhere, with national liberation and other movements struggling for a new world economic order in which multinational corporations’ interests do not dominate.

* * *

2. The present spate of technological innovation comes on top of an already high productivity of labor, giving rise to qualitative as well as quantitative effects.

This can be seen first of all in the universality of automation and computerisation. While not yet complete, nor
likely to be in the foreseeable future, this is now happening in areas which were formerly largely untouched — banking, secretarial work, medical diagnosis, warehousing, etc. In principle, computers could have been used in these fields earlier, but it was not an economic proposition until computers became more sophisticated and miniaturised, with a drastic reduction in cost. The fact that the new generation of computers came on stream at the same time as the economic crisis is largely contingent, but it certainly intensifies the problems.

Thus, some sections of the working class which formerly were, or felt themselves to be, privileged, have found both their status and their employment undermined. This and other changes in their work have brought them closer to the more traditional “labor movement” forces, reflected in the development of their union organisation and moves for amalgamation with the ACTU. This helps counterbalance the tendency to segmentation of the workforce which is such a feature of modern economies.

It also knocks on the head the fond hopes so often expressed in palmier days that expansion in the tertiary sector would more than make up for job losses in manufacturing.

The increasing integration of science and production (discussed further below), and further mechanisation up to automation and computerisation have complex consequences for the labor process. Contrary to some earlier predictions or hopes, however, it seems that the overall result is a general downgrading rather than upgrading of skills, though the latter also takes place.

Harry Braverman in Labor and Monopoly Capital comments savagely:

*Since, with the development of technology and the application to it of the fundamental sciences, the labor processes of society have come to embody a greater amount of scientific knowledge, clearly the ‘average’ scientific, technical, and in that sense ‘skill’ content of these labor processes is much greater now than in the past. But this is nothing but a tautology. The question is precisely whether the scientific and ‘educated’ content of labor tends towards averaging, or, on the contrary, towards polarisation. If the latter is the case, to then say that the ‘average’ skill has been raised is to adopt the logic of the statistician who, with one foot in the fire and the other in ice water, will tell you that ‘on the average’ he is perfectly comfortable. The mass of workers gain nothing from the fact that the decline in their command over the labor process is more than compensated for by the increasing command on the part of managers and engineers. On the contrary, not only does their skill fall in an absolute sense (in that they lost craft and traditional abilities without gaining new abilities adequate to compensate the loss), but it falls even more in a relative sense. The more science is incorporated into the labor process, the less the worker understands of the process; the more sophisticated an intellectual product the machine becomes, the less control and comprehension of the machine the worker has. In other words, the more the worker needs to know in order to remain a human being at work, the less does he or she know. This is the chasm which the notion of ‘average skill’ conceals. (page 425.)*

This poses considerable problems for socialists because such a polarisation of skills and know-how, while not a “class” division in itself, could not but reinforce tendencies to hierarchical structures and the strengthening of bureaucratic and state control which, for a number of other reasons as well, have so far bedevilled societies where capitalism has been overthrown.

Other aspects of much new technology, including the opportunities it gives for surveillance, compilation of dossiers and monopolising information, act in the same direction.

Nevertheless, the potentialities for new solutions are also created. Greatly reduced hours of work can give not only more leisure and recreation in traditional forms, but also the possibility for continued learning throughout life (a trend already growing as seen in the increase in the number of “mature age” students) which, in turn, would help enable a sharing and rotation of responsibilities and occupations. We are
egalitarians here, too. Not in thinking that everyone has the same abilities or interests, but in wanting to ensure that all have equal opportunities to develop their talents and participate in creative work of their choice, as well as sharing the “shit work”.

This would best be achieved by “workers’ control” at all levels and particularly at the “workface” itself with small work groups mutually controlling and sharing, at least to a certain extent, jobs embodying varying levels of skill and knowledge.

Such possibilities extend to general social labor, including responsibility for helping with child care and upbringing, furthering the liberation of women and providing opportunities for socially meaningful work for the young and for the aged, now so often virtual outcasts in our society.

So putting people before profits, minerals and wool, not only means considering job opportunities, but also considering the nature of those jobs and of the control over the work process.

These are of course political and social issues, to be resolved by political and social struggle, the outcome of which is not preordained. It could result in the unemployed being put into a ghetto, ignored and even vilified by the employed (as “dole bludgers”, etc.), and in those privileged in knowledge and control forming an elite separated from the mass of workers. Or it could result in a new, socialist society.

The Law of Value

But the scope of the social consequences flowing from a high level of technological development go further yet, as we can see by asking an apparently unrelated question: if capital intensity is increased, even to the point of complete automation, dispensing with virtually all direct labor, how can any profit be made since, according to the labor theory of value, only labor can add new value in the production process?

At one level this is easy to answer. Outlining the process by which the rate of profit is averaged out between different industries with different capital intensities (different “organic compositions” of capital), different times of turnover etc, Marx pointed out that the working class as a whole is exploited by the capitalist class as a whole. This takes the form of the total surplus value produced being divided up among the capitalists not in accordance with the number of workers they employed or the money laid out in wages, but in accordance with the total capital they had invested.

Thus, if one branch of industry had one tenth of the total social capital invested in it, it would get one tenth of the total surplus value produced even if it employed only one hundredth of the workers.

Why would that be so? The reasoning was the same as in the initial form of the labor theory of value, based on the fact that in “simple commodity production” the equipment etc involved could be regarded as minimal in comparison with the labor. The theory says that the value of a commodity is equal to the number of hours of socially necessary labor time spent in its production.

In a society where there is no social plan because private ownership divides people, yet there is a social division of labor and universal exchange of the necessities of life in the form of commodities, there had to be, Marx said, a mechanism by which was established the necessary quantitative division of total social labor to give the “mix” of commodities required by society. The labor theory of value was the theoretical expression or “law” of this mechanism.

Similarly, where constant capital is, quantitatively, of as great or greater weight in production than variable capital, there has to be a mechanism by which both equipment etc and labor are distributed among different industries in the proportions required to provide the necessary mix of commodities. This mechanism was the “average rate of profit”, set out by Marx in the third volume of Capital.

Monopoly, state intervention and other factors of course altered the situation in both the initial and modified forms of the “law of value”. But one of Marx’s strengths was that he could disclose the underlying necessary mechanism which was not dependent on the particular vagaries of such modifying influences. If some of his followers equate these highly abstract “laws” with a specific economic reality, that is their weakness, not Marx’s.
But what if all production were to be automated? (Though this is highly unlikely, there is no doubt that development is in this direction, so the question is valid in the theoretical sense.)

Marx himself, in a remarkable example of prevision based on his general analysis, foresaw that a time would come when the development of the productive forces had reached a point where the main factor was no longer direct labor in the actual production process, but rather the general level of human knowledge and its application, and the force arising from social combination:

...to the degree that large industry develops, the creation of real wealth comes to depend less on labor time and on the amount of labor employed than on the power of the agencies set in motion during labor time, whose 'powerful effectiveness' is itself out of all proportion to the direct labor time spent on their production, but depends rather on the general state of science and on the progress of technology, or the application of this science to production .... (Grundrisse, pp. 704-5).

And

...direct labor and its quantity disappear as the determinant principle of production...compared to general scientific labor, technological application of natural sciences, on one side, and to the general productive forces arising from social combination in total production on the other side... (ibid, p. 700).*

This speaks against conceptions which narrow the definition of productive labor and "class", but more importantly indicates that many "tertiary" and "service" areas, particularly those in which the state has increasingly intervened during this century and especially since the Second World War, are not accidental or just ideologically motivated, but are to one degree or another necessary for production itself. This also helps to explain why, despite accolades to Milton Friedman and Co. because of their opposition to government intervention, and the genuine wish (as I take it to be) of the Fraser and other governments to reduce theirs, it still continues or even increases.

There are, of course, still market forces. But these cannot make capitalism run efficiently even in the narrow economic sense, let alone solve problems of chronic unemployment, inflation, cultural degradation etc, or achieve ecological harmony or ensure a continuous supply in the future of relatively cheap energy.

Marx draws some further theoretical conclusions:

As soon as labor in the direct form has ceased to be the great well-spring of wealth, labor time ceases, and must cease to be its measure. (Grundrisse, p. 705.)

We have therefore, in a sense, the beginnings of the abolition of the labor measure of value as an economic regulator within capitalism itself, with all the tensions and contradictions that generates economically and socially for the system:

Capital thus works towards its own dissolution as the form dominating production. (ibid, p. 700.)

The problem arising from the current wave of automation and computerisation are an expression of the "dissolution" of capitalism; the energy crisis is another. Of course, the "dissolution" is not automatic or inevitable. Rather, more and more situations are created which, given active intervention and forward-looking vision by progressive social forces, can open up the possibilities of a transition towards socialism.

If labor time spent directly in production is no longer the measure of wealth, what is? According to Marx free time:

...real wealth is the developed productive power of all individuals. The measure of wealth is then (when the above changes have proceeded far enough — E.A.) not
any longer, in any way, labor time, but rather disposable time. Labor time as the measure of value posits wealth itself as founded in poverty... (ibid, p. 708.)

“Universality” characterises the direction of development under capitalism, however uneven and distorted the actual development may be:

...creating the material elements for the development of the rich individuality which is as all-sided in its production as in its consumption, and the full development of activity itself, in which natural necessity in its direct form has disappeared because a historically created need has taken the place of a natural one. (ibid, p. 325.)

Thus the possibility and need today is to recognise that “the absolute elaboration of (humanity’s) creative dispositions, without any preconditions other than antecedent historical evolution which makes the totality of this evolution — that is, the evolution of all human powers as such, unmeasured by any previously established yardstick — an end in itself” Marx, Pre-Capitalist Economic Formations, E. Hobsbawm ed., pp. 84-85).

These needs and possibilities are modified not only by capitalist and specifically MNC distortion, but also by the world situation in which the great majority of the world’s population still suffers material deprivation, and where the energy crisis (etc) add a new economic factor. Nevertheless, “people before profits” and “social before private needs” is in various ways not only an approach attractive in itself, but also one becoming increasingly necessary to effectively grapple with today’s problems in advanced economies.

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3. The looming energy crisis is dealt with extensively in the article by Barry Commoner also published in this issue, and I only want to emphasise some aspects.

First, there is an energy crisis which, for the next 10 to 20 years is likely to be manifested in a continually rising price for energy, not an absolute shortage. In the longer term, the costs will escalate so rapidly as to be almost equivalent to an absolute shortage, unless a change is made to renewable sources as the major source of supply.

It may be that this time is scores of years away, and therefore unlikely to readily motivate masses of people. But socialists must look ahead. And certainly a commercial, profit-measured approach cannot even begin to tackle such a problem in either short or long term because it lacks the dimension of social consideration, of planning for social needs — even within one country, let alone globally.

The fact that wealth depends on nature — on the land, the waters, the minerals, the flora and fauna — as well as on human labor, is evident enough. But, while recognising this, marxists have paid by far the greatest attention to the dynamics of social systems “under their own steam” as it were, with nature in the (sometimes very distant) background.

Even earlier societies sometimes qualitatively affected the ecology — from the periodical burnings off by Aborigines in Australia to the denudation of forests in China, the rising salinity and/or silting up of irrigation systems in the Middle East and (it has been said) the decline of Carthage because of the depredations of the goats.

Nevertheless, today’s situation is qualitatively different both in its scope and the rapidity with which ecological crises are likely to descend upon us. Who would have thought that a huge sea like the Mediterranean could be critically polluted or the Murray river system endangered in so short a time?

In the energy field it is in the next 10 or 20 years that the trend is likely to be settled (for example, with nuclear power and irremediable depletion of oil reserves), reducing the options for alternatives.

One very revealing fact in Commoner’s article is that the oil companies had already, before the OPEC decision, arrived at the conclusion they would have to greatly increase prices to maintain their rate of profit for the future, in light of the costs of discovering, extracting, refining and transporting the volume of oil it was projected would be needed on the then existing trends (which haven’t changed much since).
No doubt this was in part pure greed. But it also represented a real response to the energy problem, especially the enormous capital expenditures required. The amount of "constant capital" required in some fields — e.g., with the present generation of computers — may be radically reduced, thus even "freeing" capital and boosting the rate of profit. But the energy field shows very much the opposite development, and it is hard to see this radically changing. Commoner discusses the likely economic effects of this and the escalating cost of energy which can at the most be delayed a short time by the opening up of new oil fields — even of "Middle East size" as the Mexican fields are said to be.

Even if the "law of value" were not declining in power as an economic regulator for the reasons adduced earlier, there is no means by which the depletion of a resource can be taken into account by purely economic and accounting criteria (in fact taxation measures tend to compensate mining companies the more generously the quicker they exhaust their mine). Direct social intervention is necessary with quite other than capitalist and profit considerations to the fore. The oil companies — now spreading their tentacles over the whole energy field — are incapable of doing this, as well as being unwilling.

Similarly, as Commoner also points out, the energy-intensity (as well as the capital- and labor-intensity) of every form of production, transport etc must be taken into account (not every piece of new technology is to be welcomed). And the only way, as he says, in which capitalism can take energy-intensity into account is by continually escalating the price and so intensifying social inequalities, because it won't hurt the rich.

As to the ecological consequences, the mining companies are fighting back strongly, and even going onto the offensive. A recent article says:

> The antagonism of the US mining industry to governmental regulations, especially those dealing with environmental controls, has reached such a pitch that one industry leader, Mr Charles Barber, chairman of Asarco, a major minerals group, and vice-chairman of the American Mining Congress, has been driven to apocalyptic comment.

> 'Unless something changes 10 or 20 years from now our mineral industry will have disappeared', he said.

> It is the cost of conforming to the regulations, especially at a time of depressed market prices for many minerals, which is the basis of industry complaints and fears that it will lose its competitiveness in the face of cheaper overseas products. (Financial Review, November 15, 1978.)

The article reports that the Carter administration is bowing to the companies' demands on the grounds of "combating inflation". Could we expect the Fraser government, basing their whole strategy on inducing multinational capital to mine in Australia, to lag behind?

But, in focussing the opposition on the present government and the MNCs, we should not forget, either, Commoner's warning that social rather than commercial decision is, while necessary, "not (a) sufficient condition for maximising social welfare". Social decision must also be guided by a far-seeing policy, which is not notably present so far in countries where capitalism has been overthrown.

Battlelines are being drawn in what will be a continuing and intensifying struggle between capitalists and capitalist governments, and working class and other progressive social forces. It is a crucial struggle for humanity, in which the favorable outcome is profoundly revolutionary, socially as well as politically.

One does not expect that the majority of bank employees or the Telecom workers, in the steps of whose victory they follow, would be convinced socialists. But, being forced to face up to crucial issues as they proceed, they will, hopefully, develop their consciousness, which will be a crucial factor in the ongoing struggle. But, in another sense, the fact that they pose such radical measures arising directly from their own grassroots situation, shows how deep the issue of technological change goes.

This gives grounds for optimism about future developments, however great the difficulties."
The Somoza regime

The Somoza regime is a dynasty in the sense that it is an hereditary regime. It started with Anastasio Somoza Del Bila, the father of the current president of Nicaragua, and he came into power in 1936. First he was commander of the National Guard of Nicaragua and from that position he burst his way into the presidency through a military manoeuvre. His rise to the head of the National Guard had been as a result of US military intervention. The United States intervened repeatedly in Nicaragua, sending marines and the army between the turn of the century, 1900, and their final withdrawal of troops in 1933. The second and most prolonged invasion of Nicaragua was between 1927 and 1933. The US intervened in a dispute between two factions of the upper class in Nicaragua and tried to impose a solution on the two factions. One military leader of the Liberal Party refused to accept that imposition, and that leader was Augusto Caesar Sandino.

What happened then was that Sandino started a guerilla war against the United States and it lasted from 1927 until 1933. By 1933 Sandino had actually defeated the US military, which was very significant in many ways. Firstly, it was the first major struggle of US military against a revolutionary insurgency force and some of the commanders who got their first combat experience in Nicaragua later on played commanding roles in World War 2, and the Korean war. For instance, Matthew Ridgeworth who was the military commander in Korea got his first combat experience as an officer in Nicaragua. The US were unable to defeat Sandino. The more troops they sent in, the more the revolution spread and became a national liberation struggle that reached out throughout the hemisphere and throughout the world. There were meetings against US intervention in Europe, in the United States, and throughout Latin America. President Calles of Mexico denounced the United States opposition in Nicaragua. For a variety of political as well as military reasons, and for international strategic reasons, the United States decided to pull out of Nicaragua. Hoover, who was president at the time, decided the best thing to do was to get out while he still could.

The United States between 1930 and 1933 concentrated on creating an armed force in Nicaragua called the National Guard which replaced the army and the police. It was both an army and a police force. The head of the National Guard was selected by the US and it was Anastasio Somoza. He was chosen partly because he was the dancing instructor of the US ambassador’s wife. So when the US withdrew, Sandino, as he had promised, said that this was a basis for negotiation and his troops stopped fighting and came to an agreement with the National Guard once the US had withdrawn and there was a transitional regime. During this transition,
Sandino came into the capital city of Managua several times and on one of these visits he was picked up by a patrol of the National Guard and he and three of his top commanders were driven out to the airport on the outskirts of the city and murdered. Within two years Somoza had become president and ever since then (1936) the Somozas have ruled Nicaragua.

When the older Somoza died, power passed to the older son Louise. He died of a heart attack and was succeeded by Anastasio Somoza junior, the current president. To complete the dynasty, two Somozas wait on the wings: one is Jose Somoza, half-brother to the president, born out of wedlock, who was apparently illiterate until a few years ago when the dynasty felt that they had better educate him because he may have to take over. The other is the son of the present president, also Anastasio, grandson of the first Somoza. He is only 27, and considered too young to run the country. They might need Jose in case Somoza dies of heart disease because he had an attack about 1½ years ago. He is still not well but he’s still promoting vigorous repression. His son Anastasio and his half-brother are both military officials in the National Guard and they both occupy strategic positions.

So in a way, the thing that brought about the current crisis is a crisis of succession, a question of what happens if this Somoza dies — Who is going to succeed him, and what guarantees does the ruling class have for survival if the dynasty is broken? This is one of the things that have led to the opposition organizing.

The nature of the Somoza regime

It’s probably the vigorous survival of the old-style dictatorship, controlled by the US and oriented to the export of products to the United States, paying virtually no attention to the development of the internal economy. Coffee, cotton, gold, bananas, cattle and minerals are produced. Meat is grown by extensive methods for export as low grade meat to the United States for pet food.

The ruling class

Traditionally the ruling class was formally divided into two factions, the Liberals and the Conservatives. The Conservatives were oriented towards Great Britain but Great Britain lost control of Nicaragua around the turn of the century. The Liberals were oriented towards the US and Somoza is a Liberal. Both factions were oriented towards export agriculture but had their base of power in different regions. Leon and Granada were Conservative areas. Managua, the capital, is the Liberal centre of power. The Conservatives because they were pro-British, and because the British were eclipsed by the US, have played a kind of national opposition to the complete sellout to US interests that the Liberals symbolised.

The thing that the Somoza regime has been able to do is to monopolize all the wealth-producing activities in one clan. It’s not just the Somoza family but it’s the family plus those capitalists and pre-capitalist landowners clustered around Somoza in partnership, and licence agreements and favoritism from the State that give them a personal common interest, that ties them together with Somoza. On top of that, the National Guard has an economic role in the sense that National Guard officers and even non-commissioned officers are encouraged to engage in a whole range of illegal activities which undercut State financing. For instance, they have contraband imports and exports without paying taxes and they are immune from criminal prosecution because they are in the Guard and, even though their salaries are not fantastically high, they are encouraged to engage in irregular economic activities which depend on the favoritism of the State which binds them to the Somoza regime because they know if the Somoza regime goes down they have to answer for it.

Social relations in the countryside

There has been virtually no capital investment in the countryside. It’s primitive extraction and pre-capitalist in the sense that there are mostly non-wage relationships. The coffee work is done by people who are coerced to come into it because the land that they live on is too small to survive on so they move into seasonal coffee labour and basically work on credit. They are working off credit that they have already accumulated before they were born. It’s very backward in terms of production, it’s very labour-intensive.

One characteristic of Nicaraguan agriculture is the abundance of land and the
relative shortage of labour. There are extensive areas of uncultivated land, said to be held by the Somoza family or held by the State for transfer to Somoza, which are now being developed for the first time with a certain amount of capital investment. In other words, it's cattle and lumber. Therefore there are no machines coming in. The most profitable productive agricultural land and real estate land is owned by the Somoza clan. Also the companies outside the agricultural sector are owned by the Somoza group. For instance, cement. They own the banking industry outside the foreign banks. They own the second largest newspaper, the other is owned by the Conservative opposition. They own food processing and control the key export products.

The rest of the upper class has suffered from the fact that you had to be either with the Somozas or be driven into bankruptcy. However, until the 1972 earthquake when the Somoza group moved against private capital in several areas, other capitalist groups had been able to thrive without interference from the State or the Somozas. That was in housing, public works and in certain banking areas. As a result of the reconstruction after the earthquake, the funnelling of all foreign aid to Nicaragua for earthquake relief went through the Somoza group. On top of that, instead of rebuilding the centre of the city of Managua, they decentralised it and rebuilt it on the outskirts, where there had just been slums before. The outskirts properties were owned and controlled by the Somozas so they profited personally in the development of those areas and profited from the construction. From then on you heard more and more complaints from groups in the upper class. There's no way they can get a living without getting rid of Somoza. He has cut off all possibilities of expansion of the capitalist groups clustered around the State.

In an uneasy but uncompetitive way, they are beginning to get wiped out. This is why the business groups claim that they have started to become more active against Somoza. There is no room left for them to act. Then in 1974 you had the kidnapping of several high government officials by the Sandinistas who, in return for the freeing of some prisoners, went to Cuba with their hostages. Then in 1977 there was an attack on San Carlos on the Costa Rican border. This was designed to touch off a general insurrection. It failed. The next event was in January 1978 when Pedro Joaquin Chamorro, editor of the opposition paper, was killed. He was a prominent figure in the Conservative party. That event set off the general strike or general lockout by business groups later on in January 1978. Then in July, the Group of Twelve returned to Nicaragua. In August the business groups started another lockout in close co-operation with the labour movement who called a general strike. Later in August, the kidnapping took place in the National Palace, and the general civil war followed in September.

Human rights and repression

There is a variety of repression that the regime uses. For instance, there has been a continual imprisoning of political opposition, accompanied by torture, and this is particularly directed against people involved in radical labour organising and peasant organising and opposition in the middle class. There is a whole history going back to 1936 of political prisoners, torture, repression. In addition to that there has been only a few moments in Nicaragua when there has been even a minimum freedom of the press. During most of the dynasty there has been no freedom of the press, only once in a while usually under pressure from the United States to bring about minimum democratization to justify US support for the dynasty. So that at various times there has been rigged presidential elections combined with limited freedom of the press which usually was taken advantage of by Chamorro's newspaper, which would print information about corruption of the regime and violation of human rights. In December 1977 a slight opening up of freedom of the press was allowed under pressure from the US government and it was at that time that Chamorro's newspaper printed information of the blood scandal.

The blood scandal was a partnership between Somoza and a Cuban exile to export blood from Nicaragua. It was a scandal, so when the information came out the Cuban involved went to the US to avoid prosecution in Nicaragua. Shortly afterwards, in January, Chamorro was murdered. When the Nicaraguan government investigated the murder they came up with people said to
be responsible for it. They had been contracted by an executive of the blood company. I don't know whether they did it, nobody knows, but even the official explanation is particularly damning.

In terms of the constant military actions against the guerilla movement, there has been very widespread repression of the peasantry, in the north-east of Nicaragua particularly. Here, whole villages have been relocated, peasants taken up in helicopters and dropped out, being killed and interrogated that way. The National Guard regularly pillaged and raped women in villages in ways parallel to the things that happened in Vietnam, under advice from those who had experience in Vietnam. Somoza until two months ago refused to allow Human Rights organisations into Nicaragua to inspect on the spot. Recently, under US pressure, he said that the UN Commission on Human Rights could come to Nicaragua at some future date which has never been established.

The United States, particularly under President Carter, has been under pressure to show that they really have a Human Rights policy in relation to countries like Nicaragua which have always been US fiefdoms. That has led to a very contradictory public policy toward Nicaragua in which the State Department and the White House have argued with each other about what the attitude should be and what the realities of Human Rights are in Nicaragua. In April-June this year the presidency came out and said that since Nicaragua had improved its stance on Human Rights, US aid to Nicaragua would be released (not military aid; they claimed that they had ended military aid). That was followed immediately by a statement from the State Department that there had been no improvement in Human Rights and they advised against the release of the aid. So there are contradictions. In the Congress there is a strong pro-Somoza group, one of them was Somoza's classmate at West Point. They say that Somoza is the only one fighting communism in Latin America. On the other hand, a number of Liberal senators are opposed to US aid and are responsive to the campaigns in the US to cut off aid to Nicaragua. They have been trying to determine to what extent aid is continuing secretly and to what extent the US advisers, who, according to Somoza, are "contracted by the Nicaraguan government, but separate from US aid", are CIA and to what extent they are just mercenaries.

Pressure on Somoza

The easiest pressure to document is the pressure on Somoza to change, which is combined with a preparation of alternatives. The main thrust of US policy has been to let the National Guard remain in power as the controller of property rights. That's the principal thing they want and whether Somoza stays in power is negotiable. One of the reasons the US has not already abandoned Somoza, or even arranged for his assassination, is because of the pressure in the US around the whole question of CIA assassinations and interventions. It would be the occasion of a major investigation if Somoza were assassinated and if there was any evidence of US involvement. This has given the CIA a certain inability to manoeuvre as it ordinarily would.

Secondly, the pressure on Somoza to change is clearly in terms of military and economic aid to Nicaragua being blocked. To the extent that Somoza has been willing to allow freedom of the press, to drop charges against "the Twelve" so they could return to Nicaragua (this clearly under US pressure), to talk about an election campaign and that then the presidency would be open for struggle between upper class groups, and to give rights to people to campaign, in order to liberalise the regime before it was overthrown, this is clearly the US tactic.

The US has very definitely been in contact with business opposition groups and people are even promoting the head of INDE (a business group) as the possible head of a transitional government, once Somoza is overthrown. The US would be happy with that sort of person and there is no question that the business groups when opposing Somoza speak as much as to the State Department as to the Nicaraguan public because their feeling is that the key to changeover in power is having a guarantee from the US for a moderate opposition. If they can get that backing and if they can get the US to force Somoza to resign, then they can move into power without having the guerillas defeat the National Guard and that means the Guard stays. That's definitely what's happening behind the scenes.
Opposition groups

There were two opposition groups to the Somozas in the late 30s, 40s and 50s: The Conservative party, a faction of the upper class, of which the most vocal (in the opposition) was Chamorro’s paper expressing moderate opposition around democratic rights, freedom of speech. The other opposition was the remnants of the Sandinista movement which went underground in 1936 and almost ceased to exist and sort of became a latent folklore opposition between the early 40s and 1962. But there still were Sandinistas, a small number in the countryside and the small towns who had engaged in resistance. In 1954 there was a student-led guerilla movement which attempted to overthrow the Somozas and there was a muted civil war for about a year, large numbers of people were killed, a lot of student leaders were killed. One of the people involved as an armed revolutionary was Ernesto Cardenal, a poet now very prominent in Latin America. At that time he was a student revolutionary; subsequent to the defeat of the rebellion he became a priest and was influenced by Catholic mystics and returned to Nicaragua and set up a utopian community on an island in Lake Nicaragua. From that base he began to write popular radical poetry. His island was like an island of sanity in a land of repression. He became more and more vocal until last year when he went on a world speaking tour, reading his poetry, denouncing the Somoza regime. All his poems deal with repression, even his poem on Marilyn Monroe was a denunciation of US culture in Nicaragua. So when he was out of Nicaragua, the National Guard destroyed the whole community on the island and killed many of the peasants who were organized into co-operatives, and destroyed it as an insult to the Nicaraguan regime.

The Sandinistas

The Sandinistas became an organized movement again in 1962 and the base was mainly radical middle class students who went into the countryside and set up a guerilla focal along Fidelista lines. In fact it was classical Fidelista as interpreted by radical middle class students. At that time the labour movement was largely under the Nicaraguan Socialist party (PSN), which was the communist party. Ever since the early 40s the communists had been the main force in the labour movement. The labour movement was relatively small because they didn’t have a manufacturing sector, but after WW2 there was a growth of light industry, plastic, food processing and a little import substitution. There was no heavy industry, but there were also miners whose traditions went back to the nineteenth century, there were port workers, banana workers and so on. The communist party had been allowed a certain amount of room to manoeuvre by the Somoza regime. In the late 40s Somoza gave the unions a labour charter which was seen by the communist party as a concession to the labour movement because of their political pressure. The communist party was not actively persecuted. You can compare it with the relations between Batista and the Communist Party in Cuba at certain periods where they were allowed a certain immunity.

When the Sandinistas started their movement it was totally separate from the communists in a variety of ways. Firstly, the communists said that these people were adventurists and, secondly, the Sandinistas said, “We cannot use the working class as a revolutionary force in Nicaragua”. They gave two reasons: the communist party controlled the working class and the communist party is not revolutionary. They also said that the working class was looking for favours, was privileged in relation to the peasantry, had been given a certain amount of legislation and was too small. A rather mechanical rejection of, and even competition with, what they saw as a non-revolutionary group in the working class.

The Sandinista movement grew as they were able to attract the peasantry and it became an alliance between radical middle class leaders and the peasants. Between 1962 and 1974 the Sandinistas were an announcedly socialist movement, they said they were leading a socialist revolution, that only a socialist revolution could bring improvements to Nicaragua. The communist position was that they were working for a transitional regime, a national-popular regime which would lead to capitalist development to be followed by socialist development. A two-stage position whereas the Sandinistas had a one-stage perspective.

In 1974 the Sandinistas changed their perspectives and kidnapped a number of prominent people from Managua. This was
followed by an extremely violent counter-insurgency campaign against the peasants' base of support in the north-east. Almost all the original leaders were killed. So when we get to 1975 we have a Sandinista movement headed by young people recently coming into power in the movement replacing the older generation. The older generation, whatever you can say about their ideology, at least engaged in ideological discussion, whereas the new group was very light on ideology. In view of the apparent defeat and setbacks of the movement during 1974 they split into three factions and clearly emerged as three separate factions in 1976.

The most powerful, militarily (which is leading the current fighting), is the "Thirdist" faction. Their position is specifically not socialist. They say at the present juncture it is not realistic that Nicaragua have a socialist revolution. What they are looking for is to get rid of the Somoza regime and replace it with a regime which allows the political organizing that is necessary to build a basis for a socialist revolution. They say that they are eventually interested in socialism but this is not the time for a socialist revolution to happen in Nicaragua. On that basis, they were able to attract the support of the "Twelve" and use the "Twelve" as a basis of negotiation with business groups to the right of the "Twelve".

The "Twelve" are very prominent people: a priest, a former rector of the University of Nicaragua, a lawyer, the biggest kingpin of business outside Somoza himself. This group of people are clearly opposed to the regime of Somoza and admired the fighting ability of the Sandinistas, but were afraid of its socialist ideology. So when the Thirdist faction of the Sandinistas looked for an alliance of the middle class and the establishment in order to bring down the Somoza regime more quickly, and talked from what they thought was a strong enough military basis of support to negotiate from a position of strength, they brought out the "Twelve" and nominated them in response to Somoza saying, following US pressure, "We should have dialogue with the opposition". The Sandinistas said, "Yes, we'll have a dialogue and here are the people that we are willing to dialogue with. We nominate these people as the intermediaries". The "Twelve", already in exile, immediately had further charges against them as subversives, and if they returned they would be held up on charges. At that point, they had their lawyers go to the Supreme Court and the charges were dropped. In July 1978 ten of them returned to Nicaragua and there was a huge outpouring of mass demonstrations, people walked from the city to the airport because all the buses had been cancelled. They split up and went to different parts of the country where they had mass meetings to commemorate massacres perpetrated by the Somozas, a student massacre, an Indian massacre, a labour massacre, and so on. In each place they got a massive turnout and they not only spoke out against Somoza, but spoke about the Sandinistas as the spirit of the new Nicaragua. They clearly identified with the Sandinista movement. In fact, one of the "Twelve" went to Honduras before coming back to Nicaragua, to meet with his son, a leader of the Sandinistas. His son assured him that the Sandinistas were not struggling for socialism in the short run.

The other two factions who split away still call themselves Sandinistas. The "Workers' Tendency" considers itself marxist and socialist and sees the main tactic of military confrontation with the National Guard as an ineffective way of building a revolutionary movement. What is missing from the Sandinistas, they said, is the politicization of the workers. Instead of abandoning the urban working class to the communists, they should build a base among the urban working class as a pre-requisite to a revolutionary transformation. So instead of armed confrontation, there should be armed underground organizers. That's what they did and apparently had particular success in recent times (when Somoza opened up, for instance, with the return of the "Twelve") with the general strikes. The strikes were initiated by business groups and workers were nevertheless involved, although without their own banners or demands. So it was fertile ground for organizing the working class. Rumour has it that the Workers' Tendency has made tremendous advances during the last year.

The third faction is called the GPP. Apparently their perspective is long-term guerilla war and they see themselves as maoists. They say only a prolonged guerilla war will bring about victory. They are a bit of a mystery but I gather that they are the least important faction. However, they continued
armed action whereas the Workers’ Tendency formally abandoned guerilla action, although it’s clear that they were involved in the recent fighting particularly where it related to their own areas of support. There have been rumours that the three factions have been in a tactical alliance since September.

The actual demands and programs of the factions are hard to ascertain. The only concrete evidence we have is the Thirdists’ program. In July and August they didn’t demand that the National Guard be dismantled as a basis for peace. In fact they indicated that they would stop fighting short of destroying the National Guard. However, during the fighting they issued a new three-point program; Somoza must go; the Guard must be replaced by the Sandinista Liberation Front; and that a transitional government be formed which included the “Twelve”.

When they put forward that point on the National Guard it was a point that would divide them from the business groups whose first point was to retain the Guard and that the Sandinistas lay down their arms and negotiate peace. In other words, as the movement seemed to be defeating the Guard, they moved to a more radical position without the moderate business support. Now with the decline of the military success of the Sandinistas they have gone back to the original position.

Opposition fronts

As well as the Sandinistas, there has been a series of opposition fronts. The longest standing one, UDEL, goes back to about two years ago. The centre of this opposition coalition was Chamorro. It included the communists (PSN), the conservative opposition (one group of conservatives went over to Somoza), a split-away group from Somoza’s Liberal party, some elements in the Catholic church, and some business groups. UDEL was seen as a much more moderate opposition than the Sandinistas. UDEL called for moderate reform and the Sandinistas for armed struggle. UDEL’s only popular support was through the communist party (the PSN) and their connections in the labour movement.

With the “Twelve” moving in as an intermediary between the moderate opposition and the Sandinistas, you had the construction of the Broad Opposition Front (FAO). It included many more groups, the “Twelve” who were seen as spokesmen for the Sandinistas but were really intermediaries, UDEL, other business organizations that had been active in the January lockout. It seemed to include everybody except the other two factions of the Sandinistas. However, it was a very shifting and not very disciplined opposition; it was a broad coalition based on a minimum of agreements but it was the broadest umbrella in opposing Somoza.

Another coalition of which not much is known is NPU, a coalition of the National Union of Students and a national coalition of women’s organizations.

Sandinistas activities

There has been concerted work in organizing the peasants, particularly where the Sandinistas have had traditional support. They are also reaching out to other areas. There has been fighting in the countryside for years and in this area the Sandinistas have been relatively successful but at the expense of very many peasant lives who have been killed and tortured. The government has been unable to defeat the Sandinistas in the countryside and so what is new in this offensive is the struggles in the cities in which there has been a certain amount of spontaneity but considerable widespread support.

When the “Twelve” travelled around the country there were spontaneous mobilisations in support of them. The people when asked by journalists, “Who are the ‘Twelve’?”, responded by saying, “they are the above ground of the Sandinistas”. They identify the “Twelve” as Sandinistas when the “Twelve” don’t identify themselves as Sandinistas. This was a projection of what the people wanted. The tendency is to think that the opposition is the Sandinistas and so a lot of the rallying against the military is a result of that. The backbone of the military struggle against the National Guard has been organized by cadres who have been able to call on widespread support but not in the same way as in Vietnam.

It’s more an anti-repression, anti-Somoza feeling that is sweeping Nicaragua, rather than any ideological concepts.
Reviews


The theory of imperialism has always been one of the stronger aspects of marxism, and some of the new applications of it in the context of the "development dilemma" in the contemporary world represent one of the intellectual features of the times. Many conventional scholars recognize its importance, and some have been influenced by the approach. If conservative "modernization" theory still holds sway in Western universities, it is largely due to institutional constraints rather than any theoretical vitality; indeed, it has all the appearances of being a burnt out case.

This is not to say that marxian or neo-marxian "core-periphery" theories — to give them one of the many labels they bear — are without their problems and weaknesses. But the lively controversy that marks the field (well documented in the Review of African Political Economy, which has an excellent running bibliography) is imbued with an elan that stems from a real feeling of breakthrough. Those working in the field are not afraid to tackle unresolved and contentious issues because they believe — rightly or wrongly — that they are on the right track, and they have generally set high standards of scholarship.

It is disappointing, then, that a book which opens up an Australian perspective in this field should prove on close acquaintance to fail in its aims. It is not only that the book omits to take account of the literature and methodology relevant to its undertaking, but that within its own framework it should fall too far short of clinching its arguments. It sets out to place Australia within the context of an imperialist "Pacific Rim Strategy", of which the major actors are the United States and Japan, but never quite hits the mark, perhaps because it is over the hill.

Bruce McFarlane, now Professor of Politics at Adelaide University, was the first Australian to refer to a Pacific Rim Strategy being fashioned in the United States, so far as I can recall. His comments upon it (in Australian Capitalism, edited by Playford and Kirsner, 1972) were rather cryptic, but appeared to discern moves towards the integration of the economies of the Pacific coast of the US, Canada and Latin America, Japan, Australia and New Zealand, into an imperial network strung together by multinational operations. He referred to three tiers in the system: "a leading tier (the US and Japan); a second tier delivering resources to the first (Australia, New Zealand and Chile); and a third tier of underdeveloped Asian countries with large potential markets (Thailand, Vietnam)." (Australian Capitalism, p. 52.)

I am not aware that McFarlane has followed up his early references to the strategy, but at any rate the present work, the avowed purpose of which is to examine Australia's role in it, gives us a somewhat different picture of the origins and character of the Pacific Strategy Rim. This is how Robert Catley and Nonie Sharp, in their introduction to Australia: The Asia Connection, present it:

The withdrawal of the United States from active and direct engagement in Asia and the Pacific following the defeat in Indochina and the elaboration of the Nixon doctrine was accompanied by a strategic reorientation of US foreign policy towards the countries of the Pacific Basin. The new policy represented an abandonment of defence-in-depth and the advancement of a policy in which the advanced capitalist countries provided capital for local compradors (p. 3). In the elaboration of the Strategy, the United States and Japan were to form the first tier, Australia, New Zealand and Canada became the second tier, acting as a springboard for investment into the lowest tier, the Third World countries of the area (p. 5).

The differences between the Pacific Rim theses of McFarlane, on the one hand, and Catley and Sharp on the other, are quite striking. In the first place, there is the timing. In McFarlane's account, the Strategy was being devised at least as early as 1968, well before US withdrawal from Asia was being seriously contemplated, and indeed his inclusion of Vietnam in the third tier makes it clear that for him the Strategy has no necessary connection with the abandonment of defence-in-depth. For Catley and Sharp, however, the Strategy is the outcome of a reorientation following military withdrawal and the enunciation of the Nixon Doctrine.

The time disjunction is connected with a differing understanding of the character of the process. McFarlane obviously views it as a stage in the rationalization of imperialist penetration — in
other words, the articulation of a structural process of a kind which flows from the very nature of capitalist exploitation. Catley and Sharp, however, see it as a response to the failure of US military intervention in Indochina — in other words, a political process of foreign policy modification. The importance of this variation is that, while McFarlane's concept does identify something that may accurately be described as a Strategy, that of Catley and Sharp does not — it may more plausibly be regarded as an accommodation by the US to circumstances no longer amenable to more direct forms of control. After all, if the only feature of the "Strategy" is the use of investment and aid as levers of power and influence in the region, then there is nothing new in it — it is as old as neocolonialism itself.

At this point, however, Catley and Sharp do introduce something new, and once again different from the McFarlane presentation. Where he saw the role of the second tier powers, including Australia, as limited to providing raw materials to the first tier. Catley and Sharp have them "acting as a springboard for investment into the lowest tier, the Third World countries of the area". This suggests that the new element in contemporary imperialist penetration of the Pacific Rim — and that which justifies reference to a new Strategy — is a change in the structural relationship between the first and second tier powers. Hence the point of this book, presumably, is to illustrate this structural change in the case of Australia.

What type of evidence do we need to confirm the existence of a Strategy such as that postulated by Sharp, Catley and Hyde? First, we require an analysis of the strategic thinking expounded by ideologists of the dominant power, the United States, in this area. Secondly, we need an examination of the actual operations of imperialist agencies and multinationals, demonstrating the structural changes that have taken place in their relations with Australia. Thirdly, we need to observe these operations being carried out in the third world countries of the Pacific in the form prescribed.

Extraordinarily, no evidence of the first kind is presented at all. In fact, the only direct evidence adduced for the existence of a Pacific Rim Strategy, and Australia's role in it, is a speech in Sydney by one Neil Mclnnes, a Wall Street journalist, in 1970 — material previously cited by McFarlane. Now it is one thing for Bruce McFarlane in 1972 to pick up some Pacific Rim noises in the US and Australia and hypothesize a strategy in the making: even if wrong, he was engaging in early and shrewd speculation. It is quite another thing for writers in 1978 to have nothing to offer in support of their thesis than this old, and less than authoritative, citation. Nobody could argue that Americans are shy about spelling out their strategies, especially in areas such as this where their ideology perceives nothing but world benefit from them. The absence of such indicators casts grave doubt on the thesis, since it suggests the US strategists do not perceive the enhancement of their interests in this particular shape.

Similarly, the book provides no systematic treatment of structural changes in the relations between US and Australian business to confirm the argument that Australia acts as a springboard for investment in Asia or the Pacific. There is some material in the book — not a lot — indicating multinational connections between the US, Japan and Australia; it would be surprising if there were not, since links of this kind are a world-wide phenomenon and part of the very character of the multinational corporation. But if there is a strategic principle behind the process here, it is certainly not identified in this book. The American radical literature I have seen on Pacific Rim (or Basin) Strategy provides no assistance. It is as lacking in precision as the Australian version, one account even swallowing the Indian Ocean for good measure; it makes little reference to Australia's role.

Finally, Hyde does not succeed in establishing a salient role for Australia in the penetration of the Pacific, as I argue in more detail shortly, in considering his two case studies: investment in Indonesia, and influence within ASEAN. Before going into that, however, I ought to make clear that I have singled out the enunciation of the Pacific Rim thesis by Sharp and Catley for criticism not because it is the weakest formulation of the argument in the book, but because it is the only one. Hyde does not present the thesis at all, and when he comments on it, he tends to confuse matters rather than clarify them. At one point he has the seeds of the Pacific Rim Strategy being sown "well over twenty years ago" (p. 2), which suggests that he does not see any clear distinction between the general phenomenon of neocolonialism and the varying strategies by which it may be carried forward, which of course is what the book is supposed to be all about. He never gives a clear account of the content or dates of elaboration of the Nixon Doctrine, but has Whitlam at one and the same time anticipating and responding to it — in 1968! (pp. 15-16.) It may seem querulous to point out that Nixon assumed the Presidency in January 1969, but the reader needs some fixed compass points in the tangled thickets of this book's argument.

With regard to Australia's role in the strategy, Hyde is at pains to stress a number of times that this country's "history as a colony and recipient of substantial amounts of foreign capital has left it relatively free of the stigma of imperialism attached to developed states which had been old colonial powers, and therefore enjoyed some advantages in investment and influence in the region". It is on this basis that he argues for the
significance of Australia's role in the Pacific Rim Strategy. It is never really clear whether the main effect of this is to make Australia a desirable front for American and Japanese multinationals, or to give Australian business a lever for its own self-interest within the terms of the Strategy. Hyde appears to take both positions at different points, which he may do consistently but ought to do more clearly. In any case, it is not of great moment, because I do not think the point has much to recommend it. For those in the region who cared, Australia's reputation and record — on decolonization, racialism, interventionism — were putrid, but that does not seem to have affected investment opportunities one way or the other, though it may have set us back in some political arenas such as ASEAN. Certainly, I cannot see any evidence that either the US or Japan has been seriously discommoded in investment operations by its past record, still less that either one has benefitted from a friendly Australian helping hand. Another feature of business in Asia, commented on by many observers, is the nostalgic sympathy shown by governing elites there towards their old colonial masters: the Dutch in Indonesia and the British in Malaysia, for example.

This faulty proposition leads Hyde to exaggerate Australia's role in respect of investment in Indonesia and influence within ASEAN. Australian companies, he tells us, invested $250 million in Indonesia between 1966 and 1973, giving them a five per cent share in total foreign investment in the country. Hyde regards this as cogent evidence of Australia's active participation in the Pacific Rim Strategy, its favoured opportunities in the region and its role as a multinational carpet-bagger. But his figures hardly justify the claim that Australia has a special entree to Indonesia, and indeed, given the stress laid by successive Australian governments on relations with Indonesia — especially economic relations — the thing that really needs explaining is why Australian business has proved so unable or unwilling to play the part assigned to it more effectively.

This point becomes sharper when we make two necessary corrections to Hyde's figures. The most reliable figures for investment in Indonesia are those released by that country's Investment Coordinating Board (BKPM), and these show that between 1967 and April 1978 total foreign investment from all sources totalled $6,636 million, of which Australian companies contributed $215.7 million (Indonesia Development News, I, 6, June 1978, p. 6). This gives Australia a three per cent, rather than a five per cent, share in the investment market — rather a modest stake, I would have thought. However, even these figures do not tell the whole story, because they represent only approved investment proposals, not realized investment.

There are no figures obtainable for realized investment, so we have no sure way of knowing if Australian companies have been as willing to put their money where their mouth is as, say, Japanese or American investors; there is some impressionistic evidence, however, to suggest that they have not.

The ASEAN chapter, designed to demonstrate the manner in which Australia has asserted a regional role within the Rim Strategy, achieves the reverse of its intention. With no preamble on the origin or significance of ASEAN, either for PRS or anything else, Hyde launches into an account of Whitlam's efforts to have it widened into a non-ideological regional community including Japan and China. We are assured at one point that Whitlam's proposal "must be seen as part of the wider Pacific Rim Strategy" (p. 61), but we are not told why or how. At another point, Hyde says that "it was in fact part of the government's plan to increase Australian power within the Pacific Rim Strategy" (p. 81). Again no explanation, merely assertion. All this raises the question of whether or not it was a US-approved ploy, but unfortunately we are not enlightened. However, once again we are invited to accept the notion that Australia could press this proposal because of the goodwill which it — but not the US or Japan — enjoyed within the region.

There is an obvious snag in this argument, of which Hyde is aware — namely that Whitlam's proposal got very short shrift in ASEAN, which continues to resist expansion of its membership, especially any expansion which will admit first tier powers. Nevertheless, Hyde feels compelled to stand by an argument which does poor justice to the complex struggle of interests within and concerning ASEAN which emerges from his own account. Contrary to the impression he is trying to create, one if left with the feeling either that the first tier powers lack leverage within ASEAN or that Australia's much-vaunted goodwill is a myth.

These instances are set in the Whitlam era, and indeed form the crux of a theory which Hyde has about the role played by the Whitlam Government is gearing Australia for the demands of PRS. Shortly, he argues that Labor in office cleared away the detritus of antiquated LCP foreign policies, devised a regional orientation for Australia, and vigorously promoted an Australian component in multinational operations in the area. However, Whitlam transgressed the operational code of PRS by seeking to push Australian interests too strongly through his minerals policy, and had to go. Fraser now implements the Strategy in a manner more befitting the demands of the first tier powers and Australia's capacities.

Here we encounter two familiar ideological axioms of the Australian left. The first is that Labor is brought to power whenever the capitalist
system needs a bit of renovating, and gets the boot as soon as it has performed its task. There is something intriguing about this contention, because it bears at least a superficial relation to the facts, and it may be that if stated and investigated in a more sophisticated sociological formulation it will prove illuminating.

The second proposition is a non-sequitur upon the first. Since Labor is a renovating force for capitalism, it goes, then in Hyde’s words, “obviously the new government did not foresee(sic) any change in Australia’s foreign policy, only its rationalization” (p. 36). Now that I do not find intriguing or even tolerable. The slightest thought ought to persuade anyone that any attempt to rationalise LCP foreign policy of the sixties would have produced nothing but complete mental breakdown. Change was what was desperately needed, and change was what we got. We may not all have approved the changes, or their limitations, but this is poor reason for denying that they occurred.

Old axioms .... and a new myth. It appears that our authors (including here Catley and Sharp as well as Hyde) are disenchanted with non-communist Southeast Asia; they seem to think it will be successfully incorporated into “the system”, and they find no signs of healthy anti-imperialism there. Some nationalism is noticeable, Hyde informs us, “but this is of a capitalist nature, orchestrated by capitalist bourgeoisie opposed to the comprador stranglehold on local industry, and one which should be distinguished from that of more broadly based political movements which attempt to remove foreign domination .... ” (p. 24). So much for the Thai upsurge of 1974-75, the Jakarta riots of January 1974 and the challenge to Suharto’s succession in 1978. So much too for the largest insurgency in the region — in north and northeast Thailand — not to mention the NPA in the Philippines etc.

The writers have shifted their gaze, and their hopes, elsewhere. Catley and Sharp have discovered Melanesia and Polynesia, which according to them are not yet integrated into Pacific Rim Strategy, whose petitions are more closely those of non-alignment, which boast dominant people’s movements and a relative absence of bourgeoisie and comprador classes. Consequently, “the growth of people’s movements in opposition to neo-imperial domination which has already come from the peoples of East Timor and West Irian and more recently from the New Hebrides (Vanuaku) are likely to increase their impact. This may be expected to develop through increasing mutual support with the growing strata of people within Australia itself — intellectuals and sections of the working class — who look to a future outside the framework of capitalism” (pp. 10-11).

It is hard to know where to begin to untangle this skein of self-delusion. One can point out that the conditions in Melanesia and Polynesia remarked by Catley and Sharp were also present in much of sub-Saharan Africa in the early 1960s, and did not prevent the emergence of regimes like those in Ghana, Zaire, Uganda, Malawi, The Central African Republic etc. etc. One can demonstrate that Papua New Guinea and Fiji at any rate are well and truly enmeshed in the world capitalist network, call it Pacific Rim or what you will. One can point out that the people’s movements referred to only exist in colonial and colonial-type situations, and are notably absent in the politically independent states of the Pacific. One can argue that Asian countries have long and tenacious traditions of rebellion and nationalist assertion which are hardly likely to prove less significant for the future than those of the Pacific islands. One can express some skepticism about the strength of anti-capitalist elements in Australia as a force for radical change in the region. But in the end, I guess, the Australian left sorely needs romances to feed on: real red-blooded revolutionary meat is in very short supply.

Reluctantly, I am obliged to point out that, although published in 1978, the book is constructed upon data up to 1975, with an occasional footnote to July 1976. In some cases, the information (e.g., on US military aid to Southeast Asia, Japanese export prospects in 1980) is so outdated as to be positively misleading. The chapter on Indonesia contains a number of errors, one of which — that there has been “a general rise in the standard of living” under Suharto — is rather curious in a book of this tendency.

I am loath to conclude this review without some clarification of my position with regard to its theme. Insofar as its aim is to explore Australia’s role in core-periphery relations within the Pacific area, I started off with a bias in its favour. I do not find the Pacific Rim thesis very helpful in this regard, however, partly because the evidence for it is so thin, and partly because it appears to me to oversimplify grossly both the present state of inter-imperialist collaboration and rivalry within the region, and the complex web of national tendencies and alignments in Southeast Asia. But most of all I feel obliged to object when any case is presented so sloppily and with so little regard to empirical verification as this one is. I finished the book with the impression that without the encumbrance of the PRS thesis, Hyde may have produced a much better account of Australia’s role in the Southeast Asian region, but that he would still need to assemble his facts and argument with a good deal more rigour.

— Rex Mortimer
This book is a useful contribution to the development of socialist feminist theory, though also reflecting some of its dilemmas. It is a collection of essays from individuals and groups based mainly in the United States of America — Jean Gardner from Leeds on “Women’s Domestic Labor” and Margaret Randall living in Cuba being the exceptions.

Zillah Eisenstein acknowledges that socialist feminism “both as theory and in practice is very much in the process of developing” and has chosen contributions which attempt to make a synthesis between feminism and marxism and which reject the notion of simply adding one to the other. In this respect the contributors are neither hostile to radical feminism nor classical marxism, but critical of both, while acknowledging their differing contributions to an understanding of women’s oppression.

The book is divided into six broad headings: developing a theory of capitalist patriarchy; motherhood and reproduction; socialist feminist historical analysis; female work; patriarchy in revolutionary society (China and Cuba); and some experiences of socialist feminist groups in America.

In the first article “Developing a Theory of Capitalist Patriarchy and Socialist Feminism” Zillah Eisenstein defines the concerns of socialist feminists as being a commitment “to understanding the system of power deriving from capitalist patriarchy” ... “the mutually reinforcing dialectical relationship between capitalist class structures and hierarchical sexual structuring ... Although patriarchy (as male supremacy) existed before capitalism, and continues in postcapitalist societies, it is their present relationship that must be understood if the structures of oppression is to be changed. In this sense socialist feminism moves beyond singular marxist analysis and isolated radical feminist theory” (p. 5).

Eisenstein sets out to extract Marx’s analytical method and apply it to “some dimensions of power relations to which he was not sensitive”. She discusses Marx’s theory of alienation and women as a potential revolutionary force, the contributions made to understanding women’s oppression by liberal and radical feminists, and examines the sexual division of labor.

She makes a connection between patriarchy and capitalism through the sexual division of labor and suggests some inadequacies in traditional marxist class analysis. However she points to new directions and complexities without providing us with a new analysis.

In notes on strategy at the end of her article she makes a distinction between theory and strategy... “although I think the development of theory and strategy should be interrelated, I see them as somewhat separate activities. Theory allows you to think about new possibilities. Strategy grows out of the possibilities... Existing formulations of strategy tend to limit and distort new possibilities for organising for revolutionary change”.

In this as in other contributions, the connections between the writer and the actual experience of women is evident and is one of the positive features of this work.

In “Some Notes on the Relations of Capitalist Patriarchy” Eisenstein discusses briefly the importance of the question “why does women’s oppression happen?”, stating that even if it’s impossible to explain how it originated at least we must explore why it continues to happen now. She shows how no activity, including that of women, can be understood outside of their social context i.e. capitalism and patriarchy and that an examination of the relationship between what happens in the family and what happens in society generally is essential to attempt to bring about basic social changes.

In “Feminist Theory and the Development of Revolutionary Strategy”, Nancy Hartsock sees theory as a “force for change” and not just something done by academics but “is always implicit in our activity and goes so deep as to include our very understanding of reality”. Therefore “we can either accept the categories given to us by capitalist society or we can begin to develop a critical understanding of our world”.

Based on this view of theory she stresses the importance of the personal in political change and that “everyday life must be the basis for our political work”. She adds to the traditional marxist concept of the masses learning from
engagement in action, the feminist method that "human activities also change us. A fundamental redefinition of the self is an integral part of action for political change".

She recognises the need for collective action and sees that the formation and strength of this collective is dependent on the ability of the individuals within it being able to change capitalist concepts of the individual. In this way she makes a connection between personal change and social practice. Further she says that "we can only transform ourselves by struggling to transform the social relations which define us: changing selves and changing social institutions are simply two aspects of the same process".

In discussing the importance of feminism for revolutionary change she suggests three factors of particular importance: "(1) The focus on everyday life and experience makes action a necessity, not a moral choice or an option. We are not fighting other people's battles but our own. (2) The nature of our understanding of theory is altered and theory is brought into an integral and everyday relation with practice. (3) Theory leads directly to a transformation of social relations both in consciousness and in reality because of its close connections to real needs." (p. 64).

She also points to the importance for feminists to develop new forms of organisation that correspond with their political experiences, that rejection of hierarchies and domination does not mean the rejection of all structure.

Unfortunately Hartsock does not confront the problems which now arise from large numbers of women being brought into political actions by the processes she describes. The development of political action and consciousness brings with it a realisation of other people's oppression and the need for common actions against common enemies. The dilemma for revolutionary feminists as with other revolutionaries is how to act on this developed revolutionary consciousness without losing the strength and vitality of grass roots responses and priorities.

In the section on "Motherhood, Reproduction and Male Supremacy" Nancy Chodorow discusses the importance of mothering and motherhood in the reproduction of social relations, including that of motherhood as an institution. Linda Gordon discusses the centrality of control over reproduction in the struggle for women's liberation.

"In all societies there is a mutually determining relationship between women's mothering and the organisation of production", says Chodorow. She discusses how motherhood and mothering are women's realm, the connection between the two made to appear "natural", and the family seen as a natural rather than a social creation. She then discusses mothering as "pivotal to the reproduction of the capitalist mode of production".

Post-Freudian psychology and sociology has provided new rationales for the idealisation and endorsement of women's maternal role, as it has emphasised the crucial importance of the mother-child relationship ...", she states, while pointing out that as women have had less children their exclusive responsibility for child care has increased.

She concludes that "women will still be responsible for child care, unless we make the reorganising of parenting a central political goal". This is evident even in countries where women have entered the paid work force and alternate child care has been provided.

Linda Gordon continues her examination, started in "Woman's Body, Woman's Right" of women's struggle for control of reproduction and its theoretical implications. She begins by telling us to reject "the myth of a prehistorical epoch of sexual freedom. In every known human society sexual activity has been controlled and limited... We must also reject the notion that birth control was introduced at a particular moment and thereafter began to affect sexual practice... The suppression of birth control seems to have been coincident with the development of agriculture".

The suppression of birth control, she says, was both a matter of male supremacy and economics.

She makes an historical examination of feminist campaigns and attitudes about birth control and the two periods 1920-45 when birth control campaigns became part of the eugenics movement to "help" the poor and 1945-60 when it became part of an international population control movement.

She criticises the notion that if women have less children they will automatically have more rewarding lives and shows that despite the drop in the birthrate most women spend as many hours on housework and mothering as some years ago.

In making a critical assessment of "sexual liberation" which dehumanises sexual relations, replaces child bearing with highly questionable alternatives and turns birth control and sex into commodities Gordon shows that while control of reproduction is central and essential it cannot be isolated from the rest of social practice and ideology.

She refers to the birth control struggle as a battle rather than the whole war in the fight to change sexual relationships. "Every one of the conditions that would make reproductive freedom possible — the elimination of hereditary class and privilege, sexual equality and sexual liberation — is a radical program in itself."

She shows how capitalism and patriarchy is able to adjust to accommodate and absorb change, to produce right to life backlashes and government population control programs which force women to be sterilised or to have unwanted abortions.
She concludes: “Involuntary child bearing has burdened all women but poor women most, and the sexual inequality that resulted has helped perpetuate other forms of inequality and weakened struggle against them. Reproductive self-determination is a basic condition for sexual equality and for women to assume full membership in all other human groups, especially the working class.”

In the history section Ellen Dubois examines the 19th century suffragist movement and Mary Ryan traces the development of “femininity” in the years of rapid industrialisation during 1920 to 1860. Both are based on American experiences but are part of the difficult job of constructing women’s history which gives important insights into the actual conditions and ways that patriarchy has developed under capitalism and the relationships that exist between the two.

In the section on work Eisenstein sets the framework for the discussion by describing some of the contradictory views among socialists, i.e. domestic work is private, does / does not contribute to surplus value, is / is not productive etc. However, she states, “the question of whether women are oppressed as proletarians does not hinge on whether domestic labor can be squeezed into the pre-existing categories.....”

“Domestic labor is indispensable to the operation of capitalist patriarchal society as it now exists... One then only sees half of reality if one examines workers outside the home, as wage slaves. The other half is the domestic slave...” (p. 170)

Jean Gardiner’s article enters into critical discussion with “The Housewife and Her Labour under Capitalism” by Wally Secombe in New Left Review, which she welcomes as an indication of growing awareness among marxists of the importance of the issues involved.

However she challenges Secombe’s attempt to show that women help to create surplus value when he says that the worker’s wage can be divided into two components, one of which represents the full value created by the domestic laborer. If this were true then capital would neither gain nor lose from domestic labor, giving them no apparent economic reason to retain domestic labor, states Gardiner.

Apart from leading to empirically ridiculous conclusions “Secombe’s theoretical approach denies any validity in their own rights of questions being raised by the feminist movement and is based instead on concern over whether housewives can make a ‘contribution to the class struggle’.”

Gardiner argues that Marx’s definition of value cannot be used to show that women create surplus value but that they do in fact produce surplus value by holding down “necessary labor, or the value of labor power, to a level that is lower than the actual subsistence level of the working class”.

She goes on to draw some conclusions for struggle from this, such as that in times of economic crisis any increase in the socialisation of child care or housework would be detrimental from the capitalist point of view. While there is undoubtedly some truth in this conclusion it does not adequately take account of the fact that many women are now permanent and necessary parts of the workforce even during times of widespread unemployment.

Other contributions by Batya Weinbaum, Amy Bridges, Heidi Hartmann and Margery Davies discuss the sexual division of labor in the paid workforce and the work that is involved in being a “consumer” in this society. In “Woman’s Place is at the Typewriter”, Margery Davies attempts to redress a little of the imbalance which comes from an overemphasis on women as industrial workers when over 40 per cent of women in the US labor force are clerical workers.

In the final two sections of the book, experiences in Cuba and China are examined and some lessons from socialist feminist organisations in the United States recounted.

The examination of societies where capitalist relations of production no longer exist helps to show that while patriarchy is supported by and essential to capitalism, it does not automatically disappear when capitalist production is ended. Specific studies also help us to see the results of some of the reforms and changes advocated by socialist feminists in capitalist countries, and to ensure that we embody in our revolutionary struggle now the seeds of the new society. While many important changes are noted in Cuba and China, a successful challenge to patriarchy is yet to be observed in any society.

The papers on socialist feminist organisation indicate a need to find organisational forms that better represent our political perspectives and the many difficulties that these attempts have run into. Faced with a fragmented and divided left and the conflicts which arise from efforts to reconcile feminism and socialism, socialist feminist organisation did not fulfil its original promise. An additional problem seems to have been that in some groups at least socialist feminist organisation was regarded as an alternative to the women’s movement rather than an important but integral part of it.

There are many important concerns of socialist feminists not touched on or only mentioned by implication in this volume, but then it is only one small contribution to a very large area of discussion.

— Joyce Stevens.
INTRODUCING CHRISTOPHER CAUDWELL

Graham Rowlands

Very little marxist literary and cultural criticism has been written in English. It is presumptuous to speak of a tradition. Two different kinds of radical books published in the 1970s show the absence of an English language tradition.

Alan Swingewood in his and Diana Laurenson's *The Sociology of Literature* analysed marxist cultural critique. By selecting high points of debate, however, he succeeded in depersonalizing the labor of the various contributors. No matter how useful as a concise handbook, Swingewood's argument sounded as if writers and other intellectuals had only submitted their manuscripts to him for editorial commentary. There was no sense of their being alive in their own right.

Editor Lee Baxandall's *Radical Perspectives in the Arts* was oriented to Continental Europe and the Third World. The first chapter consisted of Meredith Tax's argument that culture is not neutral. An American, she acknowledged that her case was largely based on the works of the Englishman, Christopher Caudwell. It was extraordinary, however, that in her discussion of popular culture (via Caudwell) she did not even mention the Englishman, Richard Hoggart's *The Uses of Literacy*. There was, in fact, no recognition on her part that Caudwell was an Englishman who based his work primarily on English literature, at least in terms of his specifically literary criticism.

It is not necessary to devalue Swingewood's analytical progression in order to assert that some sense of the contributors to marxist literary and cultural criticism would have been beneficial. Although the cult of personality or the cult of the pop star must be avoided, the concentration on a particular marxist critic can be a humanizing experience. Such emphasis can serve to minimize the emotional reaction often encountered when discussing literature with readers who claim that marxists ignore the individuality of the literature by only looking for generalized forces at work through the poems, plays, novels and much non-fictional prose. The lives of critics, including marxist critics, have been no less arduous than those of many writers.

In stressing the English language, Britain and British literary and cultural criticism, it is necessary to add that no special claim is made for the importance of those small islands now part of the E.E.C. It is enriching to read Continental and Third World criticism. It cannot be avoided, however, that Australia is an English speaking federation based on British law and the Westminster system. Despite differences, Australia is more like Britain, the United States and New Zealand than any other nations. If marxists are to understand Australia, it is still relevant to understand Britain. The important advantage is that some of the understanding will be experiential. It will not all have to come from books, magazines and newspapers in the print medium. While a biographical study of Caudwell and his criticism is not possible here, the following is an introduction that tries to at least look at the whole methodological perspective of this Englishman. If it can be seen how inevitably English is Caudwell's marxist literary and cultural criticism, particularly in his examples, it follows that Australian marxist criticism needs to be Australian to stand any chance of contributing to marxist thought generally. Nothing is inevitably Australian in Australia — except its geography. All else is inevitably derivative.

It is very common for Australian marxist literary critics and reviewers to dismiss Caudwell as crude, simplistic and outdated. Marxist should not, however, be so defensive that they fear standing in the same line or dole queue with the earlier exemplars of what may in time become a tradition. Indeed, there is no longer the need for such distancing as in the recent past.

Raymond Williams is without question the best British marxist literary sociologist to date. His own influential strictures about Caudwell need to be seen in their historical context. By 1971 Williams admitted that one of the intellectual trends against which he had reacted was the crude, simplistic, reductionist marxist theory of the 1930s. His *Culture and Society* has singled out Caudwell as a typical example of everything that New Left theory should avoid. It is an understandable view for 1958 when the Cold War was at a low eelsius. It is not, however, a justified view by 1978. In fact, anyone familiar with Williams' attacks on the false dualism between individual and society will find a close similarity with Caudwell. Again, by drawing attention to Caudwell's general theory of history and then his specific opinions about the effect of industrial capitalism on British poetry, it can be seen that he is close to Williams' own view.

It is best to mention Caudwell's limitations first. He wrote in the 1930s, his thinking being deeply influenced by the Great Depression. At least partly because he knew the misery caused by capitalism in Britain, he refused to believe that there was any truth in stories of stalinist horrors in Russia. He said that Russian workers were their masters,
actually believing that the Soviet state was in the process of withering away. This was, of course, anything but an isolated view on the British left.

Caudwell dismissed the whole of popular culture, a type of thinking that Richard Hoggart later showed to be a gross distortion of its complexity, to say nothing of the opportunity lost for historical and sociological study of mass art. Caudwell was particularly antagonistic to modern arts. Surrealism, expressionist drama and jazz all exemplified the dying capitalist culture of the West. Rather than explicate G.B. Shaw, H.G. Wells, T.E. and D.H. Lawrence, his chapters used them as bouncing boards for the further development of his own ideas.

When one or two of his often florid phrases such as Shakespeare’s Ariel being the “apotheosis of the free wage-labourer” was added to the above limitations, it was quite easy for commentators to write off Caudwell as a crank or for Western academics to use his comments on The Tempest as a standard common room joke. But the text of his books Illusion and Reality and Studies and Further Studies in a Dying Culture requires scrutiny and consideration. He was denied an opportunity of writing books of greater stylistic felicity by being killed by Franco’s fascists during the Spanish Civil War, aged 29.

Read structurally, however, he can not be dismissed by ritualistic regurgitation of the odd phrase from one of his books. Like the European marxist literary and social commentators Ernst Fischer, George Lukacs and Lucien Goldmann, he is best when analysing a wide sweep of history or range of societies. His bibliographies list reading in a dozen disciplines. He tries to say something that sums up a century. The approach remains more useful than all the apparatus of formal scholarship brought to bear on a topic such as “Death by Spontaneous Combustion in the 19th century Novel”.

Caudwell’s cultural theory repeatedly attacks the bourgeois capitalist concept of freedom. He demolishes the liberal notion of individualism. He elaborates on Marx’s dialectic between thought and action, refusing to reduce that dynamic interplay to economic determinism with no possibility of ideas reaching back on the rest of society. His view of art as social action is a concomitant of the dialectic. Moreover, his devastating attacks on psychology and religion correlate with his theory of history.

The bourgeois illusion is that men and women are naturally free. Their free instincts are naturally good. But all the organizations of society limit and cripple these free instincts. Caudwell argues that this notion is a false dichotomy. Freedom is not a product of instincts but of societal relationships as they have emerged via the human race’s struggle to master nature. People do not remain people if social relations in all their complexity are removed.

Bourgeois freedom ignores real societal relationships. Caudwell believes in fact that the bourgeoisie has either consciously or unconsciously disguised them as relations among commodities, impersonal markets, cash and capital. When economically powerful groups or classes of people dominate things they do not realize that the things dominated are disguised human relationships. The dominant groups or classes themselves relate to other groups or classes only as things. People have enslaved themselves to forces that grew beyond them because they did not acknowledge their existence.

For Caudwell, as for Engels, freedom is the consciousness of necessity. For the bourgeoisie freedom is the ignorance of necessity. People become free not by realizing themselves in opposition to society (which would entail rebellion against even their own language) but by realizing themselves through society. The character of the association in itself imposes certain forms and conventions which are the badge of freedom. The more people understand the correlation between consciousness and productive relations, the more they can control society’s impact on themselves and nature. As soon as one has knowledge of necessity one has some power.

The bourgeois, who awoke free only to find the self in feudal chains, broke the chains but retained one societal restraint — private property. He or she did not consider this a restraint but a natural right. What the bourgeois sees as a natural right Caudwell sees as private property protected in the long run by coercion. The have-nots have to be coerced by the haves. The dominance of one class over another is expressed in police, laws and armies. The have-nots are working people from whose labor the bourgeoisie have extracted profits for purchase of private property if they have not inherited it. Caudwell expresses the power relationship ironically: “The free labourer, owning nothing, was free to sell his labour to any market”.

Caudwell does not believe that all ideas are determined by economic forces of production. He says that thought flows from how people find themselves in the world. He accepts that people change their consciousness by changing their social and economic relations. Although thought learns how to guide people from action, it is equally true that thought guides action. The superstructure of ideas and customs is not a mirror image of economic productive processes. It interacts with the foundations. They alter each other.

People never consciously form a society; society forms people. Consequently people are active centres for fresh transformations. In turn they form society. This social process, for Caudwell, is history. People are affected by animals and nature and in turn they affect animals and nature by
interaction for economic production which is also social organization. History is the law of motion among people as societally organized animals.

Language is a particularly important part of the historical process. Words represent existing formulations of consciousness. When people wish to speak out in a new way the desire arises from new life experience. On a vast scale this process can produce revolutions. When people are dissatisfied with inherited societal formulations of reality (governments, institutions, laws) they want to remake them nearer to their new and as yet unformulated experiences.

This is also how art is produced. It is the product of tension between changing socio-economic relations and outmoded consciousness. Art expresses in a virtual world the changes that are only starting to occur in the actual world. The artist does not express him or herself in art form. The artist finds the self expressed in them. Self-expression is not adulterated to make it fashionable. Self-expression is found only in the social relations embodied in art. Caudwell says that art is a social function. He claims that this is not a marxist prescription. It arises from the way in which art forms are defined. Only those processes with conscious social function are recognized as art forms. Caudwell believes that art is filled with ideas, social theory and prophecy.

He does not think, however, that propaganda is a substitute for art. He feels only contempt for H.G. Wells because he believes that Wells sold out art, science and action for his pathetic illusion that only propaganda changes the world.

Caudwell links science and art (by art he usually means literature). Both are generated as part of the social process. They are social products, whether material or ideological. They can have only the goal of freedom. People seek freedom in their struggle with nature. It follows that freedom has a price, the need for action and labor. Both science and art are guides to action. They are more than guides. Since they are opposite poles of language, and the main function of language is persuasion, science and art are persuasion to action, to be and do differently. Poetry, according to Caudwell, is “clotted social history”.

Over the past decade the notion that value free scientism in science and social science can solve all social problems via faultless diagnosis and social engineering has suffered a demise in prestige in the West. There is more frank acknowledgement that the choice of an area of research is a value judgement as to its usefulness and that approaches are usually circumscribed by the institution financing the project and one’s own or employer’s perspectives. None of this would have surprised Caudwell. He said that the functionalist school of anthropology was not really functional. It did not include as functions of the society studied the “civilised” equipment that the observers themselves brought to their survey of primitive society.

Thirty years before R.D. Laing exposed a system of psychiatric care oriented to adjusting people to their society without challenging the normality of the society, Caudwell brought into question the premises of 20th century psychology. He noted that Adler recognized brutal struggles for existence in industrial civilization but lamented the inadequacy of Adler’s remedy — a chair of curative pedagogy. Caudwell claimed that Jung had betrayed science. The psychologist believed that behind mythology are primeval structures inherent in the mind. They interact with the patient’s ideology, thus generating myths. Jung’s approach was idealistic, concerned only with the mind. It ignored the environmental causes of mental disease. It failed to see that the problem is incurable if left only to the sphere of consciousness divorced from action.

If Caudwell is perceptive in his dismissal of Adler and Jung, he is ferocious in his attack on Freud because Freud’s view is marred not only by the limited affluent social group of patients who could afford to pay him but also because Freud’s view is premised on “natural” freedoms and the liberal individual — the classic Western dualism. Freud saw all social activity as the product of the free will and dynamic urge of the individual (albeit a dark urge) as it emerges in its own consciousness that grappled directly with nature. Since its instinctive centre is the source of its freedom, restrictions placed on it by social relations cripple and distort the range of action. Consequently the individual is seen as ranged against society. He or she is seen as separated from society as if by magic.

Freud’s view ignores that consciousness is a social outcome. It is not just that consciousness has a social component. The construction of consciousness is the socializing of the psyche. Caudwell spoke of the “social ego”. There is no other. The organism does not enter consciously or of its own will into societal and environmental relations. The latter are prior to and they determine consciousness and will. In Caudwell’s view it is impossible to study psychology removed from sociology. Freud approached his psychological study with the assumptions of a bourgeois idealist to whom nothing existed of reality but an unchanging backcloth in front of which ideas perform their parts.

Consistent with his view of interaction between base and superstructure, Caudwell says that criticism of concrete religion becomes a criticism of societal relations that engendered it. Caudwell’s nationality has much to do with the fact that he progresses from primitive religions to Christianity. It was the religion that he knew best. Magic was the origin of religion, resulting from a dialectical relation between elemental natural powers and

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societal production process. Primitive people made magic wish-fulfilment propositions about reality. In acting according to these propositions they imperceptibly found a determined pattern imposed on them by interaction with reality. So they prayed for rain at the start of the rainy season. Fertility rites were performed in spring. Because of its association with economic production, magic contained the correct operations for sowing and reaping or hunting. Consequently it crystallized the family and tribal social relations. It was a compendious calendar and tribal guide. It could be shared and handed down as tradition. Later it became either science or art.

Caudwell looks at Christianity in the same way. No matter how diverse its causes, Christianity once embodied the aspirations of an exploited class. It was initially a religion of revolution, having a tough this-worldly content. The kingdom of heaven was to be realized on earth. But Christianity was subverted into reformism. It never converted wide popular support into a program of action directed towards seizure of power. By ignoring the vital question of workers' power, Jesus Christ ensured defeat for his communist program. His execution should have been seen as the first defeat in a long revolutionary war rather than as an other-worldly triumph, a wish-fulfilment victory.

Constantine discovered the emergence of a class of leaders who were willing to sell out in return for powerful administrative positions in his empire. All the revolutionary content of the christian program — the kingdom of heaven and the millenium — was shifted to the next world. The love-feast at which material food was shared in common became the ideal sacrifice of the mass where only token food was shared. The misery of the exploited classes of the Roman Empire that engendered a revolutionary program became a compensatory wish-fulfilment. It became a fantastic salvation criticizing and yet stabilising real misery on earth. Eventually the theoretical apparatus of Christianity was one side of a dynamic relationship with the economic and political organization of feudal Europe.

Caudwell's literary commentary is not the microscopic dissection of texts that has become standard practice in today's Western academic world. There are questions that one wants to ask of Caudwell, particularly about the place of novels. Despite this, it is a deeply interesting and suggestive study of the relationship between literature and other aspects of society. Illusion and Reality is subtitled "A study of the sources of poetry".

Caudwell claims that industrial capitalism had several major effects on British poetry. Like everything else, poetry became a commodity. Separated from patrons and private incomes, poets had to sell their goods in the market place. Poetry ceased being produced for particular audiences as in earlier oral art. It began to be turned out for an anonymous mass market via printing and publishing.

Although the poet did not have to worry about an income from poems, he knew that his art was treated by others as so many cheese products. The writer saw the self as an individualist striving to express the inner self against all the outward crippling structures of society. He was Faust, Milton's Satan and Robinson Crusoe. (And in nearly every case, it was he rather than she.)

The individual Romantic such as Shelley, Byron or Wordsworth found in himself the source of literature. Ultimately all he could write about was his own creative process. His only heroes became poets or other extreme individualists. Keats said that his own creative process was so crucial that it would not matter if all his poems were burned as he wrote them. Art became art for art's sake. Artists turned their lives into works of art. They became artists without needing to produce art. Far from being a social process, art became a form of anarchy. Caudwell instances dadaism.

The individualistic poet proposed an individualistic program. He had to be free from everything but himself. He did not see that his retreat from society was caused by human relationships reduced to commodities and impersonality. This correlates with Caudwell's view of the businessman who finds free competition impeded by price-cutting, cartels and trusts. He revolts by demanding keener competition. He does not realize that these ills are created by the free market. He demands an intensification of the process that dominates him. Similarly, the poet's triumphant proclamation of liberty marked the very moment when liberty completely vanished from his hands. It is difficult to understand, then, how someone who subscribes to Raymond Williams' views could find Caudwell simplistic. On Romantic poetry they are almost identical.

It would take many years to discover whether or not Caudwell has been just to each and every British writer and many more to research the numerous disciplines employed in his writings. Meanwhile it appears likely that his comprehensive marxist methodology requires careful reading; for those who glibly dismiss it as crude and outdated, it requires careful re-reading.

— Graham Rowlands.
HOW MUCH SHOULD WE BOAST IQ?


In capitalist societies the school, with its artificial, depersonalized and hierarchical social relations, is a fertile breeding ground for the maintenance and reproduction of wider class divisions. For embedded deep within the school's fabric, are the meritocratic concepts of sorting, streaming, grading and examining. All of this is often quite at variance with the public rhetoric of education ministers, school principals, academics, teachers and others who forlornly plead for altruism, selflessness, and cooperation. The reality of schooling, as every student realizes, lies elsewhere. Moreover, in times of acute economic crisis like the present, cutbacks, restrictions and other financial stringencies in education, health and welfare only serve to focus more sharply the bitter class struggle which lies at the heart of all capitalist societies.

Although it is currently re-emerging in a particularly stark and frightening form, meritocratic elitism has long underpinned the practice, if not always the theory, of schooling under capitalism. The principal rationale for such practices has been the lingering infatuation with the notion of intelligence testing. It is a point worth emphasizing that the genesis of intelligence testing corresponded historically with the expansion of both industrial capitalism in Europe and the United States, and the rise of compulsory schooling. From its beginnings in England with the work of Francis Galton, whose book Hereditary Genius (1869) first postulated the idea that intelligence was genetically determined, the drive to measure, assess and account for human intelligence has formed an integral part of psychological and educational practice.

Mental measurement and intelligence testing have had a colorful and controversial career. Its adherents include some of the most revered, and reviled names in educational psychology. In England its champions have been Karl Pearson, a student of Galton's and founder of eugenics; Cyril Burt, a student of Pearson's and staunch believer in the heritability of intelligence, whose findings are now under serious doubt arising from charges of fraud and deception in his statistical data; and Philip Vernon and Hans Eysenck, both close followers of Burt. Eysenck, possibly the most notorious of the current meritocrats, supports the heritability of intelligence on genetic grounds, adding that there is a statistically significant superiority for whites over blacks in test scores for intelligence.

Across the Atlantic in America the furore over IQ, heredity and eugenics has had a similarly long and dismal history. Lewis M. Terman, of Stanford University, developed a modification of Alfred Binet's original intelligence test, which became widely known as the Stanford-Binet test. Terman was a thoroughgoing eugenicist and elitist, who believed that social stratification was founded on the distribution of IQ in the general population. Terman's views, and the measurement mania generally, were strongly supported by E.L. Thorndike, G. S. Hall and L. L. Thurstone. Most recently Arthur Jensen, from the University of California, has joined forces with Hans Eysenck in asserting that compensatory education programmes, designed to promote greater equality of opportunity, have failed. This, Jensen and Eysenck contend, is due to racial differences in intelligence. Such views justifiably aroused hostility, anger, and widespread opposition during their Australian tour late in 1977.

Fortunately, the nefarious and often scandalous history of intelligence testing has been subjected to close and rigorous examination in recent years. Notable contributors to the critique of ideological quackery masquerading as scientific intelligence testing include: Brian Simon's Intelligence, Psychology and Education (1971); Gartner, Greer and Riessman, The New Assault on Equality (1974); Leon Kamin, The Science and Politics of IQ (1974); Clarence Karier, Shaping the American Educational State (1975); and Hilary and Steven Rose, The Political Economy of Science (1976). Each of these publications amply demonstrates the ways educational psychology has been enlisted as a prop for the prevailing capitalist order. Furthermore, that discipline has provided a veneer of respectability for concepts tailor made for a society based on technological efficiency and profit.

Jeffrey Blum's Pseudoscience and Mental Ability is a welcome and useful addition to a growing body of critical work on the ideological function of much that passes for educational psychology. Blum's study perceptively unravels the origins and fallacies of the IQ controversy. In a clear, direct manner Blum scrutinizes six key hypotheses which underly the whole debate on IQ.

These are:

i) that there are genetically determined differences in mental capacity;

ii) that there is significant genetic determination of variations in mental ability;

iii) that IQ tests measure mental ability;
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 practicising 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
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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 Capter 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 that 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

(2) See Chapter 15, Vol. 3 of Capital, on these points.
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