

Rollback

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Part I

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The elections of 1994 are described as a “political earthquake,” a “triumph of conservatism” that reflects the continuing “drift to the right” on the part of the American population. The victorious Gingrich army of well-trained, well-funded “conservatives” call for a Contract with America that will finally “get government off our backs” so that we can return to the happy days when the free market reigned. They will restore “family values,” ridding us of “the excesses of the welfare state” and the other residues of the failed “big government” policies of New Deal liberalism and Johnson’s “Great Society.” By dismantling the “nanny state” they will succeed, where the Democrats have failed, to achieve the shared goal of all elite and leadership elements: to “create jobs for Americans” and win security and freedom for the “middle class.” And they will take over and successfully lead the crusade to establish the American Dream of free market democracy, worldwide.

One of the great achievements of contemporary ideological warfare has been to debase the terms of political discourse so thoroughly that such statements as these are not entirely false, if we keep to what has become conventional usage. As Orwell predicted, this achievement has undermined the possibility even of talking sensibly about what is happening in the world. Still, independent minds — including any authentic conservatives who might be located in the outer reaches of the political arena or intellectual world — can refuse to be swept up in the fashionable currents and use terms with their actual meanings to describe what is happening, and why.

1. The Triumph of Conservatism

Most of this, we also heard just ten years ago, when Reagan was elected by a 2–1 vote, the second “conservative landslide” in four years. In his 1980 triumph, presidential historian William Leuchtenberg observed, “Reagan, far from having won in a landslide, got little more than a bare majority of the popular vote and only 28% of the potential electorate, and exit polls showed that the vote was not “for Reagan” but “against Carter,” who had in fact initiated the policies that the Reaganites took up and implemented, with the general support of congressional Democrats: accelerating military spending (meaning, in particular, the state sector of the economy) while cutting back programs that aid the vast majority. Polls in 1980 revealed that 11% of Reagan voters chose him because “he’s a real conservative” — whatever that term is supposed to mean.

In 1984, despite vast attempts to get out the vote, the totals increased by 1%. The percentage who chose Reagan because he was a “real conservative” dropped to 4%, while 70% of all voters with an opinion on the matter opposed Reaganite legislative programs, and public opinion studies showed a continuation of the steady drift towards a kind of New Deal-style welfare state liberalism on the part of the general population. Their concerns and desires were not articulated in the political system, however; one reason, surely, why voting was so sharply skewed towards privileged sectors.

The reasons why voting is so dramatically an elite affair in the United States are revealed by comparative studies. Analysis of thirty democracies showed “a significant correlation between high voter turnout and the presence of political parties representing clearly defined strata of society — that is, parties strongly tied to specific income classes, religious groupings, or language groups” (political commentator Thomas Edsall, 1984). In economic policy, Edsall added, the U.S.

political system fails to represent “the interests of the bottom three-fifths of society.” To use a phrase that is unspeakable in polite society without shock quotes, when the “class interests” of the privileged and powerful are the guiding commitment of all political parties, people who do not share these interests tend to stay home. The class pattern of abstention “seems inseparably linked to another crucial comparative peculiarity of the American political system,” political scientist William Dean Burnham observed: “the total absence of a socialist or laborite party as an organized competitor in the electoral market.” That absence relates to and is fortified by the effective dismantling of civil society: unions, political organizations, and so on.¹

In the 1980s, the U.S. and Britain took the lead in the “triumph of conservatism,” accelerating processes already underway. They therefore lead the developed world in impoverishment and degradation, inequality, homelessness, destruction of family values, hunger, and other values of contemporary “conservatism.” A study by the British charitable organization Action for Children, founded in 1869 with the Queen as patron, concludes that “the gap between rich and poor is as wide today as it was in Victorian times,” and in some ways worse. A million and a half families cannot afford to provide their children with “the diet fed to a similar child living in a Bethnal Green Workhouse in 1876,” a “sad reflection on British society.” Britain has proportionately more children living in poverty than any European country apart from Portugal and Ireland, and the proportion is rising faster than any country in Europe, though the U.S. still holds the lead.

Britain has also not yet matched the achievements of the doctrinal system crafted by our highly class conscious business community, with the assistance of those whom the lively 19th century working class press called “the bought priesthood” of respectable intellectuals. The fact that there is “class conflict” and that the rich and powerful mobilize state power to serve their interests, a truism to Adam Smith, remains within popular consciousness. The 1994 Gallup Political and Economic Index gives interesting information about popular attitudes on these matters (I put aside small numbers, 3%-10%, expressing no opinion). The study reports that over four-fifths of the population think “there is a class struggle in this country” and that “too little” is being done “to level up the classes.” Two-thirds “disagree strongly” with the statement “Britain is a classless society.” Nine out of ten feel that the Government does “too little” for “the working class,” four-fifths that it does “too much” for “the well-to-do,” and over 90% that it does “too little” for “people living on small pensions/income.” Half also think it does “too little” for “the middle classes.” Three-fourths “think of Britain as divided into haves and have-nots,” and a third describe themselves as among “the haves.”²

Let’s return to 1994, the next in the series of “conservative landslides,” this time under the leadership of Newt Gingrich. “Republicans claimed about 52 percent of all votes cast for candidates in contested House seats, slightly better than a two-point improvement from 1992” (Richard Morin, director of polling for the Washington Post). One out of six voters described the outcome as “an affirmation of the Republican agenda”; 60% said it “was a repudiation of the Democrats.” A “more conservative Congress” was considered to be an issue by a rousing 12% of the voters. An “overwhelming majority had never heard of” the Gingrich Contract with America, articulating the Republican agenda, though a majority opposed one of its central components: “defense increases,” a code-word for public subsidies to advanced industry. The chief pollster of the Los

¹ For references, see my *Turning the Tide* (South End, 1985), chap. 5, sec. 2.2.

² See my *World Orders, Old and New* (Columbia, 1994); Gallup Political and Economic Index, Report 404, April 1994.

Angeles Times pointed out that just before the election, 61% of those polled said “that spending for domestic programs should be *increased*.”

All of this echoes the situation of a decade ago.

The opposition to Democrats is more nuanced. Clinton-style “New Democrats” — in effect, moderate Republicans — “lost their seats at twice the rate of their more liberal colleagues,” Ken Silverstein and Alexander Cockburn report. The “more liberal” Democrats are those who tried to activate the old Democratic coalition of working people, women, the poor: the majority of the population who see themselves, correctly, as effectively disenfranchised.

To put these figures in further perspective, it must be recalled that voting was even more heavily skewed towards the wealthy and privileged than before. As compared with 1992, 7% more voters were wealthy, 7% fewer were working class, political scientist Peter Levine comments, noting also that Democrats were overwhelmingly preferred by voters who earn less than \$30,000 a year and ran even with Republicans in the \$30,000-\$49,000 range. There was also a very large gender and color gap, white males voting mostly Republican, while women, Blacks and Hispanics voted for Democrats (overwhelmingly, in the Black-Hispanic category, where participation was low). Those with no more than high school education, along with those with postgraduate education, favored Democrats. Those who sensed a decline in their standard of living voted for Republicans by close to two to one — mostly white males with just high school degrees “whose economic futures are highly uncertain,” Thomas Edsall observes; just those who would have been part of a left-populist coalition committed to equitable economic growth and political democracy, were such an option to intrude into our business-run political system.

The message, however, was just the opposite: Clinton must abandon the left-wing agenda that the voters had just overwhelmingly rejected and return to what he had promised to be in 1992: a “New Democrat.” And he was quick to pick up the cues. In a satellite address to the National League of cities, “Clinton used some variation of the words ‘work,’ ‘jobs’ or ‘working families’ more than 40 times as he raised ‘New Democrat’ themes such as welfare reform, national service, lifelong job training, and the need to ‘attack problems that feed dependency,’” the Boston Globe reported under the headline: “Clinton seen returning to ‘New Democrat’ stance.” The report didn’t say when he had left that stance for some different one, on any issue of importance to rich and powerful. If he had, Business Week hadn’t noticed. “Corporate America did fine riding in tandem with Clinton,” the journal reports, though “it did equally well when they diverged.”

Despite all his efforts to please, still business “basically hates the Clinton Administration,” Business Week continues, and gives him “little credit” for advancing the corporate agenda. Why? The reasons they give, and cite from polls of executives, are hard to take seriously. But there is one very good reason. Leading sectors of wealth and privilege taste blood. They think, with some reason, that they have the world’s population by the throat, and are in a position to roll back the hated welfare state for the general population and everything that goes with it: health and safety standards, labor rights and human rights generally, indeed any infringement on their right to pursue “the vile maxim,” as Adam Smith described the goal of the masters: “all for ourselves, and nothing for other people.” Given that awareness, it makes sense to “hate” anyone who may have a somewhat flawed commitment to the sole human value: “Gain Wealth, forgetting all but Self.”

“the New Spirit of the Age” denounced by the lively and vigorous working class press 150 years ago, as working people fought to save human values from the rising tide of private tyranny.³

Yet another factor, scarcely noted here, has to be taken into account in evaluating the electoral results. Under the headline “Big money still garners the big vote,” George Graham observed in the London Financial Times that money “spoke as loud as ever in the most expensive campaign on record.” With a few notable exceptions, electoral victory tracked campaign financing closely — again, no departure from the norm and natural in a political system in which the less affluent majority does not participate and is scarcely represented.⁴

Voters selected “welfare reform” as their top priority, with health care reform second and crime also ranking high. These choices, which in part reflect a grasp of reality, also have to be understood against the background of recent propaganda offensives.

To begin with reality, for most of the population, conditions of life and work are grim and declining, something new in the history of industrial society. Median income declined even during the “Clinton recovery,” falling to 7% below the 1989 level by late 1993, the Census Bureau reported. The decline was accompanied by — and in no small measure caused by — much-lauded improvements in “flexibility of labor markets.” The latter is a technical term referring to elimination of job security and other such “market rigidities” that interfere with “economic health,” another ideological construct. As designed for the purposes of population control, “economic health” is unrelated to the welfare of the population but crafted to measure what is valued by the rich: speculators, bond holders, investors, professionals who serve the state-corporate sector. Continuing the decline during the Reagan years, after a decade of stagnation, pay for private sector employees fell 4% from 1988 to 1994, with blue collar wages suffering most and white collar wages still below 1990 and well below 1988. Despite much misleading hype, the Bureau of Labor Statistics reports a continuing “shift to lower-wage industries and higher wage-occupations,” executive and professional, while noting that the overwhelming majority of these are in lower-paid service industries (motel manager, and the like). That means sharply increased inequality, with the majority suffering reductions in absolute terms along with much worse work conditions.⁵

But some folks are doing just fine. “The percentage of corporate income devoted to payrolls is hovering near a record low,” Fortune magazine reported in November, having dropped sharply during the “conservative landslide” of the early 1980s, and again since 1992. With the “New Democrats” at the helm, “1993 was a bracingly upbeat year for the FORTUNE 500,” the journal exulted in its April 1994 annual review of the state of the important people, who posted “dazzling” profits despite “virtually stagnant” sales growth. The ecstatic story was headed: “Hats Off! It Was a Heck of a Year” — at least, for those who matter.⁶

While in part realistic, the expressed concerns of voters reflect the great victories of the ideological warfare that has been conducted with relentless intensity since the early 1970s in the effort to overcome the perceived “crisis of democracy.” Across the political spectrum, privileged

³ John Aloysius Farrell, *BG*, Dec. 3; *BW*, Oct. 10, 1994. See Norman Ware, *The Industrial Worker: 1840–1860* (Ivan Dee, 1990; reprint of 1924 edition).

⁴ Morin, *WP* weekly, Nov. 21–27; *LA Times*, Nov. 20, cited by Doug Henwood, *Nation*, Dec. 12; Silverstein-Cockburn, *Counterpunch*, Nov. 15; Gerald Seib, *WSJ*, Nov. 11; Levine, letter, *NYT*, Nov. 25; Richard Berke, *NYT*, Nov. 10; Edsall, *WP* weekly, Nov. 28–Dec. 4; George Graham, Nov. 10, 1994.

⁵ Aaron Bernstein, *Business Week*, Oct. 10, 1994. For more detail, see my *World Orders, Old and New* (Columbia, 1994); See Edward Herman, this issue.

⁶ *Fortune*, Nov. 14, April 18, 1994.

sectors were naturally appalled by the attempts of the great majority of the population to escape from the apathy and marginalization that is their proper place and to enter the political arena, forgetting that in a democracy the role of the “ignorant and meddling outsiders” is to be mere “spectators,” not “participants,” as Walter Lippmann put it in his progressive essays on democracy 70 years ago, expressing the doctrines of “Wilsonian idealism.” It therefore became necessary to renew with much greater intensity the constant campaign to tame and cage that “great *beast*,” as Alexander Hamilton termed the “people” with horror and indignation as he was laying the foundations for state-guided industrial democracy. The beast may not yet be tamed, but it is being caged; sometimes quite literally, sometimes in chains of dogma and deceit, an important victory.

We may recall, in passing, that fear of democracy and freedom has always been one of the factors motivating the terror and sometimes outright aggression undertaken to eliminate “rotten apples” that might “spoil the barrel” and “viruses” that might “infect others,” in the terminology favored by leading planners — the main concern, of course, being independence, whatever cast it takes. That helps explain the passion of Washington’s terrorist wars in Central America in recent years, or to take a current example, Washington’s not-so-tacit support for its trainees and associates in the Haitian military as they did their necessary work, and the restoration of the rule of their backers among the Haitian elite under the guise of “democracy,” now that the work is done and the Generals can be sent off to the life of luxury, which, they understood correctly, would be their reward for services rendered. Behind the supercilious racist rhetoric about “civilizing Aristide” and teaching him “lessons in democracy” lies a real fear: that the democratic virus in Haiti might even infect these shores. People here might realize that we have a great deal to learn about democracy from the peasants and slum-dwellers of Haiti, who constructed a vibrant civil society that offered the “great beast” a chance to take some control over their lives. Their crime brings to mind the call for freedom for all people that was sounded for the first time in Haiti two centuries ago, outraging the civilized opinion of that day.

One consequence of the huge propaganda campaigns of the past several decades is the mood of “antipolitics” reported in feature stories. Concealed from public view is the fact that “politics is the shadow cast on society by big business,” as John Dewey stated the truism familiar at least since Adam Smith, adding that as long as this is so, “the attenuation of the shadow will not change the substance.” Reforms are of limited utility. Democracy requires that the source of the shadow be removed, not only because of its domination of the political arena, but because the very institutions of private power undermine democracy and freedom; again, an observation familiar back to the Founding Fathers.

But the source of the shadow has to be driven from the mind. Naturally, this is a leading theme of the literature of the ultraright foundations that are seeking to drive the educational system and media towards an even narrower fringe of the permissible spectrum. At the other extreme, Clinton campaign literature spoke movingly about workers and their firms and how government must help them; missing from the picture were bosses, profits, investors, and the like. There are “entrepreneurs,” nice folk who appear now and then to help the workers and their firms. They then sink into the background along with the unmentionables, who are laboring for the common good, selflessly seeking to provide jobs and decent lives for ordinary people in the “civil society” in which all participate.⁷

⁷ See *World Orders*, for details and references.

The fanaticism of the effort to conceal the obvious has reached comic proportions. After the latest APEC summit in Jakarta in November, front-page headlines announced that “Clinton Is Stern With Indonesia On Rights but Glee on Trade” (New York Times). The “sternness on rights” consisted of a few whimpers denounced by Indonesian human rights activists and labor leaders (those still out of jail), but the Glee on Trade was real enough. It reflects the successes of “the Administration’s campaign of commercial diplomacy” that “will mean jobs for Americans,” Times political correspondent Elaine Sciolino reported with admiration. Clinton firmed up \$40 billion in joint projects in his campaign for “jobs for Americans”; at least \$35 billion, possibly more, was an arrangement between Exxon and the Indonesian state oil company Pertamina to develop an off-shore natural gas field, which could “mean new jobs for US businesses that help set up wells and off-shore platforms,” the Boston Globe reported. Exxon’s Indonesia affiliate and Pertamina are expected to sell the liquified gas almost exclusively in Asia. GE, Hughes, Fluor Daniel, and other major corporations won contracts as well for projects in Indonesia. Another Exxon-Pertamina project is a new plant to supply Indonesia’s state-owned electricity company, the London Financial Times added, noting also that U.S. taxpayers are generously helping to fund the projects by credits from the U.S. Export-Import Bank, “part of new US ‘Tied-Aid’ credit offers.”

All of this is sure to provide a huge flow of jobs for Americans — at least lawyers, bankers, executives and managers, maybe a handful of skilled workers for a short period. But profits for U.S. investors? Perish the thought! The good news for U.S. workers caused a sharp increase in Exxon’s stock.⁸

Another victory for efficient propaganda is that people wildly overestimate the percentage of the federal budget that goes to foreign aid and welfare. In fact, over half of discretionary federal spending is devoted to the military, one reason why “the United States faces social and structural economic problems of a magnitude unknown to other economically advanced states,” Benjamin Schwarz of the RAND corporation notes, including “higher rates of infant mortality, illiteracy, malnutrition, and poverty than any other advanced industrialized country.” All getting worse, predictably, as the class war of the past decades intensifies in vigor and savagery. A study of the Bread for the World Institute reported a considerable decline in people suffering from hunger throughout the world in the 1980s, with only two exceptions: Africa, which registered an increase from 36% to 37%, and the United States, where the numbers increased 50% from 1985 to 1990 as “conservative” reforms took hold, increasing since.

The problem is most severe among children, with effects that are permanent: it is well-known that “development of the brain is strongly influenced by the quality of the nourishment and nurturance given to infants and children,” among other effects of “adverse environments” early in life that can lead “to permanent defects in memory and learning” (medical researchers John Frank and Fraser Mustard). But hunger among the elderly is also “surging,” the Wall Street Journal reports: “several million older Americans are going hungry — and their numbers are growing steadily,” despite a federal law in force for 20 years “aimed at providing free meals to anyone over 60.” Many are literally “starving to death” while some 5 million, about 16% of the population over 60, “are either hungry or malnourished to some degree” — again, phenomena unknown in other developed societies, which lag behind us in the crusade for freedom and justice.

⁸ Sciolino, Andrew Pollack, NYT; Susan Hightower, AP, Boston Globe; Manuela Saragosa, FT. Nov. 17, 1994.

“The level of malnutrition and real hunger is only increasing,” the assistant secretary for aging at the U.S. Department of Health reports.

To fully comprehend the meaning of such facts, one must bear in mind the unparalleled advantages of the United States. To select merely one indication, health and life expectancy levels of mid-18th century Americans were not achieved by the *upper classes in Britain* until the early 20th century — not to speak of less privileged parts of the world. The social and economic catastrophe of American capitalism is quite an extraordinary phenomenon — for the “great beast,” that is.⁹

Only 30% of the population are aware that military spending is the largest item on the Federal budget, and few of those know its scale or its purpose. Over a quarter think foreign aid is the biggest item. In fact, it is barely detectable. The U.S. has the most miserly record among the developed countries. The record is even worse if we exclude the parts intended to enhance U.S. control over Middle East energy reserves, “aid” to Israel, Egypt, and Turkey. By far the largest per capita component goes to a rich country, Israel — artificially rich, because of the completely unparalleled flow of foreign capital including not just “aid” but also tax-deductible contributions that are used to maintain the sharp divisions between first- and second-class citizens, and (despite disclaimers) for the joint U.S.-Israel project of incorporating the bulk of the occupied territories within the eventual state of Israel. Eliminate that, and U.S. aid virtually vanishes — putting aside its character and effects.

One-fifth of the population believe welfare to be the largest Federal expense. It is not too surprising, then, that the top priority for voters in 1994 was “welfare reform” (46%). The welfare system is “just out of control,” voters felt, though it pays to look more closely at actual attitudes. 44% of respondents feel that we are spending “too much” on welfare and 23% “too little, economist Nancy Folbre notes, but when the phrase “assistance to the poor” is substituted for “welfare” in the same question, 13% say we are spending “too much” and 64% “too little.” A reasonable speculation is that many people have absorbed Reaganite lies about “welfare Queens” (by insinuation, Black) driving Cadillacs, and believe that working people are supporting rich welfare recipients — as they are, but not in the sense they imagine; we return to that.¹⁰

As already noted, the second-ranking priority for voters was health care reform (37%), though the impressive ideological warfare of the past year has left people utterly confused about what the realistic options might be. Public debate was framed within narrow bounds, the Clinton plan being the “liberal option,” with a few gestures to the “radical extremists” who thought the U.S. might consider joining the rest of the industrial world. The incomprehensible Clinton plan — basically, a giveaway to huge insurance companies — was rejected as just another “big government” proposal that would place people’s fate in the hands of pointy-headed bureaucrats who steal our money by imposing a crushing tax burden; a publicly funded insurance program, to the extent it could even be considered, is still more odious in that respect.

The option preferred by the privileged is for the fate of everyone else to be in the hands of insurance company executives whose goal, as Milton Friedman can explain, is to ensure maximum profit and market share: meaning the worst possible health care; elimination of personal choice except for the rich; huge bureaucracies to micromanage physicians; public subsidy for ad-

⁹ Robin Toner, NYT, Nov. 16; Toner misinterprets the figures, failing to distinguish discretionary spending. Schwarz, “The Arcana of Empire and the Dilemma of American National Security,” *Salmagundi*, Winter-Spring 1994; Theo Francis, Chicago Tribune, Oct. 14; Michael McCarthy, WSJ, Nov. 8, 1994. Frank and Mustard, “The Determinants of Health from a Historical Perspective,” *Daedalus: Health and Wealth*, Fall 1994.

¹⁰ Folbre, *Village Voice Literary Supplement*, Nov. 1992.

vertising, profits, and multiple layers of high-paid managers and executives; and other massive inefficiencies that drive the U.S. off the spectrum in costs for health care. The real meaning of the “conservative” option was illustrated right after the November election at the annual scientific convention of the American Heart Association, where leading specialists reported that insurers are increasingly unwilling to pay for preventive care that would reduce hospitalization rates by 75% (Dr. Lynne Stevenson of Boston’s Brigham and Women’s hospital). In contrast, they are quite willing to pay for heart transplants – high tech operations that enrich the right people and institutions.

One radical extremist thought that rarely reached threshold is that in a civilized society, the costs of health care should be borne by progressive taxation, on the basis of the principle that the poor should be exempted from taxation, which should “tax the higher portions of property in geometrical progression as they rise” – as observed by the noted Marxist Thomas Jefferson in a letter to his fellow-subversive James Madison. The United States is, again, off the spectrum on this aspect of human rights and needs, as measured by public share of health-care spending (which is as progressive as the tax system). The U.S. is far below any country that has achieved any form of development, even Greece and Portugal; it is barely above Turkey.¹¹

2. “Really existing conservatism”

The propaganda victories come into sharper focus when we compare popular perceptions with social and economic realities. Take welfare. It has sharply declined in real terms since 1970, Nancy Folbre observes, a downward spiral that is continuing, with more reductions in Aid to Families with Dependent Children (AFDC) in 1991 than in any year since 1981. From 1970, maximum AFDC benefits for a family of three with no other income fell over 40%, and the national average of AFDC benefits and food stamps combined is now at the level of AFDC alone in 1960 (before the food-stamp program was initiated).

A still more severe distortion is the unspoken premise that child care is not work: it comes free, like women’s domestic labor generally – “the main reason why free-enterprise economies have worked relatively well over the decades,” economist Sylvia Ann Hewlett comments. Child care therefore contrasts with Real Work: speculating in currency markets, devising tax shelters for the rich, arranging mergers and acquisitions that significantly reduce R&D and hence economic growth, and other contributions that rank high on the scale of social utility and merit according to standard dogma, which measures it by economic reward to the “worker.” In particular, single women taking care of children are plainly not working, and therefore must be driven to the official workforce on grounds of “economic efficiency” (not to speak of justice), bipartisan doctrine holds. The assumptions are somewhere between nonsensical and insane, though reasonable enough within the general intellectual culture, with its tacit dedication to class warfare.

Even on the narrowest grounds, Folbre observes in the American Economic Association proceedings, “public policy literally transfers resources from parents to nonparents by providing social insurance based on participation in paid employment without explicitly valuing time, effort, or money devoted to children,” who are, in the longer term, the crucial factor determining “economic health” even in the highly distorted ideological sense of the technical notion. When

¹¹ Robert Knox, BG, Nov. 16, 1994. Jefferson quoted by John Manley, “The American Dream,” *Nature, Society, and Thought* vol. 1.4, 1988. Robert Evans, “Health Care as a Threat to Health,” *Daedalus*, op. cit. Voter priorities, Seib, op. cit.; budget estimates, Toner, op. cit.

real incomes in the middle quintile (about \$30,000 in 1992 dollars) are adjusted for child care costs, they decline slightly through the 1970s, quite sharply from 1980 to the present as “conservatism triumphed.”¹²

Responding to the “public mood” that has been shaped by a propaganda offensive of unusual intensity and fervor, the highest priority for the new Gingrich conservatives is to dismantle the welfare system. They announced at once that they would repeal the Food Stamp Act of 1977, the Child Nutrition Act of 1966, the National School Lunch Act of 1946, the Emergency Food Assistance Act of 1983, and other Federal laws intended to prevent hunger, particularly among children, which has not increased rapidly enough to satisfy the advocates of “family values” and “free market” verities. Furthermore, what programs remain are to be transferred to states, so as to bar any response to the typical sharp increase in need for food assistance when there is a recession, as in 1991–2, when food stamp rolls sometimes grew by 300,000 people a month. The plans will “lead to a dramatic increase in hunger,” Senator Patrick Leahy observed realistically; but that’s nothing that has ever troubled the more loyal servants of the rich. Also on the legislative agenda — with the support of the New Democrats — are work obligations for mothers (who do not “work,” by ideological fiat) and reduction of AFDC, the main Federal Welfare program, which reaches 14.3 million people, over 9 million of them young children, who must “learn responsibility” and internalize our values: that there are no human rights, apart from what can be won in the labor market.

It would be unfair, however, to regard the leader, Newt Gingrich, as a heartless wretch. He proposes that the money saved from AFDC programs be used to build orphanages or “group homes” for children of families rendered destitute — the state being the proper provider for children, not their mothers, under the doctrine of “family values.” Perhaps the proposal is intended as a special contribution to the 1994 International Year of the Family. Or perhaps it is simply another useful federal subsidy, providing benefits to the construction industry, lawyers, and other people of the right sort.¹³

The real meaning of “free market conservatism” is illustrated by a closer look at the most passionate enthusiasts for “getting the government off our backs” and letting the market reign undisturbed. Take Newt Gingrich, the leader of the victorious congressional army who are taking over under a “master plan” that relied on huge contributions for Gingrich’s GOPAC committee from corporate donors and others whose identity is a carefully-guarded secret. The measures are of dubious legality; GOPAC is now being sued by the Federal Elections Commission on grounds that it “failed to register and report as a political committee.” But legal questions aside, the power play was “a calculated political operation, unique on the contemporary American political scene” (Ellen Miller, director of the nonpartisan Center for Responsive Politics), yet another blow at the despised principles of democracy and the pretensions of the “great beast” to meddle where it doesn’t belong.¹⁴

Gingrich represents Cobb County Georgia, which the New York Times — reasonably enough — selected in a recent front-page story to illustrate the rising tide of “conservatism” aimed at ridding us of the “nanny state.” The headline reads “Conservatism Flowering Among the Malls,” in this wealthy suburb of Atlanta, one of several that “offer — particularly to whites — a sense

¹² Hewlett, *Child Neglect in Rich Societies* (UNICEF, 1993). Folbre, *op. cit.*; “Children as Public Goods,” *AEA Papers and Proceedings* 84.2, May 1994. Marc Breslow, *Dollars and Sense*, Nov./Dec. 1994.

¹³ Jason DeParle, *NYT*, Nov. 13; Robert Pear, *NYT*, Nov. 22, 1994.

¹⁴ Michael Kranish, *BG*, Nov. 20, 1994.

of prosperity and safety, conservative Southern values and a relaxed, friendly way of life.” It’s a “Norman Rockwell world with fiber optic computers and jet airplanes,” Gingrich comments with pride. With its “history of inhospitality toward blacks,” Cobb County is scrupulously insulated from any urban infection so that the inhabitants can enjoy the fruits of their “entrepreneurial values” and market enthusiasms in “the conservative heart of a conservative region,” defended in Congress by the leader of the conservative triumph.

A small footnote: Cobb County receives more federal subsidies than any suburban county in the country, with two exceptions: Arlington Virginia, effectively part of the Federal Government, and Brevard County Florida, the home of the Kennedy Space Center. When we move out of the state system itself, Cobb County is the leading beneficiary of the “nanny state.” Its largest employer is Lockheed Aeronautical Systems Company, which is designing the F-22 advanced tactical fighter and other military aircraft. 72% of the workforce are in white-collar jobs “in expanding areas of the economy like insurance, electronics and computers, and trade” — all carefully tended by “the nanny state.” It’s remarkably easy for conservative entrepreneurial values to flourish while one is feeding happily at the public trough. Meanwhile praises to market miracles reach the heavens, notably where “conservatism is flowering among the malls.”¹⁵

An interesting sidelight is the silence over this matter during the electoral campaign, when Gingrich propaganda was smashing the New Democrats. Notably absent is a simple rejoinder that would have stopped the juggernaut in its tracks: Gingrich is the country’s leading advocate of the welfare state — for the rich. The reasons for the silence are not hard to discern: class interests prevail over narrow electoral ones. It’s agreed across the board that the rich must be protected from market discipline by a powerful and interventionist welfare state.

Gingrich is the author of the “Contract with America,” which calls for extending the double-edged “free market”: state protection and public subsidy for the rich, market discipline for the poor. The Contract calls for “cuts in social spending,” denying aid to children of “minor mothers” and those on welfare. Republican leaders add that they will support reductions proposed in the plan submitted by John Kasich, top Republican on the Budget Committee; its biggest cut is to be \$50 billion from medicare and medicaid, the health programs for the elderly and the poor. But the Contract calls for an increase in welfare for the rich, by the classic means: regressive fiscal measures, and outright subsidy. These include increased tax exemptions for gifts and estates, capital gains cuts, reduced regulation for protection of health and safety standards, investment subsidies, more favorable rules for depreciation, and most important: “strengthening our national defense” so that we can better “maintain our credibility around the world” — so that anyone who gets funny ideas, like priests and nuns in Latin America, will understand that “What We Say Goes,” as George Bush defined the New World Order while bombs and missiles were raining on Iraq.¹⁶

“National defense” is, of course, a sick joke, which would elicit ridicule outside of a commissar culture. The U.S. faces no threats, and already spends almost as much on “defense” as the rest of the world combined. As in the past, military spending is arguably increasing security threats, for example, by arms exports, which now provide 25% of revenue for “defense” contractors and dominate the international arms market, increasing sharply since the end of the Cold War. Clinton has just added an important innovation: for the first time, policy will “factor the health of U.S.

¹⁵ Peter Applebome, NYT, Aug. 1, 1994.

¹⁶ David Rosenbaum, NYT, Nov. 1, 1994.

weapons makers and the shape of the domestic economy into decisions on whether to approve foreign arms sales,” the press reports; a natural step, now that the Soviet pretext has collapsed and it becomes necessary to face the facts more honestly.¹⁷

Unlike “defense” and “security,” military expenditures are no joke. They ensure that we will be able to “behave, with others, multilaterally when we can and unilaterally as we must,” the Clinton version of the traditional doctrine, delivered to the UN Security Council by Ambassador Madeleine Albright as it wavered over a resolution condemning Iraq. Albright instructed the Council that if need be, the U.S. would act alone because “We recognize this area as vital to U.S. national interests” — and we recognize no limits or constraints, surely nothing as ridiculous as international law, human rights, or the United Nations, as we pursue our role as self-appointed global enforcer.¹⁸

Apart from maintaining a particular form of “stability” in the interests of the world rulers, the Pentagon must continue to provide lavishly for Newt Gingrich and his rich constituents by means of a taxpayer subsidy to advanced industry. Nothing has changed in this regard since the early post-war period, when the business world recognized that the aircraft industry, established by public funds and wartime profiteering, “cannot satisfactorily exist in a pure, uncompetitive, unsubsidized, ‘free enterprise’ economy” (*Fortune*) and that “the government is their only possible savior” (*Business Week*). For well-known reasons, the Pentagon system was revitalized as the “savior,” sustaining and expanding the industry, now the leading “civilian” exporter, along with steel and metals generally, electronics, chemicals, machine tools, and other central components of the industrial economy. As long as the fable could be sustained, the Cold War provided the pretext. The fraud was conscious, at least among those minimally astute. The first Secretary of the Air Force, Stuart Symington, put the matter plainly in January 1948: “The word to talk was not ‘subsidy’; the word to talk was ‘security.’” As industry representative in Washington, Symington regularly demanded enough procurement funds in the military budget to “meet the requirements of the aircraft industry,” in his words. The story continues without essential change until today, in just about every functioning sector of the economy, and surely in Cobb County.

Furthermore, the story goes back to the origins of the Republic: economic historian Paul Bairoch describes the United States as the “mother country and bastion of modern protectionism,” which was “born in the United States” — which may be unfair to our British predecessors, no laggards in the art. Protectionism is only one form of state intervention, and not the major one. As in the British case, there are intermittent deviations from the commitment to protect the rich from market discipline, related to the expectation of temporary gain under conditions of dominance. When need arises, “conservatives” are quick to call for increased state intervention, as in the Reagan years. Had market forces been allowed to function, there would be no U.S. steel or automobile industry today, not to speak of computer chips and electronics generally. The Reaganites simply closed the market to Japanese competition while pouring in public funds.

Then-Secretary of the Treasury, James Baker proudly proclaimed to a business audience that Reagan had “granted more import relief to US industry than any of his predecessors in more than half a century.” He was far too modest: it was actually more all his predecessors combined, doubling import restrictions to 23%. One of the few authentic free trade advocates, international economist Fred Bergsten, added that the Reagan Administration specialized in the kind

¹⁷ BG-LA Times, Nov. 15, 1994.

¹⁸ Jules Kagian, *Middle East International*, 21 Oct. 1994.

of “managed trade” that most “restricts trade and closes markets,” voluntary export restraint agreements — which are “voluntary” in the sense that protection payments to the Mafia enforcer are “voluntary.” This is “the most insidious form of protectionism,” Bergsten pointed out, which “raises prices, reduces competition and reinforces cartel behavior.” The 1994 Economic Report to Congress estimates that Reaganite protectionist measures reduced US manufacturing imports by about one-fifth. Such measures have been expanded under Clinton, one recent example being the proposal to spend \$1 billion to subsidize development and production of flat-panel computer display screens, subsidies barred by the GATT accords signed a few weeks earlier.¹⁹

This is just the tip of the iceberg. The “bought priesthood” may spin tales about market discipline and its virtues, but business executives and the government that is their “shadow” will tolerate no such nonsense — for the rich, that is.

Gingrich’s Contract is remarkably brazen. Thus the proposals for welfare for the rich appear under the heading “The Job Creation and Wage Enhancement Act.” The section does include a provision for measures “to create jobs and raise worker wages” — with the word “unfunded” quietly added. But no matter. In contemporary Newspeak, the word “jobs” means “profits,” so it is indeed a “job creation” proposal, which will continue to “enhance” wages downwards.

The pattern is virtually exceptionless. Former Senate Democratic leader George Mitchell was replaced in November by Olympia Snowe, a prominent conservative, whose campaign focused on protecting the Portsmouth Naval shipyard and Loring Air Force base — that is, making sure that Federal largesse continues to flow, the benefits heavily skewed towards the wealthy, though the official mantra is “jobs.” Even looking just at the narrow matter of welfare, we find much the same thing. The Center for Popular Economics (Amherst) estimates that when we consider direct benefits and tax breaks — masked welfare payments — an average household with income under \$10,000 receives about 60% of the welfare provided to households with income over \$100,000. Looking at details, total payments for food stamps in 1993 amounted to \$25 billion, welfare and family support \$16 billion, and supplemental security income (poor, elderly, disabled) \$21 billion. These figures may be compared with the \$49 billion in deductions for interest payments, mostly mortgage payments (80% to families with incomes over \$50,000, skewed more radically toward the higher reaches, for obvious reasons). Farm price supports, again skewed toward the wealthy, amounted to \$16 billion. Total payments to the poor “add up to less than the three largest tax breaks that benefit the middle class and wealthy: deductions for retirement plans, the deduction for home mortgage interest and the exemption of health-insurance premiums that companies pay for their employees,” Michael Wines reports in the Times in a rare window opened to the real world, noting further that “most tax breaks and payments to the well-situated are practically exempt from the debate over controlling expenditures.”²⁰

This, of course, is the merest fragment, not counting such matters as “business expenses” (dinners at elegant restaurants, prize seats at the opera and sporting events, club memberships, etc.), all small in comparison with the massive subsidies through the system of protection and subsidy by the “nanny state.” Simply to indicate scale, in Canada, less extreme than the U.S. in its dedication to a nanny state for the rich, the National Council of Welfare estimates that day care

¹⁹ See World Orders. Bairoch, Economics and World History (Chicago 1993). Keith Bradsher, NYT, April 27, 1994.

²⁰ John Milne, BG, Nov. 9, 1994; Nancy Folber and the Center for Popular Economics, The New Field Guide to the U.S. Economy (New Press, 1995); Wines, NYT, Nov. 20, 1994.

facilities for the 750,000 children who need them would cost \$1.5 billion, not a great deal more than the tax money lost by the business entertainment deduction.²¹

Reacting to the “Contract,” Labor Secretary Robert Reich suggested that Congress end “corporate welfare as we know it,” removing tax breaks for particular industries and agriculture that amount to tens of billions a year. He also noted that over a quarter of taxes go to pay interest on the national debt, most of it accumulated by the statist reactionaries of the 1980s, who played their spend-and-borrow games under the conservative disguise. Reich’s speech on economic and social policy was prominently reported — in the London Financial Times, though for accuracy, it did receive a few lines under “World-Wide Notes” in the Wall Street Journal, the same day.²²

The principles are clear and explicit: free markets are fine for the Third World and its growing counterpart at home. Mothers with dependent children can be sternly lectured on the need for self-reliance, but not dependent executives and investors, please. For them, the welfare state must flourish.

Focusing on rich countries like ours is highly misleading, to put it mildly. The double-edged “free market ideology” has by far its most lethal effects in the traditional colonial domains, which, apart from the Japan-based area, are mostly an utter disaster, improving here and there only by ideologically-based economic measures that dispense with effects on people. While almost all industrial societies have become more protectionist in past years, the Reaganites generally led the pack. The effects on the South have been devastating, compounding the consequences of the IMF-World Bank structural adjustment programs, which have had a brutal impact on the poor majority while benefiting foreign investors and elite sectors linked to them.

Market distortions by the rich have been a major factor in doubling the already huge gap between the poorest and richest countries in the past generation. The 1992 UN Development Report estimates that various protectionist and financial measures taken by the rich countries have deprived the South of \$1/2 trillion a year, about 12 times total “aid” — most of it publicly-subsidized export promotion. This behavior is “virtually criminal,” the distinguished Irish diplomat and author Erskine Childers observed recently. He also notes that the West, under U.S. lead, blocked a 1991 resolution tabled at the General Assembly by the South against “economic measures as a means of political and economic coercion against developing countries,” the favored technique, apart from terror, by which the U.S. has sought to destroy such independent upstarts as Cuba and Nicaragua — while never ceasing to sing odes to the free market. The fact is “very little known,” Childers writes, “because of course such things do not get reported by the dominant Northern media.” He hopes that some day this “wholesale moral abdication by Northern countries” will lead to “their utter shame before their own citizens,” shame that will “start on the day when Northern academicians and NGOs” institute “a Blackmail Watch” to stand alongside the Human Rights Watches.²³

Not tomorrow, we can be sure of that.

With hopelessly inadequate apologies to the victims, I’ll put aside that terrible story of major crimes against humanity, for which we bear continuing responsibility.

²¹ Linda McQuaig, *The Wealthy Banker’s Wife* (Penguin 1993).

²² Jurek Martin, “Attack on business tax breaks,” FT, Nov. 23, 1994. Pacifica Radio, Nov. 22; tapes distributed by David Barsamian.

²³ Childers, “The Demand for Equity and Equality: The North-South Divide in the United Nations.” Conference of the Jamahir Society, 2 July 1994, Geneva.

Next month, I'll turn to two topics: the specific measures that are being used to control the surplus population, and the general background against which these crimes against humanity proceed. The former include the growing "crime industry," unrelated to crime but closely related to the need to cage those growing categories of the population who have no role to play in enriching the wealthy and privileged, and therefore lack rights by "conservative" values. Another striking component is the war against families and children that was led by Reagan-Thatcher conservatives and is now to be sharply enhanced. Yet another is the effort to restore something like the Satanic Mills of the early period of industrialization, for those who retain some rights under reigning values. All of this is entirely reasonable, as major tendencies in the global economy of the past quarter century have at least raised the possibility that the world might be driven to an extreme form of totalitarian domination by wealthy and powerful sectors, with the gains for human rights, freedom, and democracy won in bitter struggle over centuries now reversed — a shift from "containment" to "rollback," to borrow some of the (largely deceitful) terminology of foreign policy discussion.

Part II

February, 1995

The new year opened auspiciously with the announcement of the revolutionary agenda of the "conservatives," responding to the "popular mandate" conferred by their "landslide victory" — in which they gained 50.5 percent of the votes of the minority who took part and were overwhelmingly opposed by non-voters, while one-sixth of those who did vote regarded the outcome as "an affirmation of the Republican agenda" and one out of nine saw "a more conservative Congress" as an issue. Meanwhile large majorities, as usual, favored more government spending for domestic programs and more help for the poor, reduced military spending, and other traditional parts of the "liberal agenda" that the population had overwhelmingly repudiated, according to standard doctrine.²⁴

1. The Conservative Agenda

The "conservatives" — I'll adopt the term, reluctantly — cannot be faulted for concealing what they have in mind. Their agenda hews closely to the traditional double-edged conception of markets, personal responsibility, freedom from government interference, and so on. The slogans are to be interpreted literally and harshly for everyone — apart from the rich minority, who are exempt from such strictures. Quite the contrary. The interests of the privileged are to be enhanced by a powerful and interventionist "nanny state," which transfers vast public subsidies to them and otherwise caters to their whims. Newt Gingrich's conservative constituents in their wealthy Atlanta suburb cannot be expected to face market discipline. They must maintain their lead among recipients of public subsidies, so that they can bask in self-praise for their "independence" and "entrepreneurial values," and indulge in their "visceral distaste" for the federal government that

²⁴ Counterpunch, Dec. 1; Thomas Ferguson, Nation, Dec. 26, 1994. See "Rollback I," Z, Jan. 1995 for references not given here or below.

fills their pockets with public funds — without which, they would soon join the laggards and spongers they despise.²⁵

Clinton's first response to the "conservative landslide" was to increase Pentagon spending, already high even by Cold War levels. He announced an increase of \$25 billion over the next six years, directly contravening the public will; the Gingrich "Contract with America" calls for \$60 billion. As well understood within the business community, the Pentagon is a central component of the "nanny state" — for the rich, Gingrich's constituents in particular.

The new Republican leadership opened their campaign with plans for "welfare reform." The proposals are fine-tuned to the principles of class warfare. By far the largest entitlements (among those that are mentionable, that is) are Social Security and Medicare. But benefits under these programs are not class-based: not only the poor reach retirement age. Furthermore, funding of Social Security is sufficiently regressive to make it more tolerable. These huge and rapidly growing programs are therefore not on the "conservative agenda" — for now; as policy marches on from containment of human rights and democracy to rollback, they too are unlikely to survive, since the wealthy can prosper without them. The programs that face radical cuts are food stamps, AFDC, and Medicaid. AFDC reaches 14 million people who are destitute, 9.7 million of them children; it has declined sharply since 1970, particularly since the Reagan years. Medicaid provides health care for 33 million people who cannot afford it. Though a small fragment of officially-recognized "welfare," these programs are designed to help people who are weak and defenseless, therefore subject to market discipline and the demands of "personal responsibility."

The reforms are still more finely honed. The food stamp program is likely to survive, the New York Times reports, because it has a "middle-class constituency that includes farmers, grocers, and the food industry generally." Agribusiness, great marketing chains, and the transnationals that dominate the food industry are a "middle class constituency" with human rights. But AFDC lacks these merits. Over five million children are to be deprived of its meager support, though they "would not be harmed" by losing their subsistence, Republican House leaders assure us, because "adults on welfare will protect their children by working or getting married" — taking jobs that do not provide a living wage (if they even exist), and marrying men who can join the surging prison population when they fail to find work.²⁶

The planned tax cuts reveal the same refined sensibility. They are designed to benefit "the truly wealthy," the Times editors accurately comment, including "capital gains tax cuts and depreciation write-offs for business" that will "run the deficit up even higher," and that should properly be called transfer payments from the poor to the rich. Other tax cuts are supposedly intended to benefit "the middle class." The category includes people who earn up to \$100,000 a year (more than 96 percent of taxpayers) as the President defines the term, and up to \$200,000 a year (more than 99 percent of taxpayers) under the Republican definition. That means "there is almost no one left to pick up the tab," so the burden is placed overwhelmingly on the shoulders of those least able to bear it. The major "middle class" tax cut a credit for dependent children, a regressive measure that offers little or nothing to people too poor to take advantage of it. That aside, it benefits primarily the rich: "Generally, the more income that taxpayers have, the more likely they are to have dependent children," the Times reports: "For instance, 55 percent of taxpayers

²⁵ Ibid. Newsweek, Nov. 28, 1994.

²⁶ Ann Devroy and Bradley Graham, WP weekly, Dec. 11, 1994. Robert Pear, NYT, Dec. 30, 1994; Jan. 2, 1995. Ian Fisher, NYT, Dec. 26, 1994.

with incomes from \$100,000 to \$200,000 in 1991 claimed at least one exemption for a dependent,” as compared with 42 percent in the \$30,000-\$35,000 range (close to the actual “middle class”).

The tax cuts too are hailed by their bipartisan advocates as a response to the popular will, which was revealed by a Harris poll after the elections. Two-thirds felt the state of the nation was not good. Their reasons varied, including high taxes — selected by three percent.²⁷

The “hidden welfare state” for the rich, with its huge entitlements concealed by tax deductions and other devious means, scarcely enters the debate over welfare reform. But it is by no means unaffected. “Buried in the House Republicans’ ‘Contract with America’ is a very sweet deal for the nation’s big capital-intensive companies,” the Wall Street Journal reported in December, reviewing an array of tax breaks and other devices that will “provide a sizable subsidy” to corporations, possibly eliminating taxable income entirely for large firms, and increasing the deficit in accord with the Reaganite version of “fiscal conservatism.” The program is carefully crafted so that its impact will not be felt until 1997 — coincidentally, after the presidential election, something we are not supposed to notice. IRS officials predict a cost to the taxpayer of over \$14 billion a year by the end of the decade.

Reacting to the Gingrich Contract, Labor Secretary Robert Reich gave a speech last November in which he suggested ending “Corporate welfare as we know it”; it was reported in the business press abroad, and received a few words in the Wall Street Journal as well. The Journal returned to the topic a few weeks later in an article by Alan Murray on the tax breaks that “shower billions in benefits on the oil and gas, timber, cattle-breeding and real-estate industries and others,” one minor component of the “nanny state” for the rich. Murray referred to “Mr. Reich’s broadside against corporate welfare,” noting that it “was quickly shot down by friendly fire” from the White House and Cabinet. The Administration had discussed cutting back the “\$114 billion of spending over the next five years that benefits specific industries, as well as \$110 billion in tax subsidies,” some for single industries, some aimed at public funding of advertising and purchase of mansions (through tax subsidies). All such ideas are “going nowhere,” however, and “already have been taken off the table.”

The mood was symbolized at the first triumphal session of the new Congress, with the Gingrich army in charge. In a “half-hearted” gesture, House Democrats sought “to embarrass Republicans for declining to include a ban on lobbyists’ gifts in the new rules,” the Wall Street Journal mentioned on p. 16. There was also brief notice in the Times, quoting the reaction of the Commander-in-Chief himself. Gingrich said he’d “heard rumors that imply that they’re just into sort of a fairly stupid strategy of cheap and nasty,” which “makes one wonder just how dumb they think the American people are.” Imagine how the public would react to the idea of making it harder for corporations to purchase votes in our model democracy.²⁸

State governments are responding to the “popular mandate” the same way. In New York, a draft proposal of Governor-elect George Pataki’s administration calls for a cut of over \$1 billion in Medicaid, while Mayor Rudolph Giuliani proposed a 25 percent reduction in Medicaid and other help for the poor. To better comprehend these measures, one may bear in mind that in Manhattan the income gap between rich and poor is greater than in Guatemala, and within the

²⁷ Editorial, NYT, Dec. 21; David Rosenbaum, NYT, Dec. 14, 1994.

²⁸ Alan Murray, WSJ, Dec. 5, 1994. Phil Kuntz and Jackie Calmes, WSJ; Adam Clymer, NYT, Jan. 5, 1995.

U.S. is surpassed only by a group of 70 households in a former leper colony in Hawaii. The gap widened in the 1980s more than in any other county with over 50,000 people.²⁹

The justification for such budgetary proposals is dual: the “popular mandate” that overwhelmingly opposes them, and the lack of funds. The mandate is beyond challenge: “Americans Like G.O.P. Agenda,” a lead story is headlined in the New York Times, citing data showing that 65 percent of the public believe “the Government has a responsibility to take care of the poor” while 9 percent think “programs for poor children” should be decreased. Support for a balanced budget amendment is equally impressive: “22 percent, if it would require cuts in spending on education,” and comparable figures if other cuts in social spending are contemplated.

Equally beyond challenge is the “fact” that there just isn’t enough money available in this “lean and mean” age. Times are tough all over, particularly for the great corporations that are enjoying “dazzling” profits, Fortune magazine exults. Meanwhile Business Week worries over “The Problem Now: What To Do With All That Cash” (headline), as “surging profits” are “overflowing the coffers of Corporate America” and dividends are booming, thanks in large measure to profits from overseas operations (in the interest of “jobs for Americans”). Meanwhile the Census bureau reports that 95 percent of the population has lost income since 1989, with a 7 percent decline in median family income, continuing through the “Clinton recovery.” Real hourly pay (including benefits) has fallen 1 percent a year for the median male since 1979, including the 1991–93 recovery years, labor economists Jared Bernstein and Lawrence Mishel report.³⁰

Less delighted are city governments, which will face the problems created as federal government and the states shift benefits towards the wealthy even more than under the prevailing norms. Meeting in December, the U.S. Conference of Mayors reported that requests by needy people increased by 12 percent in 1994, requests for emergency shelter even more. 15 percent of requests for emergency food aid had to be denied, along with almost 1/4 of requests by homeless families, who remained homeless an average of 9 months. The Mayors’ Conference called for an increase in federal assistance programs, responding to a different “popular mandate” than the one that is perceived by the political class and media elite: the popular mandate reflected consistently in polls but irrelevant to policy, which is “insulated from politics,” to borrow a useful phrase from the London Economist.³¹

Another target is foreign aid, “already by far the lowest of any major industrialised country as a proportion of gross domestic product,” the Financial Times observes, and virtually non-existent if we eliminate the grants to the primary recipient (Israel, a rich first world country, thanks to unprecedented subsidy from abroad) and the secondary beneficiaries, to make sure they play their role in guaranteeing U.S. control over Middle East energy reserves. Senator Mitch McConnell, who will chair the Subcommittee on Foreign Operations, announced that aid should be restricted to advancing “America’s security and economic interests.” That is overwhelmingly true already, but the principle must be implemented more harshly still. The pennies that go to Africa, for example, serve almost no useful purpose, merely helping human beings. While aid to most coun-

²⁹ Lucinda Harper, WSJ, Dec. 5; Sam Roberts, NYT, Dec. 25, 1994.

³⁰ Maureen Dowd, NYT, Dec. 15; BW Dec. 12, 1994. Robert Kuttner, BG, Jan. 2, 1995. Clay Chandler, WP weekly, Dec. 26, 1994. Bernstein and Mishel, State of Working America, 1994–95 (EPI); URPE Newsletter, Fall 1994. The 13 percent decline I reported in the January issue and the source cited was an error; thanks to Ed Herman for correction.

³¹ AP, NYT, Dec. 20, 1994.

tries should be cut, McConnell announced, aid to the Middle East should be increased: primarily to Israel, then to other Middle East gendarmes.³²

Also facing the axe are regulatory measures, mostly unenforced by the criminal state during the Reagan years, a primary reason for the collapse of unions and the sharp rise in industrial accidents, *Business Week* reported in an important cover story. New proposals aim to reduce or eliminate such “market distortions,” which merely save lives at the cost of profits. These December 1994 announcements were exquisitely timed, coinciding with new disclosures about the effects of the failure to control predatory profit-seeking. On December 19, the *Boston Globe* reviewed the destruction of the Georges Bank fishing grounds off the New England coast, formerly one of the world’s richest. Parts had to be closed completely in mid-December, with more drastic actions anticipated, in the hope that the fish population, virtually depleted, might recover — a vain hope, many scientists fear. After the area was closed to foreign boats by a 200-mile fishing limit declared in 1976, U.S. fishing operations nearly doubled, spurred by government tax credits. The predictable result of state subsidy and lack of regulation was to decimate populations of cod, haddock, and other major stocks. Cod may become “virtually extinct,” the Northeast Fisheries Science Center predicted. New England, the traditional home of codfish, is now importing its cod from Norway. The government of Norway “took strong measures to stop overfishing years ago,” following a “different philosophical tradition from North America,” one that allows the government, in the public interest, to place some controls on “economic actors” (Kare Bryn, director of the resources department in Norway’s fisheries ministry). The “philosophical tradition” here is quite different, allowing the government only to offer massive protection and public subsidy to business interests in accord with our deep-seated libertarian commitments.

“In the 1980s,” the vice-chair of the government Fishery Management Council concedes, “there was not enough conservation and too much concern about the impacts it would have” (on short-term profit, to be precise). “I think everybody regrets that now, but that’s like crying over spilled milk.” The regrets are revealed by the passionate dedication to dismantle what is left of the regulatory apparatus so as to maximize the scale of future tragedies.³³

The day after this report was published, President Clinton announced his plans to implement the “conservative program,” with cuts in government spending (apart from the Pentagon subsidy to the rich, which is to increase). The major cuts are to be in the Energy department, slowing down cleanup of nuclear waste, cutting research, and turning management of the petroleum reserve to “private enterprise” — the term is even more of a joke than usual, in reference to the energy industry. The same day, the *New York Times* reported new scientific evidence on the depletion of the ozone layer and global warming. Satellite data revealed that industrial gases are the primary factor in depletion of the ozone layer, which scientists fear might spread over northern areas; and satellites also provided the most precise data yet available on rise of the sea level, showing it to be within the range predicted by global warming models. The potential threat to human life is not trivial.

Also on the same day, the staff of the House Health and Environment Subcommittee released a report reviewing tobacco industry data purporting to show that secondhand smoke is not a significant hazard in workplaces. The data had been a “significant element” in industry cam-

³² George Graham, *FT*, Dec. 14; Steven Greenhouse, *NYT*, Dec. 13, 1994.

³³ *BW*, May 23, 1994; see my articles in *Lies of Our Times*, August 1994; *Index on Censorship*, July/August 1994. Scott Allen, *BG*, Dec. 19, 1994.

paigns to bar regulation, the report observed. The data were “faked,” according to workers who took the measurements. The conclusion was supported by the House committee’s research staff and an independent review by a chemist at the Naval Research Laboratory. When the fakery is corrected, the hazard proves to be considerably higher. Is that a surprise, when an industry “regulates” itself? Perhaps to really dedicated commissars. Incoming chair Thomas Bliley of Virginia, “an industry champion” (Business Week), refused to comment.

Other efforts to save lives from depredations by the rulers are also to decline under the conservative regimen. Among other consequences, the Environmental Protection Agency and Occupational Safety & Health Administration are likely to lose much of their limited effect, and pharmaceutical prescriptions may not have to provide information about safe drug use. The basic plan is to impose conditions on any regulatory statute that will be almost impossible to meet: for example, largely meaningless “cost-benefit analyses” that can be extended without limit by corporate lawyers of even limited intelligence.

The human consequences are not hard to predict, but short-term profit will increase for the publicly-subsidized “private” sector of the economy. Civilization marches on.

Other proposed measures lead in the same direction. One component of the current crusade is to shift such government funding as remains to the states (outside of the expanding “nanny state” for the wealthy). It is anticipated that state governments will be much more susceptible to the influence of private tyranny, which overwhelms local populations in resources and can play one against another in the time-honored fashion. An illustration, reported just as the crusade was launched, is the effect of the decision by Congress in 1991 to transfer control over transportation funds to the states. Of the \$35 billion that has gone to them so far, 96 percent was used for highway projects, in violation of the intent of the legislation to support mass transit, according to the chair of the House Committee on Public Works and Transportation, Norman Mineta, one of its authors. Some attribute this “massive institutional civil disobedience” to pressures from “entrenched highway construction interests,” but a look back to the huge federal social engineering projects that destroyed public transportation and “suburbanized America” in the interests of dominant components of the corporate sector suggests broader goals. President Clinton’s first proposed reductions should accelerate the process. “One such cut would reduce Federal spending for highway, bridge, airport and rail infrastructure for \$5 billion and give the states more discretion on spending the rest” (NYT): “The end result could be more potholes and higher fares for many taxpayers.” One can guess, perhaps, that mass transport will end up being the primary target, as plans reach practice.

The basic principles have long been familiar, and are sometimes articulated plainly enough. After a recent series of ferry disasters in the Baltic with hundreds of lives lost, the former president of Britain’s Royal Institution of Naval Architects pointed out that measures to overcome the problems are well understood, but owners won’t follow them “unless they are forced. You choose whether you have regulation or let thousands more people die.” The stakes here are far greater, but the principle is the same. Short-term gain for the privileged few might be impaired if the welfare of the general population and future generations is taken into consideration, and

under the “civilized values” that Newt Gingrich and other rollback advocates seek to instill, the relative weights are clear.³⁴

2. The Surplus Population

When the doctrines of contemporary “neoliberalism” were crafted in early 19th century England, the message to the population was clear and simple: under capitalism, you have no rights, apart from what your labor will bring in the market. A person without independent wealth “has no claim of right to the smallest portion of food, and, in fact, has no business to be where he is,” Malthus proclaimed in highly influential work. It is a “great evil” and violation of “natural liberty” to mislead the poor into believing that they have further rights, David Ricardo held, outraged at this assault against the principles of economic science, which are as immutable as the principles of gravitation, he held, and against the moral principles on which the science rests, no less exalted. The message is simple. You have a free choice: the labor market, the workhouse prison, death, or go somewhere else — as was possible when vast spaces were opening thanks to the extermination and expulsion of indigenous populations.³⁵

The doctrines are being revived, but under radically different conditions. Ricardo’s “science” was founded on the principle that capital is more or less immobile and labor highly mobile. We are enjoined today to worship the consequences of Ricardo’s science, despite the fact that the assumptions on which they are based have been reversed: capital is highly mobile, and labor virtually immobile — libertarian conservatives lead the way in rejecting Adam Smith’s principle that “free circulation of labor” is a cornerstone of free trade, in keeping with their contempt for markets (except for the weak). Other assumptions of the “science” are so radically false that the whole topic is hard to take seriously: among them, the abstraction from severe market distortions resulting from the centrally-managed transactions of the huge corporate structures that dominate the international economy, and the reliance on the “nanny state” that has been such a decisive factor in economic growth and the specific forms it has taken throughout history, and remains so.

The science originated as a weapon of class warfare, has been adapted for similar ends over the years. It is returning to its origins today as the prospects for rollback improve, narrowing substantially the choices for the growing population who lack rights by doctrinal decision — termed “science” or “natural law.”

The surplus population has to be kept in ignorance, but also controlled. The problem is faced directly in the Third World domains that have long been dominated by the West and therefore reflect the guiding values of the masters most clearly: here favored devices include death squads, “social cleansing,” torture, and other techniques of proven effectiveness. At home, more civilized methods are (still) required. The superfluous population is to be cooped up within urban slums that increasingly resemble concentration camps, or if that fails, sent to prisons, the counterpart in a richer society to the death squads we train and support in our domains. Under Reaganite enthusiasts for state power, the number of prisoners in the U.S. almost tripled, leaving our main

³⁴ Todd Purdum, Reuters, Malcolm Browne, NYT, Dec. 20; Philip Hiltz, NYT, Dec. 21; BW, Nov. 28; Scott Pendleton, CSM, Dec. 13; Editorial, NYT, Dec. 21; Marshall Meek, quoted by Andy Coghlan and Charles Arthur, New Scientist, Oct. 8, 1994.

³⁵ Rajani Kanth, *Political Economy and Laissez-Faire* (Rowman and Littlefield, 1986); see my *World Orders, Old and New* (Columbia 1994), for further discussion.

competitors, South Africa and Russia, well behind — though Russia has just caught up, now that they are mastering the values of their American tutors.³⁶

The bipartisan crime bill should facilitate the process of controlling the unwanted population, with its vast new expenditures for prisons, sharp increase in the death penalty, and much harsher sentencing procedures. Again, this is an acceptable form of state action, serving the social function of population control and providing yet another Keynesian stimulus to the economy: to the construction industry, lawyers, security personnel, and so on. The public subsidy of the “crime industry” is coming to approach the scale of the Pentagon, though it is less favored: its benefits are not so sharply skewed towards the wealthy. Nonetheless, it’s reasonable that Gingrich’s Contract should call for expanding this aspect of the war against the general public.

The crime rate has not changed significantly for twenty years, and recently has declined, if official figures can be taken seriously. The FBI reported in early December that crime rates in 1994 decreased to the lowest level since 1986 for overall crime, since 1990 for violent crime, and since 1985 for property crime (though white collar crime is only sporadically reported). But punishment has gone up fast, as the rate of incarceration shows, and in highly restricted ways, targeting the most vulnerable sectors, mainly Blacks and Latinos; the close race-class correlation in the U.S. makes the procedure only more natural. These sectors are regarded as a criminal population, one leading criminologist, William Chambliss, concludes from recent studies, including direct observation by students and faculty in a project with the Washington police. That’s not exactly correct. Criminals are supposed to have constitutional rights, but as his on-the-scene studies show, these communities do not. They are effectively under military occupation. “Young Black and Latino men living in America’s ghettos and barrios are under siege from, and at war with, the police,” Chambliss writes.

The 1994 Crime Bill is designed to increase the prison population and the costs of maintaining it, with little if any effect on crime. The “three strikes” provision ensures that people will remain in prison long past the age when criminal actions are likely, as has much research has shown; and the aging population will either require minimal (and costly) care or be left to die, in keeping with expansion of the right to kill granted to state authority under contemporary libertarian doctrine. The Crime Bill also ends funding for vocational and other training (Pell Grants), slight expenditures that markedly decrease recidivism and prison violence. Such measures make no sense as part of a “war against crime.” They make a lot of sense, however, as part of a war against the population, with two aspects: removal of people superfluous for profit-making, and control of the large majority targeted for reduction of quality of life and opportunity, who must be somehow frightened into submission to authority.³⁷

The largely fraudulent “drug war” has served as an effective device for this population control program. Criminalization of drugs has increased crime — including crime by government agencies from local police to the CIA — though studies show no effect on drug availability or use, and decriminalization, where it has been tried, seems to have increased neither. In 1992, nearly 30 percent of state and over 55 percent of federal prisoners were convicted on drug charges (a third for marijuana). Two-thirds of these arrests were for possession, not sale or manufacture.

³⁶ Chicago Sun-Times, June 2; AP, NYT, Sept. 13, 1994.

³⁷ AP, BG, Dec. 4; Keith Bradsher, NYT, Dec. 5, 1994. Chambliss, “Policing the Ghetto Underclass: the Politics of Law and Law Enforcement,” *Social Problems* 41.2, May 1994; “Don’t Confuse Me with Facts: Clinton ‘Just Says No,’” *New Left Review*, Spring 1994. Jill Brotman and John Treat, Criminal Justice Program Coordinators at the AFSC New England Regional Office, RESIST, Dec. 1994.

One finds few executives of banks or chemical corporations in prison, though banks are surely involved in money laundering — a banking subsidiary of American Express just paid \$32 million in a settlement in a money-laundering case, with no criminal charges³⁸ — and the government estimates that more than 90 percent of the chemicals used to produce cocaine come from the United States. A Reagan-era CIA study concluded that U.S. exports of such chemicals to Latin America far exceed amounts used for any legal commercial purpose, concluding that they are diverted to heroin and cocaine production.

It has been well-documented that the drug business has trailed U.S. subversive and counterinsurgency activities quite closely since the CIA helped re-establish the Mafia-run heroin racket in France after World War II as part of the program to undermine the labor movement and the anti-fascist resistance. The reasons are also too well known to recount. The latest phase, unsurprisingly, involves Afghanistan, where the U.S. spent billions of dollars through the 1980s in support of the Islamic fundamentalist extremist Gulbuddin Hekmatyar, who has taken the lead in tearing to shreds what remained of the shattered country after the Russian invaders withdrew. The Far Eastern Economic Review reports that 1994 opium production in Afghanistan is the biggest crop the world has ever seen, enabling Afghanistan and Pakistan (the base for the CIA operations) to win first place in world heroin-production, overtaking the Golden Triangle that gained that status as a by-product of U.S. subversion and aggression a generation ago.

“It is now widely accepted,” the Review reports, “that the U.S. deliberately played down heroin production by the mujahideen during these years” (1980–89), causing at least one DEA agent to resign in disgust because of the CIA’s protection of known druglords. One consequence is that Pakistan, with no significant drug problem in 1980, now has perhaps as many as 2 million heroin addicts, while heroin-export earnings amount to about 20 percent of its formal exports, a UN report estimates. Most of the heroin produced ends up in the United States.

The leading drug-producing center in the Western hemisphere, Colombia, gives more insight into the nature of the “drug war.” The leading human rights violator in the hemisphere, Colombia also receives the most U.S. military aid, now more than half of what goes to the entire hemisphere, increasing under Clinton. The Jesuit-based Justice and Peace Bulletin just published a study of human rights abuses during the last year of the administration of Cesar Gaviria, Washington’s favorite, recently imposed as Secretary-General of the OAS in a Washington power-play that was much resented. The general picture is horrendous, as before, but the “anti-drug strategy” is particularly relevant here. Colombia had two major cartels: Medellin and Cali. The Medellin cartel, the Bulletin reports, “evolved out of popular low class origins with a marked tendency to show off its wealth ostentatiously and act in a ‘Robin Hood’-like manner, implementing social projects in poor areas of the city and with a military apparatus separate from and threatening and aggressive towards the government,” which is regarded as an enemy by much of the population. The Cali cartel, “with aristocratic upper class roots, discreet and careful to camouflage and blend its wealth in with that of the country’s well-to-do industrialists and businessmen, infiltrated into all of the government’s spheres of influence and power with a military apparatus allied and coordinated with government armed forces.”

The two cartels were accorded very different treatment. The Gaviria administration destroyed the Medellin cartel in military operations that involved massacres, large-scale torture, disappearances, and illegal arrests. The Cali cartel has had a more pleasant fate, including leaders who

³⁸ NYT news service, Nov. 22, 1994.

were “involved in horrible massacres carried out in alliance with members of the armed forces.” It now enjoys “absolute territorial domination and control” in major drug-producing regions, where paramilitary groups allied with the military have established “veritable strongholds.”

Nevertheless, the Cali cartel is harshly treated in comparison to the leading narcotrafficking mobsters. It is conventional and convenient to externalize the issue, focusing attention on evil creatures in foreign lands who poison our children and destroy our cities. A useful corrective is offered in a study by the OECD (the organization of the wealthy industrial societies), reviewed in Mexico’s main journal *Excelsior* by Apolinar Biaz-Callejas of the Andean Commission of Jurists and the Latin American Association for Human Rights. The OECD study found that “the money produced by drug trafficking throughout the world reached \$460 billion in 1993, of which the U.S. received \$260 billion, which is circulated through its financial system, in contraband, and through other ways. Colombia, as a producer-exporter, gets only \$5 to \$7 billion, or 2 to 3 percent of what remains in the U.S. The big business is, therefore, in that country,” veiled in anonymity and beyond reach of law.³⁹

At home, both criminal law and police practice are “blatantly racist,” Chambliss concludes. Blacks constitute two-thirds of prisoners in state prisons convicted of drug offenses and 40 percent of all drug arrests, though more Whites than Blacks use illegal drugs and more than 80 percent of the population is White. Possession of a small amount of crack cocaine, the drug of choice in the ghetto, “carries a mandatory five-year prison sentence without the possibility of parole but possession of a hundred times that amount of cocaine powder (the drug of choice of the white middle class) has no mandatory sentence.”

While crime has not changed much in scale or character in the last twenty years, perceptions have. The perceptions did not precede and motivate government crime laws, as has been claimed by James Q. Wilson and other conservative scholars. Rather, as polls show, concerns were stimulated by right-wing political elements, primarily from the 1960s. In that period, Chambliss points out, crime could serve as “a smokescreen” to conceal other issues “as well as legitimation for legislation designed primarily to suppress political dissent and overturn Supreme Court decisions.”

Blacks are particularly targeted because they are defenseless and have little influence. And engendering fear is, of course, a standard method of population control, whether the chosen targets are Blacks, Jews, immigrants, homosexuals, or whatever. These are the basic reasons, it seems, for the growth of “the crime control industry.” Not that crime isn’t a real threat to safety and survival. It certainly is, particularly for the poor. But the problem is not being addressed; rather, used as a method of population control, in various ways.

Children are also vulnerable and defenseless, hence another fit target for conservatives-on-the-march. The matter has recently been addressed in several important books, one a 1993 UNICEF study by U.S. economist Sylvia Ann Hewlett that deals with child care in rich societies, another by the Canadian writer Linda McQuaig, the #1 bestseller in Canada for 23 weeks.⁴⁰ Studying the past 15 years, Hewlett finds a sharp split between Anglo-American societies and those of continental Europe and Japan; McQuaig finds the same effect, and focuses on the consequences for Canada as it shifts towards the Reagan-Thatcher model. This model, Hewlett writes, has been a “disaster” for children and families; the European-Japanese model, in contrast, has improved their situation

³⁹ Ahmed Rashid, *FEER*, Dec. 15, 1994. Fr. Javier Giraldo, director of Justice and Peace, *Colombia Bulletin*, 2.13, Aug. 1994. Biaz-Callejas, *Excelsior*, Oct. 14, 1994; *Latin America News Update*, Dec. 1994.

⁴⁰ Hewlett, *Child Neglect in Rich Societies* (UNICEF 1993); McQuaig, *The Wealthy Banker’s Wife* (Penguin 1993).

considerably. Both authors attribute the Anglo-American “disaster” to the ideological preference for free markets. That’s only half true: whatever one chooses to call the reigning ideology, it is unfair to tarnish the good name of “conservatism” by applying it to this form of violent, lawless, reactionary statism, which despises markets almost as much as it does democracy and freedom.

Causes aside, there isn’t much doubt about the effects of the free market for the weak, what Hewlett calls the “anti-child spirit [that] is loose in these lands” subjected to the “neglect-filled Anglo-American model,” which has largely privatized child-rearing while making it effectively impossible for most of the population. The result is a predictable disaster for children and families, while in the “much more supportive ‘European’ model,” social policy has strengthened support systems for families and children.

It’s no great secret. A Blue-Ribbon Commission of the National Association of State Boards of Education and the American Medical Association concluded in 1990 that “Never before has one generation of children been less healthy, less cared for or less prepared for life than their parents were at the same age” — though only in the Anglo-American societies, where an anti-child, anti-family spirit has reigned for 15 years under the guise of “conservatism” and “family values.” This is yet another triumph of the “bought priesthood,” as the independent working class press referred to the intellectual servants of power a century ago, before free expression was overcome by state repression and market forces.

Conservatives are not devoted only to children and families, but also to the “middle classes,” which have declined under their rule to levels well below those of comparable countries (Japan, Germany, Sweden, the Netherlands, etc.) as society is split more sharply into rich and poor. The gap has so widened that the director of the respected Luxembourg Income Study, U.S. economist Timothy Smeeding, shocked Congress with data showing that the U.S. tolerates “a level of disadvantage unknown to any other major country on earth.”⁴¹

New York City, mentioned earlier, happens to be an extreme case, but the pattern is quite general, and even extends to U.S. domains. Latin America is the region of traditional U.S. influence. It also has the most extreme inequality in the world, thanks in large measure to specific policies designed to prevent a form of “economic nationalism” which, it was feared, would lead to more egalitarian and independent development. The current favorites are typical in that regard, from Mexico to Argentina.

Mexico’s neoliberal achievements were lauded effusively until the bubble burst in recent weeks. The achievements included slow economic growth despite a huge flow of foreign assistance to make the miracle work, falling real wages, and growing inequality. The Mexican government concedes that “the number of citizens living below the poverty line has increased from 13 million in 1990 to 24 million in 1994.” Closely tracking this impressive record, the number of billionaires rose from 13 in 1993 to 24 in 1994 (as compared with one in 1987). So *Forbes* magazine reported in its annual review of the “swelling roster of global billionaires” in the global economy, so short of capital that the great mass of the population must be crushed. The Mexican billionaires achieved their exalted status mostly in league with the state authorities. The biggest gift horse has been “privatization”: the giveaway of public resources, “under very generous terms for investors,” political economist John Summa observes with cautious understatement. Economist David Barkin adds that “the privatization of Mexico’s government holdings was systematically channeled to President Salinas’ ‘cronies,’ to use *Business Week*’s expression, in a cynical abuse of the process

⁴¹ Ibid.

in which it is rumored that the President himself is a major participant enjoying enormous wealth as a result of his private holdings.” There is also a great inflow of foreign capital, most of it going into “short-term speculative holdings rather than into directly productive investments.”

In Argentina, also highly praised for its progress under World Bank tutelage, real wages dropped 30 percent since 1980, income inequality increased radically, and “the social expenditures by the public sector benefit more the upper levels of the social pyramid than the lower levels,” a confidential World Bank study reported. As in Mexico, the laws of neoliberal science, still as immutable as the principles of gravitation, are functioning as they have throughout history.

Among the developed societies, the top-ranking U.S. client and by far the leading recipient of U.S. aid is Israel, which also has extreme economic inequality (by First World standards). It is increasing under the neoliberal policies of the Labor government. In 1992, the number of families below the poverty line increased by over 14 percent, almost 6 percent more in 1993, now reaching about 650,000 people, 280,000 of them children. The figures include only 45 percent of Palestinian citizens, of whom over a third were below the poverty line. Uncounted also are the poor in agricultural settlements and those considered to be self-employed.⁴²

The consistency is difficult to miss, though not to explain.

Within the ideological system, it is claimed that equality and economic growth are in conflict: we choose one or the other, and our commitment to growth along the lines pioneered by our hero Adam Smith has the unfortunate consequence of engendering inequality, though all ultimately gain as wealth increases. There are a few problems with the theory. One is that equality is a significant factor contributing to growth, as is conceded even by the World Bank, despite its dedication to anti-egalitarian policies. Another is that the model that U.S. leaders have imposed abroad, and seek to duplicate as far as possible here, has led to extreme misery and impoverishment even after long “experiments” — a rather consistent effect of the “experiments” conducted by the masters, over centuries. A third problem is that the hero at whose shrine we worship would have been appalled by the argument. A pre-capitalist thinker with roots in the Enlightenment, Smith based his argument for markets on the belief that under “perfect liberty” there would be a natural tendency towards equality, a condition for efficient market function. One can hardly say that his argument has been empirically refuted, given the extreme remoteness of “really existing capitalism” from liberty, as understood by classical liberalism.⁴³

A symbolic expression of the disaster for families is the fate of the International Convention on Rights of the Child, adopted by the United Nations in November 1989 and ratified by 162 countries, but not the United States — though for fairness we should add that contemporary conservatism is catholic in its anti-child spirit. A decade ago the World Health Organization voted 118 to 1 to condemn the Nestle corporation’s aggressive marketing of its infant formula in the Third World. Well aware of the likely toll in infant disease and death, the Reagan White

⁴² John Summa, *Multinational Monitor*, Nov. 1994. AFP, *Pagina* (Buenos Aires), Sept. 21, 1994 (*Latin America News Update*, Nov. 1994). *The Other Front* (Jerusalem), Nov. 15, 1994.

⁴³ David Felix, *Industrial Development in East Asia: What are the Lessons for Latin America*, UNCTAD No. 84, May 1994; Oxfam UK/Ireland, *Structural Adjustment and Inequality in Latin America: How IMF and World Bank Policies have failed the Poor*, Sept. 1994. Smith, see *World Orders*.

House cast the sole negative vote, leading the way in the noble cause of free market capitalism and family values.⁴⁴

Another symbolic expression is a new line of Hallmark Greeting Cards. One, to be placed under a cereal box in the morning, reads: “Have a super day at school.” Another, placed on the pillow at night, says: “I wish I were there to tuck you in.” Parents aren’t home, one effect of the “anti-child, anti-family spirit” engendered by double-edged “conservatism.”

In part, the disaster for families and children is a direct consequence of falling wages. For much of the population, both parents have to work 50–60 hours a week merely to provide necessities. And the elimination of “market rigidities” means that you work extra hours at lower wages — or you may watch your children starve: all strictly voluntary, of course, in our free society. It doesn’t take a genius to predict the consequences, and the statistics show them. Stanford University economist Victor Fuchs estimates that U.S. children have lost 10–12 hours of parental time per week between 1960 and 1986. Total contact time dropped 40 percent in the past generation, leading to deterioration of parent-child relations and family identity and values; increased reliance on TV for child supervision; “latchkey children” with rising child alcoholism, drug use, and criminality; violence by and against children; and other obvious effects on health, education, and ability to participate in a democratic society — even survival.

The conservative war against children and families is taking on a still more bitter cast with the reduction of government support for low-income housing, which declined 80 percent in real terms from 1979 to 1988, becoming “the main cause of an acute housing shortage that now stretches across the nation,” Hewlett observes. The U.S. is also unusual among developed societies in not providing health care for mothers; about half of the 40,000 deaths of infants before their first birthday is attributed to lack of adequate prenatal care, more difficult to obtain today than in 1975. The U.S. “is unique in its lack of provision for childbirth,” Hewlett continues, one reason why infant mortality rates are so much lower elsewhere. Rights and benefits for working parents when a child is born are also sharply restricted as compared with other rich nations. Approximately 30 percent of babies in the U.S. and 20 percent in Britain “are deprived of that precious time” that most specialists assume to be “the minimally adequate period of time for a parent to bond with a new child.” Lack of job protection after childbirth is “a large part of the reason why working mothers in the United States lose from 13 to 20 per cent of their earning power after giving birth to a first child,” a catastrophe for many parents in an era of falling wages, benefits, and security, and ever more onerous work demands. Day care and pre-school arrangements are also minimal by comparative standards.

But things are sure to improve now that Mr. Family Values is in charge. Gingrich has not yet announced legislation to authorize state kidnapping of children of the undeserving poor for placement in orphanages, but he will “reaffirm the importance he places on family life,” he said, by forming a committee that will include children and spouses of some House members “to figure out a legislative schedule more compatible with family life.”⁴⁵

Some of the consequences of the war against children and families do receive a huge amount of attention, in a most enlightening way. As the 1994 election approached, major journals were lavishing attention on several new books expressing deep concern over (alleged) declines of IQ

⁴⁴ Physicians for Human Rights Medical Action Alert 46, Sept. 26, 1944. Iain Guest, *Behind the Disappearances* (Pennsylvania, 1990), 530, 535.

⁴⁵ Katharine Seelye, NYT, Nov. 15, 1994.

and scholastic achievement. The New York Times devoted an unusually long lead article in the weekly book review to several books on the topic, primarily the *The Bell Curve* by Richard Herrnstein and Charles Murray, a book that is “being seriously compared” to Darwin’s *Origin of Species*, a reviewer in *Forbes* magazine breathlessly proclaimed. The Times reviewer was its science writer Malcolm Browne, who opens by warning that a “government or society that persists in sweeping their subject matter under the rug will do so at its peril.” There is no mention of the UNICEF study (nor have I seen one elsewhere); or of any of the numerous studies that deal with the war against children and families waged under the banner of conservatism and family values.

What, then, is the question that we ignore at our peril? It turns out to be quite narrow. IQ is claimed to be genetically determined in significant measure, which will lead to a “hereditary meritocracy”; and still more ominous, linked to race, with the less intelligent breeding like rabbits and fouling the gene pool. Perhaps Black mothers don’t nurture their children because they “evolved in the warm but highly unpredictable environment of Africa,” the author of one of the books reviewed suggests. This is real hard science, which we ignore at our peril. But we may — indeed must — ignore the social policies based on free markets for the poor and state protection for the rich — the fact, for example, that in the city where such articles appear, the richest in the world, 40 percent of children now live below the poverty line, with little hope of escape from misery and destitution. Could that have something to do with measures of IQ and achievement, or the other consequences of the war against children and families discussed in many unmentionable studies? Such questions we may readily ignore: a natural decision by the rich and powerful, addressing one another and seeking justifications for the class war they are conducting and its human effects.⁴⁶

The intensity of the effort to lend credibility to the preferred conclusions, particularly on the part of those who profess to be appalled by them, is an intriguing phenomenon. The editors of the Times Book Review, mostly committed liberals no doubt, selected three books on science in their annual list of “Best Books” for 1994, all devoted to a single science. The choices were so obvious that there was little dispute, they report. “The science is, broadly, evolutionary biology or specifically, sociobiology, which, once it gets into your brain, can really spook you about genetics.” What “spooks you” is *human* sociobiology, not the study of complex molecules and ants, about which science actually has something to say.⁴⁷

One choice is a memoir by Edward Wilson, “one of the founders of sociobiology” with “his seminal 1975 book ‘Sociobiology’” — which has interesting material on simpler organisms, and ends with a few pages of speculations on human sociobiology. The field was actually founded 85 years earlier by the leading anarchist thinker Peter Kropotkin, also a natural scientist, in seminal work that led to his classic *Mutual Aid: a Factor of Evolution*, published in 1902. His studies criticized the conclusions on “struggle for existence” drawn by the noted Darwinian T.H. Huxley, who never responded publicly, though in private he wrote that Kropotkin’s prominently-published work was “very interesting and important.” Kropotkin’s Darwinian speculations about the possible role of cooperation in evolution, with their implications for anarchist social organization,

⁴⁶ Browne, NYT Book Review, Oct. 16; Peter Brimelow, *Forbes*, Oct. 24, 1994.

⁴⁷ NYT Weekly Book Review, Dec. 4, 1994.

remain about as solid a contribution to human sociobiology as exists today. But somehow this work has not entered “the canon”; one can hardly imagine why.⁴⁸

The editors’ second choice is Robert Wright’s *Moral Animal*, which relies on “the science of evolutionary psychology” in an effort to show that “the source of human morality is genetic.” The general thesis is sure to shock anyone who thought that humans are indistinguishable from rocks and birds. Specific versions of the thesis could be interesting and important, though what evolutionary psychology has to say of any substance would hardly “spook” any rational reader.

The most illuminating of the choices of the editors is the one they list first: Steven Pinker’s *Language Instinct*, “which seems to doom the liberal notion that human behavior can be made better by improvements in culture and environment,” a frightening conclusion indeed. What exactly is it that “dooms the liberal notion” that culture and environment influence behavior? The book reviews evidence supporting the thesis that the capacity for human language appears to be a species-property in essentials, surprisingly independent of other cognitive abilities, and a common human possession over a very broad range. As for the use of these apparently common human abilities, nothing is known beyond environmental factors (you speak English or Japanese, etc.). It is hardly in doubt that such factors also lead to striking differences in ability to make use of the abilities with which we are genetically endowed, though again, it would surprise no sane person if some genetic factor were discovered that has a detectable effect in distinguishing me from a poet — or violinist, or quantum physicist, or auto mechanic, or anyone with skills I lack. How the editors draw their conclusions from work that offers them no particle of support, indeed undermines them to the extent that anything is understood, they unfortunately do not tell us.

Also intriguing is the way the editors seek to buttress their imaginative constructions. The book, they say, “gathers data from many fields — including cognitive neuroscience, developmental psychology and speech therapy — to demonstrate that the roots of language are in our genes,” which again will come as a great shock to everyone who thought that humans were indistinguishable from rocks and birds. The author places this conclusion “firmly...in the framework of Darwinian natural selection,” which has nothing to say about the topic: simply try to draw some conclusion about language from the theory. The other subjects mentioned, particularly developmental psychology, do make a contribution, but the evidence comes overwhelmingly from linguistics, as the book makes clear. That, however, lacks the proper panache for the ideological purposes at hand.

It’s hardly necessary to review once again the misrepresentation and elementary fallacies in the work on IQ that we ignore “at our peril,” exposed years ago when the game became popular and now repackaged for today’s purposes — always eliciting much praise for the courage of the authors in lining up with the powerful and “breaking the censorship” imposed by the radical extremists who run the universities and the press. Even if we grant every factual conclusion for which some shred of evidence is claimed, nothing of interest follows, except on assumptions that reflect ideological fanaticism, not science. Specifically, the topic of “meritocracy” is not even addressed unless we grant the tacit assumption that there is something “meritorious” about the particular array of traits, perhaps partially inherited (though nothing relevant is known), that confer power and prestige under particular social arrangements: in some societies, a penchant for torture and murder; in ours, some combination of greed, cynicism, obsequiousness and sub-

⁴⁸ Kropotkin, *Mutual Aid: A Factor in Evolution*, reprinted by Horizon Books, Boston, nd., with an introduction by Ashley Montagu.

ordination, lack of curiosity and independence of mind, self-serving disregard for others, and who knows what else, as reflected quite vividly by income distributions and the contributions to society at the high end.

These trivialities aside, one striking finding of the studies reviewed is how poorly IQ correlates with socioeconomic status, possibly a consequence of the fact that it is designed to measure academic success, which is probably correlated only weakly with whatever it is that leads to wealth and privilege under the particular conditions of state capitalist society. If the real factors were studied, possibly better measures could be designed.

One conclusion drawn is that IQ is heritable; according to Bell Curve author Charles Murray, 60% heritable, which means that “60 percent of the I.Q. in any given person” is “heritable.” Murray’s statement is meaningless, but presumably he is intending to convey the idea that 60 percent of the I.Q. of a particular individual is determined by the genes. Many others have drawn the same conclusion, based on an elementary error that has been repeatedly pointed out, among others, by Robert Wright. He correctly observes that a trait can be highly heritable whatever its genetic component; say, 100% heritable with no genetic component (whatever that means exactly; it is not a clear notion of biology). To borrow an example from Ned Block, “some years ago when only women wore earrings, the heritability of having an earring was high because differences in whether a person had an earring was due to a chromosomal difference, XX vs. XY.” No one has yet suggested that wearing earrings, or ties, is “in our genes,” an inescapable fate that environment cannot influence, “dooming the liberal notion.”

The case for group differences is no stronger, not that it would matter in a non-racist society were it true. Take the famous 15 percent deficiency in Black I.Q., which results from some interaction of genetic endowment and environment. About genetic factors that might conceivably be involved, science knows nothing. About environments, a good bit is known, in particular, about the effects of adverse and supportive environments, from the pre-natal stage on. In the absence of any relevant information about unknown genetic factors, or any serious way to measure how such factors (were they to exist, and become known) might interact with environmental conditions, the evidence presented in the Bell Curve is entirely compatible with the conclusion that IQs of Blacks are 15 points higher than those of Whites, or any other number one prefers on ideological grounds. Furthermore, still accepting all the factual claims, nothing follows about long-term social tendencies unless we assume that the natural state of a person is to vegetate, unless driven by transmittable material reward.⁴⁹

As for Malcolm Browne’s great fears, they are readily alleviated. Suppose again we grant the most ominous facts he conjures up about decline of IQ and achievement, and its causes. There’s an easy solution to the problem: simply bring here millions of peasants driven from the countryside in China under the “reforms,” and radically reduce Browne’s income and that of his friends and associates, making sure to deprive their daughters of opportunities and education, while Black mothers are placed in Manhattan high rises and granted every advantage. Then the Asian influx will raise the IQ level; and as serious inquiry demonstrates, the fertility rate of Blacks is very likely to drop while that of the children of the journalistic elite, Harvard psychology

⁴⁹ Wright, *New Republic*, Jan. 2, 1995, citing Murray, whose misunderstanding of his book is common. Block, “Fallacies Shared by the Bell Curve and its Critics,” *MIT*, Nov. 1994; to appear in *Cognition*. My own reactions appear in 1972 reviews of Herrnstein’s earlier efforts in *Cognition* 1.1, 2–3, 4; *Social Policy* 3.1; *Ramparts*, July 1972; expanded in *For Reasons of State* (Pantheon, 1974).

professors, and associates of the American Enterprise Institute will rapidly rise. The problem is solved; there is nothing to fear.

In part I of this series, last month, I quoted two medical researchers on the well-known fact that “development of the brain is strongly influenced by the quality of the nourishment and nurturance given to infants and children,” among other effects of “adverse environments” early in life that can lead “to permanent defects in memory and learning.” The scale and character of such effects is scarcely understood, but there are all too many illustrations. The UN Food and Agriculture Organization (FAO) predicts that “Nicaragua’s next generation will be smaller, weaker, and less intelligent than today’s population,” Oxfam reports. Is that a sudden genetic malady? Or the effects of policies designed by people at the peak of the income distribution, exercising the high intellectual and moral standards of the “meritocracy”? Those too are questions that we may readily ignore.⁵⁰

The only interesting question about the fascination with these topics is what function it serves, a question that is — again — not too hard to answer.

These are some of the uglier forms of population control. In the more benign variant, the rabble are to be diverted into harmless pursuits by the huge propaganda institutions, half-American, which spend hundreds of billions of dollars a year to convert people into atoms of consumption and obedient tools of production (when they are lucky enough to find work) — isolated from one another, lacking even a conception of what a decent human life might be. That’s important. Normal human sentiments have to be crushed; they are inconsistent with an ideology geared to the needs of privilege and power, which celebrates private profit as the supreme human value, demands that all submit to “economic laws,” except for the wealthy, who merit special protection and care from the powerful state that they control — a truism to Adam Smith, a “Marxist obscenity” in the intellectual world concocted by the self-styled “cognitive elite” today.

I’ll return in the next installment to more general commentary on background for the rollback crusade, its prospects, and the internal problems it faces.

Part III

April, 1995

1. The virtual collapse of civil society

In sections I and II (Jan., Feb.), I reviewed the latest phase of the assault on democracy and human rights that has been gaining force for some 20 years, entering a new phase with the congressional elections of November 1994. This “landslide victory for conservatism” is supposed to have afforded Newt Gingrich’s army an overwhelming “popular mandate” for the programs of their Contract with America. The mandate reached 17% of eligible voters. In the decisive House vote, 1/3 of the electorate took part, a bare majority voting for Republicans (51.3% of actual voters). The opinion profiles of the 2/3 who stayed away are virtually indistinguishable from those of Democratic voters on major issues. Only a quarter of the population had heard of the Contract a month after the election, rising to 45% after four months of intensive post-election coverage. By then, 55% had an opinion about the Commander-in-Chief of the victorious

⁵⁰ Oxfam, *op. cit.*

army; of those, 22% had a favorable opinion, less than half the approval for the much-disliked President, though his ratings increased through February as the highly unpopular Contract was being implemented.⁵¹

Nonetheless, fabricated landslides and mandates aside, there is no doubt that the assault against democracy and rights has accelerated, in ways that are significant and ominous. And one cannot take too much comfort from the radical opposition between attitudes and policies. The facts are known only to those who read the small print, and an impression of overwhelming support is being conveyed. The effects will be to change individual attitudes that receive no social support; few want to stand “alone against the popular will.” With the virtual collapse of civil society and the lack of a significant organized counterforce, the “mandate” that is fabrication today is likely to be reality tomorrow.

In announcing the Clinton Doctrine in late 1993, National Security Adviser Anthony Lake borrowed some standard Cold War terminology, announcing a transition from *containment* of the “global threat to market democracies” to *enlargement* of “their reach.” The Cold War term for enlargement was *rollback*, official policy from 1950. The new doctrine, then, continues the old. Throughout the Cold War, the domestic populations of the industrial societies, including the United States, were a prime target for “containment.” The doctrinal framework does correspond to historical reality, but only under familiar translations. “Democracy” is to be contained, restricted to “top-down forms” that keep “traditional structures of power” intact at home and abroad, as the more candid acknowledge. Politics must remain “the shadow cast on society by big business,” to borrow John Dewey’s formulation of Adam Smith’s truisms about “the principal architects of policy.” As for “markets,” what will be “enlarged” is the traditional double-edged doctrine: market discipline for the poor and weak, state protection and intervention (in the economy, and the world) for the benefit of those who cast the shadow — “the masters of mankind,” in Smith’s phrase.

Restating the Doctrine without equivocation, the masters have long sought to *contain* popular struggles to expand the range of meaningful democracy and human rights, but now perceive that they can do better. They feel, perhaps rightly, that they can dismantle the social contract that has been in some measure achieved, rolling back the threat posed by the “great beast” that keeps trying “to plunder the rich” (Alexander Hamilton and John Foster Dulles, speaking for a host of others). The architects of policy can move on to establish a utopia of the masters based on the values of greed and power, in which privilege is enhanced by state power and the general population lack rights apart from what they can salvage on a (highly flexible) labor market. They are also free to starve or to enter the rapidly expanding workhouse prisons.

2. “Tough Love”

The Wall Street Journal’s review of economic performance for the last quarter of 1995 is headlined: “Companies’ Profits Surged 61% on Higher Prices, Cost Cuts.” After-tax profits rose 62% from 1993, up from 34% for the third quarter. In a full-page ad, a leading lender, the CIT Group, announced proudly that “Corporate America Posted Record Profits In 1994.” The headline in Business Week read: “It Doesn’t Get a Lot Better than This.” Its survey estimated profits to be up “an enormous 41% over [1993],” despite a bare 9% increase in sales, a “colossal success,” resulting

⁵¹ Marc Breslow, *Dollars & Sense*, March/April; Richard Berke, NYT, Feb. 28, 1995.

in large part from a “sharp” drop in the “share going to labor,” though “economists say labor will benefit – eventually.” The masters aren’t fooled.

1993 had been a banner year for business with “dazzling” profits for the Fortune 500 despite stagnant sales growth. 1994 was a great improvement, yielding “surging profits” that were “overflowing the coffers of Corporate America,” Business Week exulted even before the grand news about the final quarter was in. Meanwhile median wages and work conditions continued their steady decline. The number of children under 6 living in poverty reached a record high of 6 million, 26 percent of that age group, an increase of 1 million from 1987 to 1992 and almost double the figures for 1972 when the rollback crusade was in its early stages.⁵²

It therefore follows as night follows day that social policies must be modified to enrich the suffering masses of Corporate America still further while the rest are taught stern lessons about the rigors of this “lean and mean” age. And so we see day-by-day as the story unfolds.

The President’s first response was to increase the Pentagon budget, the leading form of welfare for the rich. Unaware of the “mandate” it has conferred, the public is strongly opposed. Military spending is “near the bottom of the public’s wish list,” Washington Post polling director Richard Morin observes, with only 1/6 favoring an increase (in contrast, about 2/3 favored more spending on education, drug addiction programs, the environment, and other social spending which is to be sharply cut). In real dollars, the Pentagon budget is \$30 billion a year higher than under Nixon, at about 85% of the Cold War average. The Cold War enemy is, of course, now an ally, even in military production: thus its advanced research programs enabled the U.S. to regain the world lead in pulsed power and microwave weaponry, the prestigious military journal *Jane’s Defence Weekly* reported in January. The figures give some indication of how large “the threat to market democracy” posed by the Great Satan loomed in the eyes of planners who sought to “contain” it and “roll it back.”⁵³

The Republican majority in Congress was not satisfied with this radical opposition to the public will, particularly the Speaker of the House, who represents the Lockheed Corporation and other high tech industries and has had unparalleled success in using the federal government to transfer public funds to his wealthy constituents. Under his leadership, the House approved a \$3.2 billion “emergency” supplement for the starving Pentagon. The funds are to be drawn from programs for the vast majority. In a vain and pallid gesture that highlights what is at issue, House Democrats proposed in committee to replace a planned \$5-\$7 billion of cuts in child nutrition, housing, and job training by a five-year delay in deployment of Lockheed F-22 advanced fighters, a welfare program now estimated at \$72 billion. The suggestion was summarily rejected, and scarcely reported.

The word to use remains “security,” not “subsidy,” as Air Force Secretary Stuart Symington advised in the early days of the Cold War, when government was being mobilized as the “savior” of private power, which could not survive in a competitive economy, as the business press frankly acknowledged. And once again, current plans for “defense” are designed so as to foster security threats. A minor one is the Soviet Union; though now an ally, it remains a potential threat to U.S. “preponderance,” the currently fashionable term for global rule. But the primary threat is “Third World weapons proliferation,” Air Force Director of Science and Technology General

⁵² Fred Bleakley, *WSJ*, Feb. 21; *CIT Group*, Feb. 28; *BW*, Feb. 27, Jan. 30; *AP*, *BG*, *Denver Post*, Jan. 30, 1995. See the two preceding articles in this series for references not given here.

⁵³ Richard Morin, *WP Weekly*, Jan. 9; Breslow, Burke, op. cit.; Lawrence Korb, *NYT magazine*, Feb. 26; *Jane’s Defence Weekly*, 28 Jan. 1995.

Richard Paul informed Jane's. We must maintain military spending and strengthen the "defense industrial base" because of "the growing technological sophistication of Third World conflicts," the Bush Administration had explained to Congress while watching the Berlin Wall collapse, taking with it the most efficient pretext for "subsidy." No one who has kept their eyes on the "security system" will be surprised to learn that both threats are to be enhanced.

Some of the funding for the emergency Pentagon supplement is to be drawn from programs to help dismantle and safeguard the nuclear arsenals of the former USSR. To protect ourselves from the resulting threat, we will have to "increase the Defense Department's budget," Florida Democratic Representative Pete Peterson commented. Furthermore, "Third World weapons proliferation" is to be stimulated, with new contributions to its "growing technological sophistication." The U.S. share in arms sales to Third World countries has reached almost three-quarters. We must therefore provide them with even more advanced weaponry, so that we can tremble in proper fear. Sale of F-16 aircraft with taxpayer-subsidized loans allows the Air Force to pay Lockheed to upgrade the aircraft and to develop the F-22 to counter the threat they pose. The welfare programs extend beyond Gingrich country, General Paul emphasized, outlining the commitment "to spin dual-use [Science & Technology] outside the military" in "the national interest," "enhancing our economic security." Particularly "enhanced" is the welfare of corporate America, which is to "transition our work," General Paul continued in standard bureaucratese.

Gingrich's favorite cash cow understands the scam perfectly. Lockheed propaganda warns that it is a "dangerous world" in which "sophisticated fighter airplanes and air defense systems are being sold" — mostly by its "savior." One of the authors adds: "We've sold the F-16 all over the world; what if [a friend or ally] turns against us?" To fend off that threat, we have to sell potential adversaries still more advanced weapons, and to transfer still more public funds to the shrinking sectors of the population that bear the burden of "dazzling" profits. Quite simple, really.

Arms sales to undemocratic countries — virtually all the recipients — are opposed by a mere 96 percent of the population, so these programs reflect the "popular mandate" even better than their companions.⁵⁴

The National Security State is a natural favorite of the advocates of private tyrannies. The device facilitates the transfer of public funds to advanced industry and to wealthy sectors generally, with the public cowering in fear of foreign enemies so that planners can operate in "technocratic insulation," in World Bank lingo. Furthermore, the "great beast" has to be dealt with somehow, and the natural device is to frighten them. With internal enemies as well; it is only reasonable that the directors of the Contract should expand further the domestic security system organized and conducted by the powerful state they wish to nurture, passing legislation permitting warrantless searches (considered a "bad idea" by 69% of those who conferred "the mandate").⁵⁵

While the important people are receiving the care they deserve from their nanny state, social programs are being radically cut. Here the word to use is not "security," but "welfare dependence." The poor are to be helped to escape this grim fate, imposed upon them by a failed liberalism. The only problem with the story is the facts. As discussed in earlier articles, official "welfare" has sharply declined. The average monthly benefit level dropped from \$714 in 1970 to \$510 in 1980 and \$394 in 1993 (1995 dollars), Marc Breslow observes. The one exception is health

⁵⁴ Eric Schmitt, NYT, Feb. 23; Reuters, BG, March 3; Eyal Press, CSM, Feb. 23; William Hartung, Nation, Jan. 30, 1995.

⁵⁵ Berke, op. cit.

care for the poor (Medicaid), which has risen (though more slowly than general health care costs) in large part as a result of the gross inefficiencies of the privatized system with its huge administrative and bureaucratic burdens, public funding of profits, salaries, and advertising, and now micromanagement of doctors to ensure minimal care and transfer of choice from doctor and patient to fat cats in insurance company offices.

The correlation between welfare payments and family life is real, though it is the reverse of what is claimed. As support for the poor has declined, unwed birthrates, which had risen steadily from the 1940s through the mid-1970s, markedly increased. “Over the last three decades, the rate of poverty among children almost perfectly correlates with the birthrates among teenage mothers a decade later,” Mike Males points out: “That is, child poverty seems to lead to teenage childbearing, not the other way around.” As discussed in part II of this series, the dramatic impact of the war against children and families by Reagan-Thatcher “conservatives” has been well studied, but equally well concealed.⁵⁶

Facts are irrelevant when there is serious business at hand: right now, intensified class war. Among the programs targeted for elimination or radical reduction are school lunches, job training, education generally, assistance to homeless and veterans, fuel and health care for the needy, drug-free schools, conversion of military industry to human needs – and generally, anything that might help the undeserving majority. That’s doubtless in response to the fact that about 80% of the population think “government has a responsibility to try to do away with poverty,” up from 70% when the “great society” programs were initiated 30 years ago, to enter into sharp decline shortly after.⁵⁷

Representative Clay Shaw, Chair of the House Ways and Means Subcommittee on Human Resources, explained that the proposals to punish millions of poor children are really “tough love,” a compassionate effort to save them from dependence on the dole. The programs do not pass without criticism. New York Times reporter David Rosenbaum observes that “however worthy the goals and however sensible the principles” that inspire “tough love,” these efforts to raise up the poor and needy face “seemingly intractable contradictions” – primarily impediments of the kind just reviewed, which remain unmentioned.⁵⁸

Jingoism is also in style. Clinton agrees that the U.S. must lower its share of UN peacekeeping operations but his right-wing adversaries want to go much further, shackling or even ending them. As for the irrelevant public, well over 80% favor UN peacekeeping operations. Half consistently support U.S. participation, 88% if there are fair prospects of success; 5–10% consistently oppose such operations, the remainder varying with circumstances. The effect of fatalities in Somalia was slight. Asked their general reaction if dead American soldiers were shown on TV, 57% favored increasing U.S. forces or striking back. Two-thirds favored contributing U.S. troops to a UN operation to protect “safe havens” or to stop atrocities in Bosnia; 80% took the same position with regard to Rwanda, if the UN concluded that genocide was underway.⁵⁹

Along with “security” and “welfare dependence,” the magic words include “devolution” and “states’ rights.” Programs that might help people are not only to be cut, but also handed over to the states in block grants. Under conditions of relative equality, this could be a move towards democracy. Under existing circumstances, devolution is intended as a further blow to the erod-

⁵⁶ Marc Breslow, D&S, March/April 1995. Mike Males, In These Times, Jan. 9, 1995.

⁵⁷ Doug Henwood, Left Business Observer, Dec. 22, 1994.

⁵⁸ Robert Pear, Rosenbaum, NYT, Feb. 10, 1995.

⁵⁹ Steven Kull, Bull. of Atomic Scientists, March/April 1995.

ing democratic processes. Major corporations, investment firms, and the like, can constrain or directly control the acts of national governments and can set one national work force against another. But the game is much easier when the only competing player that might remotely be influenced by the “great beast” is a state government, and even middle-sized enterprise can join in. The shadow cast by business can thus be far darker, and private power can move on to greater victories in the name of freedom; another triviality that appears unworthy of comment.

The Way it Works is described in a lead article in the Boston Globe business section headed “Line grows longer for state aid,” putting the “business-friendly administration” of Gov. William Weld “in a bind.” Private enterprises ranging from big-timers like Raytheon, long dependent on the public dole, to sports teams, banks, financial services and insurers, and others, are threatening to move elsewhere unless they receive “big wage and benefit concessions” from unions and millions of dollars worth of gifts disguised as “breaks on taxes and utility bills.” An accompanying story describes how the truly powerful operate. It reports Microsoft magnate Bill Gates’s boast that he had delivered an ultimatum to Vice-President Gore warning that he would move the whole operation elsewhere unless Washington settled an anti-trust suit in his favor.⁶⁰

The richest city in the world, with the help of the state government, hopes to lead the pack. New York Governor Pataki announced a budget plan that will “reduce the top tax rate 25 percent and save taxpayers \$6.8 billion a year,” the New York Times reported. The first part is true, particularly for the rich; for families with incomes over \$150,000, the tax reduction is seven times as high as for those with incomes under \$25,000. But the “savings for the taxpayer” are a mirage. One such “saving” is a cut of \$128 million next year in appropriations for the metropolitan area public transit system, tacked on to a \$113 million cut in city financing. These “savings” will make a 25-cent to 50-cent increase in the already ridiculously high fares “virtually inevitable,” transit advocates estimate — “a tax hike for the more than four million moderate-income and working people” of the city, they add correctly, and a huge and radically regressive one. Among other effects, the “savings” remove fare reductions for schoolchildren, yet another regressive tax.

Further “savings to the taxpayer” include reduction of support and health care for the blind and disabled, children, and defenseless people generally; firing workers who merely provide services to the general public; sharp increases in tuition at city and state universities; cancellation or delay of desperately needed infrastructure repair; doubling up of prisoners in maximum security prisons; and elimination or sharp reduction of the meager assistance to pregnant women on welfare, home care services for the elderly and disabled, pensions, cleanup of Love Canal, assistance for single adults with children “considered employable” — perhaps in the satanic mills that are springing up throughout the city; and on, and on. It will be “a giant leap toward economic growth,” the president of the Business Council of New York State exulted, perhaps thinking of those great Caribbean vacations and evenings at luxury restaurants and the theater (deductible as business expenses) and other opportunities that will be afforded by the huge redistribution programs towards the needy rich in a city that has already surpassed Guatemala in the inequality derby.

Mayor Rudolph Giuliani lost no time in showing that he too knows how to serve the powerful. “Embracing the philosophy of Gov. George E. Pataki’s austere budget for the state,” the Times reported, the Mayor will “reduce for the first time public assistance and health care for the city’s poorest residents” and “restructure government in ways that would affect virtually every New

⁶⁰ Charles Stein, David Warsh, BG, Feb. 19, 1995.

Yorker, although not evenly” — a masterpiece of understatement. “In addition to the [general] cuts in welfare and health care,” the Mayor called on workers to agree to “savings” in “health care, pensions and work rules.” Sanitation services are a prime target. They don’t benefit the folks in the high rises, and the effects should not be too much of an annoyance as their limousines pass by decaying trash and rotting people. Also to be cut are assistance to foster parents and preventive services for families considered to pose risks of child abuse. That makes good sense as a component of the war against children and families that has been waged with unremitting intensity by the “family value” conservatives in the past 15 years.

In these lean and mean times, it would be unfair to target only the general population. Hence along with sharp reduction of programs that might benefit the general population, there will also be reduction in “property taxes on coops and condos, as well as reductions in business taxes” — so everyone shares in the suffering. Municipal hospitals and health services will close, and public education will deteriorate still further, all “to stimulate job growth,” the report continues with a straight face.⁶¹

For unexplained reasons, the rising tax burden on poor and working people through fare increases and other regressive measures, though plainly reducing their purchases of goods, does not affect the jobs of those who might otherwise produce them. In contrast, job growth is stimulated by transfer of wealth to the rich for purchase of Mercedes limousines and elegant yachts, rich profits from speculation in the “economic miracle” of the Mexican economy (secured by the taxpayer, when it predictably goes sour), shifting of production to semi-slave economies maintained by U.S.-backed violence abroad, and other such free market miracles. The mysteries of economic science are profound indeed.

Not all programs are to be axed, however. One public agency is to receive more money under the Giuliani budget: the police department, which will gain \$100 million. That too makes sense, as part of the general enhancement of state power and violence. The rich have to be protected from the effects of the programs to turn New York into a typical Third World city.

At the federal level, some programs are also safeguarded. Over three-fourths of federal food spending goes for food stamps, and that program is slated to keep federal guarantees, for reasons explained quietly by the Wall St. Journal: the food stamp program is backed by “big agri-business associations,” so there is no place for “tough love” here. “We want one program at least to be a safety net for people who are truly needy,” Rep. Pat Roberts of Kansas explained as the House Agriculture Committee that he chairs decided to impose federal requirements for the food stamp program. “That’s the best way to achieve our goals of providing nutrition for the hungry and eliminating fraud from the program,” Roberts continued. “It is a more pragmatic approach to achieve several of our goals.” Republicans were “uneasy” about block grants that would “give governors cash rather than give poor people coupons for food,” the Journal, noting that “grocery chains and the agribusiness lobby” were also “uneasy.” Federal guarantees, in this case, will best preserve “a safety net for needy people.” The reason for the decision, New York Times reporter Robert Pear added, is that House Republicans “feared that it would increase fraud and abuse” if governors were given grants, in this single case. Surely nothing else could have been on their minds — for example, the fact that Roberts’s congressional district received more farm subsidies over the last decade than any other, over \$.5 billion a year, with Kansas farmers averaging \$20,000

⁶¹ Kevin Sack, NYT, Jan. 31; James Dao, NYT, Feb. 2; Steven Lee Myers, et al., NYT, Feb. 15, 1995. Tax figures, NYT, March 1, 1995.

to \$30,000 annually. Those are *averages*; the “agri-business associations” mentioned in the small print do not represent small farmers trying to scrape by. The likely outcome will put limits on the program so that it cannot meet the needs of the hungry during periods of economic decline but will offer steady guarantees to agri-business, and leave discretion in the hands of states, so that local powers can determine who are the “worthy poor” — not including mothers who merely care for children, refusing to “work.”

Much as in totalitarian states, satirists are given greater latitude to articulate what everyone knows. In the Boston Globe, the text of a Steve Wasserman cartoon reads: “We planned to eliminate food stamps, but then we took pity. We couldn’t bear the hungry cries, the outstretched hands of agribusiness lobbyists.”⁶²

One must admire the delicate touch of the statist reactionaries fine-tuning the transfer programs. Unlike food stamps, the Women, Infants and Children (WIC) program is to be turned over to states as block grants. One reason is again explained by the Wall Street Journal. This transfer repeals a “cost-containment competitive bidding measure” that placed onerous market conditions on the four pharmaceutical companies that sell infant formula. They “stand to gain as much as a billion dollars” a year over and above the successes of their evasions of the federal law, now being investigated by the Federal Trade Commission. Note that taxpayers will save money with the FTC investigation terminated. The new protection for the rich from market discipline should overcome other defects of the WIC program. A USDA study found that every dollar spent brought up to \$3.90 reduction of Medicaid costs for newborns and mothers. It also found a 22% drop in neonatal deaths among WIC participants. The effects of restriction of the program and transfer of its benefits to pharmaceutical companies are obvious without comment, among them, the mental and physical harm to surviving children of low-income pregnant women deprived of sustenance, which will improve the grim bell curve that condemns all but the “cognitive elite” to servitude, as yet another “science” shows.⁶³

Malnourished neonates and children deprived even of school lunches have no lobby working for them. Nor do the great majority of the population. Over 80 percent of the population say that “working people” have too little influence, but the shadow cast by business ensures that they can do nothing about it except watch in dismay and unfocused anger as they sink into decline. Unlike the peasants and slum-dwellers of Haiti, who were able to create a civil society rich and vibrant enough to establish a functioning democracy, people here are lost and hopeless — a fact that sheds light on the standard propaganda line that we have to teach democracy to Haitians. But although 80% feel that working people have too little influence, only 20% feel that way about labor unions while twice that number feel that unions have too much influence. These figures reflect yet another remarkable victory for corporate propaganda.⁶⁴

The human consequences of the “savings” are immediate. Take elimination of home heating aid for the poor, which had reached over 5 million households. 72% have incomes below \$8000 and spend over 18% of that on energy costs (4% for average middle-class families). Even with federal aid, half the families had used up the allocation before Christmas in 1993, and by mid-January, twice as many had died from the cold wave as in the Los Angeles earthquake. Boston

⁶² Robert Pear, NYT, Feb. 18, 25; Hilary Stout, WSJ, Jan. 9, Feb. 27; WP, Feb. 25; Keith Schneider, NYT, Feb. 6; BG, Feb. 28, 1995.

⁶³ Hilary Stout, WSJ, Feb. 28; Dr. Berry Brazelton, BG, March 4, 1995.

⁶⁴ Deer, Margolis, Mitchell, Burns & Associates, Being Heard: Strategic Communications Report and Recommendation prepared for AFL-CIO, March 21, 1994.

City Hospital researchers found that among children treated in the emergency room (the “national health service” for the poor), the percentage suffering malnutrition almost doubled in the winter. The new measures will not only harm or kill more children, but are also a useful blow to communities. The oil vendors working with the program were mostly small businesses, often multilingual community people. So the threat of democracy is rolled back another notch.⁶⁵

Another target is public broadcasting, financially trivial but an important part of the campaign to mobilize some public support by a show of “populism” on the part of those who are happily grinding the public under foot. The propaganda campaign to depict the public system as “liberal” and “elitist” is familiar. It is unclear whether it has had much effect. A recent poll finds that over 3/4 of the population want to keep the limited public funding. But the idea that any element of the information system might remain within a potentially democratic system has always been galling to the totalitarian mentality, so despite its marginality, it may disappear.⁶⁶

Also slated for demolition is the regulatory apparatus, which only protects health, safety, welfare, and lives — now and for future generations. The measures proposed carry more immediate costs: “at least \$250 million annually” to enforce the complex provisions, the Congressional Budget Office estimates, largely to pay more bureaucrats. Clinton is joining the parade. His plans to rescind legislation that prevented banks from relying on federally-guaranteed funds for speculation were wonderfully timed. This proposal for “eliminating the legal and regulatory barriers among financial industries” was announced in a front-page New York Times story alongside the news that even the strict regulatory system of quasi-fascist Singapore had collapsed, destroying Britain’s most venerable merchant bank — a coincidence that is “ironic,” the lobbyist for smaller banks observed. These measures are also expected to concentrate extraordinary resources in a small number of super-powerful banks and investment firms, another contribution to “free markets.” The Barings collapse is just another in a series of recent disasters, including Kidder Peabody, Orange County, Procter & Gamble, Metallgesellschaft, and Mexican casino capitalism. The costs will be paid by the usual victims.⁶⁷

It hasn’t been easy for commentators to deal with recent developments. One problem has been to reconcile the concept of a “popular mandate” with the unmistakable fact that the public strenuously opposes it almost every step of the way, and to preserve the doctrine that Congress, like the White House, is dedicated to serving the public good. Richard Berke’s February 28 New York Times report, already cited, concedes that the public “doubts key parts of the G.O.P.’s agenda,” giving (very partial) evidence, but explains that Congress implements the programs that the public despises “based on their reading of public sentiment.” Congress has failed to notice what the polls have consistently demonstrated. The doctrinal system permits accusations of imbecility, but not of rational service to dominant powers. Adam Smith’s honesty would be damned as a “conspiracy theory,” were anyone so bold as to reiterate it.

Some keep trying to conceal the obvious. Thus we find articles with such headlines as “Poll finds GOP agenda is popular,” reporting that only 40% of Americans have even heard of the Contract with America and scarcely a third “approve of Gingrich’s performance.” But, the report

⁶⁵ Robert Coard, president of the anti-poverty agency Action for Boston Community Development, BG, Feb. 28, 1995.

⁶⁶ Ed Siegel, BG, Feb. 12, 1995. On the private takeover of these crucial public resources, see Robert McChesney, *Telecommunications, Mass Media & Democracy* (Oxford, 1993).

⁶⁷ Timothy Noah, WSJ, March 1; Keith Bradsher, Richard Stevenson, NYT, Feb. 27, 28; Jeffrey Taylor, WSJ, Feb. 28; Financial Times, Feb. 27, 1995.

in the Washington Post continues, some components of the program are “overwhelmingly popular,” specifically term limits for Congress, a balanced budget amendment, and welfare reform. Unmentioned is the fact that term limits were quickly shelved; advocacy of a balanced budget declines to small minorities if it entails cuts in social programs, as of course it does; and while the public does oppose “welfare,” having been fed wild tales about “welfare queens,” it strongly supports increased help for the poor.

Sometimes the facts even appear in stories framed to confirm the official line. A lead front-page story in the New York Times in mid-December informs us that “Americans Like G.O.P. Agenda.” Reading on, we find data, which show quite the opposite: about 2/3 “say the Government has a responsibility to take care of the poor” while a mere 9% support a decrease in “programs for poor children,” one of the major planks of the “G.O.P. Agenda.” On the balanced budget, which is alleged to have overwhelming popular backing, the polls showed that the percentages were 22%, 27%, 30% if cuts are required in spending on education, Medicare, and Social Security, respectively — as they would of course be. In brief, Americans Dislike G.O.P. Agenda.” The real world, however, quickly disappeared. By the time the balanced budget amendment hit the front pages in late February, the issue had been reduced by government-media fiat to social security, with the crucial issue of general social spending and popular feelings about the matter completely suppressed in favor of meaningless claims that the public favors the amendment (if nothing is touched). The Times correspondent responsible for analysis of the issue, David Rosenbaum, rails about the “nonsense” produced by the politicians who are avoiding “substance,” and proceeds to avoid the substance entirely, allowing himself only a mention of military spending and social security. Massachusetts Democrat John Kerry explains how hard it was for him to vote against the amendment “when 80% of the population are saying ‘Do something’”: namely, don’t pass an amendment that will require cuts in social spending. Without any counterforce to the manufacture of consent, however, image will become reality, and the Republicans should to be able to use the overwhelming public opposition to their actual stand on this issue as a powerful propaganda weapon.

Point-by-point, large majorities oppose specific programs that are being implemented, with rare (and interesting) exceptions. One can only speculate as to how people would react were they to read small items in the Wall St. Journal spelling out the consequences of the GOP “vow to ease the burden of estate and gift taxes, which they say are especially onerous for small businesses and family farms” — and which the top tax official of the Treasury Department calculates will cut over \$20 billion in tax receipts in ten years, benefitting about half of 1% of estates — the richest.⁶⁸

The problems of reconciling fact with doctrine arise in the international arena as well. It was well-nigh impossible to conceal the fact that the highly-touted Mexican “economic miracle” on which the NAFTA propaganda campaign was founded was utter fraud, as was well-known to anyone with even a casual interest in the topic. Recall that this was the “prize example” of the miracle of the market according to the World Bank and IMF, the economics profession, the elite media, and other experts. Also difficult to handle is the fact that the U.S. taxpayer is assigned the responsibility of paying off speculators making a mint on the highly risky fraud; they are not expected to pay the costs under “free enterprise” any more than their S&L colleagues. To steer through this maze takes some ingenuity. Thus under the headline “Socializing Risk to Foster

⁶⁸ Berke, op. cit.; WP-BG, Jan. 6, 1995. Maureen Dowd, NYT, Dec. 15, 1994. David Rosenbaum, NYT, March 2; Peter Gosselin, BG, March 3; WSJ, Jan. 11, 1995.

Free Markets,” New York Times thinker Paul Lewis recognizes that the circumstances might lead some “to be cynical about a mechanism that would effectively provide insurance” for the rich in case things go wrong, but a more serious look shows that if Mexico had defaulted, the crisis “might have undermined the free-market-based development model that has become this decade’s economic signature tune” — for the commissar class, at least. In fact, both the Mexican “miracle” for speculators, investors, and a few billionaires milking public resources, and the way the risks were “socialized,” are typical examples of “really existing free markets.”⁶⁹

Rollback, Part IV

May, 1995

1. Towards a Utopia of the Masters

The economic crisis for the general population is a global one. In the past 20 years, economic growth has fallen well below the levels of the 1950s and 1960s (which were, to be sure, historically unique). World per capita income fell in 1993 for the fourth straight year, while the unemployment situation, already grim, worsened in most countries. The International Labor Organization (ILO), in its World Employment 1995 report, “Predicts Rising Global Joblessness,” the Wall Street Journal reports, noting however that “many management theorists” regard the analysis as outdated because “the whole concept of a job — steady work at steady pay from the same employer — must be discarded.” The only major exception to the growing catastrophe of global capitalism is East and Southeast Asia, with the exception of the Philippines — incidentally, the sole part of the fastest growing economic region of the world that has been under tight U.S. control for a century and (coincidentally) resembles the Latin American disaster area.

Japan’s former colonies have resumed the rapid economic growth of the colonial period; though a brutal imperial power, Japan treated its colonies quite differently from the Western norm. Within the region dominated by Japan and the overseas Chinese financial network, states have been powerful enough to organize capital as well as to control labor. Unlike the rest of the South, they have not been encumbered by what economic historian Paul Bairoch calls the most extraordinary myth of “economic science”: “It is difficult to find another case where the facts so contradict a dominant theory than the one concerning the negative impact of protectionism,” he writes, reviewing much of the record though considerably understating the significance of state intervention for the wealthy, because he limits himself to a narrow category of market interferences. The conclusions, of course, have been understood by the architects of policy, which is why they have progressed while those subjected to their whims have suffered.

The official tale is that the Japan-based region is passionately dedicated to markets. We even read that “talk of labor standards enrages many export-oriented countries in Asia”; the term “countries” here refers, for example, to the brutal and corrupt rulers in Indonesia’s developmental state, but not to the working people courageously struggling for the right to organize and

⁶⁹ “Mexico, *milagro* economico que ‘est fallando’: Noam Chomsky,” La Jornada, Nov. 7, 1994. Lewis, NYT, Feb. 12, 1995.

demanding labor standards. In internal discussion, we find greater honesty. Thus a Federal Reserve report attributes Singapore's economic growth to a domestic "forced savings" policy and other state action.⁷⁰

Unemployment remains higher in Europe than in the U.S., but as the ILO and others observe, that fact has to be placed in the context of the much harsher conditions of work in the United States and the reduced social contract generally. While the U.S. work week is reaching postwar peaks, the battle for a 40-hour week having been lost long ago, in Europe it has fallen to 38–39 hours, with much longer holidays and leaves and more benefits. To take just one case, until 1993 the U.S. was one of the very few countries in the world that did not provide for statutory maternity leave, and its provisions still fall far below the European standard — in fact below the agreement negotiated by plantation workers in *Uganda*, which grants male workers seven days of paternal leave. The same picture is revealed by ratification of ILO conventions guaranteeing labor rights. The U.S. has by far the worst record in the Western hemisphere and Europe, with the exception of El Salvador and Lithuania. It does not recognize even standard conventions on child labor and the right to organize.⁷¹

The major factors that have led to the global economic crisis are well understood. One is the globalization of production, which has offered the masters tantalizing opportunities. The business press frankly warns the "pampered Western workers" that they must abandon their "luxurious life styles" and such "market rigidities" as contracts, pensions, health and safety in the workplace, and other outdated nonsense, even the very concept of a job. Economists talk of job flow, pointing out that it is hard to estimate — and also largely beside the point. The *threat* suffices to force working people to accept employers' demands. The end of the Cold War, returning most of Eastern Europe to its traditional Third World service role, places new weapons in the hands of the rulers, as the business press has reported with unrestrained glee. GM and VW can shift production to the restored Third world in the East, where they can find workers at a fraction of the cost of the "pampered Western workers," meanwhile enjoying high tariff protection and the other amenities that "really existing free markets" provide for the rich. The U.S. and U.K. are leading the way in grinding down working people and the poor, but others will follow along, thanks to the globalization of production. Inequality is back to the depression days in the U.S., back to Victorian times in England, though Latin America still wins the prize for worst record in the world, thanks to our kind tutelage over many years.⁷²

As many studies have shown, relative equality is a significant factor in economic growth and improvement in health and living standards. The fact is recognized by the World Bank, but without influencing the policies that it and its IMF associate impose on the Third World, which dramatically increase inequality and undermine other factors that the Bank identifies as essential for growth, notably education and welfare. There is ample historical precedent. For over 200 years, "experiments" have been conducted by the powerful following the highest principles of economic science, with startlingly uniform results: benefits for the experimenters and their power base, tragedies for the experimental animals. Right-thinking people, again, are to draw no conclusions.

⁷⁰ Pascal Zachary, WSJ, Feb. 22, 1995. FRBSF Weekly Letter (Federal Reserve), Oct. 21, 1994; Dick Taylor, p.c.

⁷¹ ILO, World Labour Report 1994.

⁷² See my *World Orders, Old and New* (Columbia, 1994).

A second factor in the general crisis is the huge explosion of unregulated financial capital since the Bretton Woods system was dismantled by Richard Nixon and the radical change in its constitution. Daily turnover on foreign exchange markets may be approaching \$1 trillion, some estimate. In the early 1970s, about 90% of capital in international exchanges was for investment and trade, 10% for speculation. By 1990, those figures had reversed, and a 1993 estimate is that only 5% is related to “real economic transactions” (Wilfried Guth of the Deutsche Bank, who argues further that these processes are undermining free trade, as do others). The consequences were understood early on. In his 1978 presidential address to the American Economics Association, Nobel laureate James Tobin suggested that taxes be imposed to slow down speculative flows, which, if unimpeded, would drive the world towards a low-growth, low-wage economy, with booming profits as well. By now, the point is widely recognized; a commission headed by Paul Volcker, former chairman of the Federal Reserve, attributes about half of the 50% decline in growth rates since the early 1970s to the huge growth of currency speculation.⁷³

The world is being moved by state-corporate policy towards a kind of Third world model, with sectors of great wealth, a huge mass of misery, and a large superfluous population, lacking any rights because they contribute nothing to profit-making for the rich.

These developments are commonly attributed to inexorable market forces. Analysts then divide over the contribution of various factors, primarily trade and automation. But the discussion cannot sensibly proceed without recognition of major interferences with markets. Huge state subsidy and intervention have always been required to make trade appear efficient, not to speak of ecological costs imposed on future generations who do not “vote” in the market, and other “externalities” consigned to footnotes. To mention merely one slight market distortion, a good part of the Pentagon budget has been devoted to “secure flow of oil at reasonable prices” from the Middle East, “overwhelmingly the preserve of the United States” (Phebe Marr of the National Defense University) — a contribution to the “efficiency of trade” that rarely receives attention, apart from other contributions to “the health of the economy.” There are plenty of others.

As for automation, it surely contributes to profit at some point, but that point was reached by decades of protection within the state sector, as David Noble has shown. Furthermore, the specific form of automation designed within the state system was often driven by considerations of power more than profit or efficiency; it was designed to deskill workers and subordinate them to management, not because of market principles or the nature of the technology, but for reasons of domination and control.⁷⁴

Such contributions to private power give further insight into the attractiveness of the military system for modern state capitalism, particularly its appeal to “conservatives,” who are commonly in the lead in demanding that markets be undermined for class interests. Reaganite America and Thatcher’s England are the primary recent examples — both paragons of “conservatism,” both leaders in expansion of state-subsidized industry. The U.S. case is well-known. As for Thatcher, her blind pursuit of Friedmanite dogmas that were refuted at every turn succeeded in creating the worst crisis for manufacturing industry since the industrial revolution, destroying almost 1/3 of

⁷³ Ibid. John Frank and Fraser Mustard, Richard Wilkinson, *Daedalus*, Fall 1994. World Bank, see David Felix, “Industrial Development in East Asia: What are the lessons for Latin America,” UNCTAD Discussion Papers No. 84, May 1984. See my *Year 501* (South End, 1993). Guth, Tobin, cited by Felix, “The Tobin Tax Proposal,” Working Paper #191, June 1994, UN Development Programme. *WSJ*, May 9, 1994.

⁷⁴ Marr, *Middle East Journal* 48.2, Spring 1994. Noble, *Forces of Production* (Knopf 1984); *Progress without People* (Charles Kerr 1993).

the manufacturing plant within a few years, a fact extensively detailed (and deplored) by actual conservatives, notably Ian Gilmour. Nevertheless, the disaster was somewhat alleviated by the growth of state-subsidized industry. At least in military industry and sale of torture equipment to countries with awful human rights records, England remains a world leader. London is not far behind Washington in its aggressive pursuit of arms sales including such meritorious customers as Saddam Hussein and Suharto, pursuing the shared doctrine expressed by Thatcher's Defense Procurement Minister Alan Clark: "I don't really fill my mind much with what one set of foreigners is doing to another."⁷⁵

Corporate decisions for power rather than simple profit are often reasonable enough as a tactic in relentless class war. Particular choices of technology provide one example. The recent health care debacle is another case in point. Much of U.S. industry would probably gain from a rational public insurance program, which is why it was advocated editorially by *Business Week*. But it is unwise to allow the general public to realize that government can carry out useful acts. Despite the heavy shadow cast by business, government remains the one system of power and authority that is to some degree under public influence, unlike private tyrannies, which are almost entirely unaccountable. Enhancing their power is worth some sacrifice in profit.

There are other reasons for sacrificing short-run gain. Executives point out to the business press that it is worthwhile to ship manufacturing jobs even to Germany, with its much higher labor costs, so as to facilitate class warfare. A Gillette Corporation executive explains that the company is "concerned about having only one place where a product is made," primarily because of "labor problems." Thus if Boston workers strike, Gillette could supply both the European and U.S. markets from its Berlin plant, thereby breaking the strike; and vice versa. It is only reasonable, then, that Gillette should employ over three times as many workers abroad as in the U.S., irrespective of costs. Strikes of critical importance are now underway in Illinois, where Caterpillar and other corporations are attempting to destroy the last vestige of unions. "Like many US companies, Caterpillar has pursued a business strategy that has nudged American workers away from defiance toward compliance," business correspondent James Tyson reports. The strategy includes "manufacturing at cheaper facilities abroad" and "relying on imports from factories in Brazil, Japan, and Europe" — and, of course, hiring scabs and temps and relying on the criminal state to refuse to enforce labor laws, a stand raised to principle by the Reaganites,

Such considerations help explain why U.S. corporations are "creating jobs overseas" despite the fact that "a dollar and falling labor costs have made American products increasingly competitive," as the *Times* reports. Overseas investment is rising at twice the rates of exports, and profits corporations earn from production abroad are almost double those from exports. These are natural ways to use the "dazzling profits" they reap from "conservative" social policies, and the further gains anticipated from the Gingrich Contract.⁷⁶

Courts too have sometimes been frank about their contributions to the rollback campaign. Denying an appeal by workers who had lost jobs when Ohio plants were moved to states with cheaper labor, the Sixth Circuit Court of Appeals stated accurately that "States and counties in the United States compete with each other for companies contemplating relocation," and labor laws neither "discourage such relocations" nor bar closing of unionized plants in favor of "a nonunion

⁷⁵ Gilmour, *Dancing with Dogma* (Simon & Schuster, 1992); see *World Orders* for excerpts. John Pilger, *Weekend Guardian*, Nov. 12, 1994; *Distant Voices* (Vintage, 1994). Paul Lashmar, *New Statesman & Society*, Jan 20, 1995.

⁷⁶ Louis Uchitelle, *NYT*, July 25, 1994. Tyson, *CSM*, Jan. 24, 1995.

plant in another part of the country or in a foreign country,” as “contemplated” by NAFTA. The Court then explained the background. Congress and the courts “have made the social judgment, rightly or wrongly, that our capitalistic system, Darwinian though it may be, will not discourage companies from locating on the basis of their own calculations of factors relating to efficiency and competitiveness. The rules of the marketplace govern. By so reflecting commercial interests, the institutions of government serve — according to current legal and economic theory — the long-term best interests of society as a whole. That is the basic social policy the country has opted to follow.”

The candor is unusual, though the deception is typical. “The country” has “opted” for no such course, and it is radically false that “the rules of the market place govern” or that the system is “Darwinian” (in the intended sense of “social Darwinism,” which has little to do with biology) — except, of course, for the poor and the weak, who are indeed subjected to these rules by those who cast their usual shadow by means of Congress and the courts.

As for the dedication of “legal and economic theory” to “the long-term best interests of society as a whole,” perhaps that was best described by Swiss economist Simonde de Sismondi 175 years ago, commenting on the doctrines of the founder of modern economic theory, David Ricardo, who patiently explained that employment was of no consequence to an economy as long as rent and profits, which funded new investment, were in good shape. “Wealth is everything, men are absolutely nothing?,” Sismondi replied: “In truth then, there is nothing more to wish for than that the king, remaining alone in the island, by constantly turning a crank, might produce, through automata, all the output of England.” Others have no further right to be in England, and should go elsewhere, the laws of the new science proclaimed.

The founders of the science were surpassed by none in their devotion to the “happiness of the people,” and even advocated some extension of the franchise to this end: “not indeed, universally to all people, but to that part of them which cannot be supposed to have any interest in overturning the right of property,” David Ricardo explained, adding that still heavier restrictions would be appropriate if it were shown that “limiting the elective franchise to the very narrowest bounds” would guarantee more “security for a good choice of representatives.” There’s an ample record of similar thoughts, and actions, to the present day.⁷⁷

The internationalization of production puts quite a different cast on contemporary debate about “American decline.” As a geographical entity, the country is declining in many respects. But the principal architects of policy have quite different interests, as the “merchants and manufacturers” did in 18th century England, and make sure that they are “most peculiarly attended to,” whatever the effect on others, including their own populations. Nothing fundamental has changed in that regard since Adam Smith’s observations, apart from the dedicated zeal of the efforts to suppress the obvious. With these truisms in mind, we should not be surprised to find that while the U.S. role in manufacturing production is declining if we consider the geographical entity, it is holding its own quite nicely if we consider the share in global production of U.S.-based corporations. The same is true of the “trade deficit.” If we consider international borders, the U.S. has a huge deficit. But when the Commerce Department recalculated, counting profits of U.S. companies abroad as U.S. exports, the deficit turned into a huge surplus: the recalculation

⁷⁷ Allen, et al., v Diebold, INC, 33F.3d 674 *677, decided Sept. 6, 1994. Sismondi cited by Robert Heilbroner, “foreword,” Jeremy Rifkin, *The End of Work* (Putnam, 1995). Ricardo, cited by Rajani Kanth, *Political Economy and Laissez-faire* (Rowman and Littlefield, 1986).

was reasonable, the Wall Street Journal explained, because the profits gained abroad “benefit companies domestically through greater investment and R&D.” The recalculation interprets the words “United States” in the terms that matter for the “principal architects of policy: not the geographical area or its people, but the people who count.”⁷⁸

These remarks barely skim the surface. It’s easy to understand the mood of desperation, anxiety, hopelessness and fear that is so prevalent in the world, outside of wealthy and privileged sectors who see the opportunity to achieve at last the kind of power that was out of reach when the democratic distemper infected nation-states and popular forces could mobilize to win human rights and defend them.

2. “Intractable Contradictions”

Recall the concerns of New York Times reporter David Rosenbaum that “however worthy the goals and however sensible the principles” of the Gingrich reformers, their dedication to the poor faces “seemingly intractable contradictions.” The most important one, scrupulously ignored, is the need to protect the wealthy and powerful from market discipline in traditional ways, now being extended. But there are other problems.

Educated and privileged sectors, reasoning along Ricardo’s lines, see little problem in the fact that policies are executed in “technocratic insulation,” unimpeded by public interests and concerns. But the population has to be controlled somehow. For obvious reasons, one cannot appeal to them on grounds of the intended effects of the policies that are being implemented. So other methods are required. There are standard devices. Many can simply be locked up or confined to urban slums. Others can be entrapped by artificial “creation of wants” or other forms of diversion. They can be left in confusion and despair by corporate and other propaganda, a huge industry in the United States for many years. Or they can be mobilized in fear and hatred — of foreigners, of one another — or by religious fundamentalist appeals.

The masters of mankind understand very well that people must not be given opportunities to organize in a functioning civil society, which might enable them to pool limited resources and to take their affairs into their own hands. But when the limited admissible means are used to mobilize people to do such needed work as rolling back the social contract, “intractable contradictions” arise. The problems are classic: they were recognized by German industrialists who had supported Hitler’s forces as a way to destroy the labor movement, and found — not to their pleasure — that he and his followers had some ideas of their own. The Iranian merchants who relied on fundamentalist religious leaders to mobilize the public against the Shah faced the same dilemma shortly after. Some similar “intractable contradictions” are arising right now as the rollback campaign gains force.

The problems have troubled the business press. A Fortune cover story is headlined “Today’s GOP: The Party’s Over for Big Business.” To mobilize popular forces, the corporate world has been compelled to resort to what are called “cultural issues.” But its troops are now prepared to fight the “culture war,” as Pat Buchanan and others refer to the various forms of fanaticism they are seeking to engender. That process has opened a “culture gap,” Fortune observes. The CEOs are generally liberal in cultural attitudes. They don’t want their children to be forced to pray in schools or taught “creation science.” They want their daughters to have opportunities.

⁷⁸ WSJ, “World-Trade Statistics Tell Conflict Stories,” March 28, 1994.

They not only tend to be pro-choice, but about 60% of CEOs are “adamantly pro-choice, agreeing with the statement that ‘a woman should be able to get an abortion if she wants one, no matter what the reason.’” They do not want to live in a society and culture dominated by Christian fundamentalists, people who worship the Enola Gay or run around with assault rifles, or who debate subtle points about Beast 666 from the Book of Revelations and listen to Pat Robertson explaining how Presidents from Wilson to Bush may have been pawns of “a tightly knit cabal” run by Freemasons and “European bankers,” who seek “a new order for the human race under the domination of Lucifer.” But these are the sectors they are forced to turn to as a popular base for their assault on democracy and human rights.

Among CEOs, the overwhelming favorite for President is Dick Cheney; Bob Dole and Phil Gramm were backed by a mere 17%, and “right down at the bottom of the pack with a 3% show of support...was Newt Gingrich.” Unfortunately for them, however, “The religious right now controls the GOP,” Fortune comments in bold face: “Religious conservatives are the single most powerful force within the GOP,” no small group in one of the world’s most extreme religious fundamentalist cultures. They “hold veto power over the Republican presidential nomination.” “There’s a real cultural disconnect between the FORTUNE 500 and social conservatives,” a lobbyist “with strong ties to Christian fundamentalist groups and the new Republicans” observes.

The Wall Street Journal talks uneasily about “class warfare” — a term usually avoided like the plague in respectable circles — referring to a war over “values” that pits the “upper-middle class elites of professionals and managers,” their constituency, against the guy in the street who supports the Republican Party that is supposed to do the bidding of these upper-middle class elites. The religious conservatives who hold “veto power” have no great interest in big business, which they rightly see as hostile to the values that they uphold. They gain support from “a few large companies on the fringe of corporate America — the tobacco industry, Amway.” But within the functioning economy, they are viewed with no little dismay, apart from their role in implementing the rollback campaign. They oppose government support for big corporations, threatening a disaster for “free enterprise” if they cannot be kept down in the trenches. They agree that “It’s rollback time,” as one of their activists says, but they have in mind something quite different from the CEOs. They don’t like it when a corporation that has its home in Gingrich’s Cobb County denounces an official resolution condemning “the gay life style.” The CEOs rightly fear that their troops may move beyond the “culture war,” proceeding to undermine the basic framework of state-subsidized private power.

Funding for the Gingrich army reveals the contradictions clearly. Major funders are from marketing schemes like Amway, smaller insurance companies, hedge-funds, and the like. These sectors control plenty of money but are at the fringes of the economy. They are “very much in sync with the ‘Contract With America,’” the Wall Street Journal reports, which is true only under a special but perhaps accurate interpretation of the support for the Pentagon on the part of their forces, who, unlike the CEOs, are not much interested in the government’s role as the “savior” of advanced industry. Furthermore, they come from sectors of the population that really are cringing in fear and terror, seeing enemies coming to get them on all sides, a fact about the extraordinary cultural scene that one cannot simply ignore.⁷⁹

The contradictions are showing up in Washington. The Commerce Department under Clinton has become “a pro-business dynamo,” the Wall Street Journal observes, serving private power

⁷⁹ Fortune, Feb. 6, 1995. Dennis Farney, WSJ, Dec. 14, 1994. Jill Abramson and David Rogers, WSJ, Feb. 9, 1995.

to an unprecedented degree. But the Gingrich army doesn't understand, which leads to an "uncanny circumstance: Big business allied with a Democratic administration against Republican proposals to trim Commerce's sails." The same is true of the Export-Import Bank, the National Institutes of Health (which have "given birth to the biotechnology industry," the New York Times observes), and the National Institute of Standards and Technology and the Technology Reinvestment Project, Clinton-inspired adjuncts to the Pentagon subsidy to advanced industry. These are wasteful because they are not devoted solely to "military uses," GOP critics charge, failing to comprehend the way the real economy works and perhaps believing the lurid tales about Beast 666, Arab terrorists, and who knows what other agent of Lucifer or the United Nations. Even the hated regulatory agencies, such as the FDA, have support from major corporations, which can see ahead far enough to judge the effects of another thalidomide scandal.⁸⁰

In the early part of this century, there was much fascination with "corporate entities," social "organisms" that have unique rights beyond those of mere individuals. These ideas, growing from more or less the same Hegelian intellectual soil, took several forms, notably Bolshevism, fascism, and the modern corporation. Corporations were granted extraordinary rights by Courts and lawyers, often with the support of "progressives." They are, furthermore, as totalitarian an institution as humans have managed so far to contrive. Terminology is crafted to avoid the substance behind the shadow, so such terms as "fascist" and "totalitarian" are restricted to political entities. But the similarity in character is unmistakable. Two of these systems of centralized, autocratic, and unaccountable power have succumbed. The third not only remains but is increasing its sway and dominance. There are divisions and conflicts of course, but also much similarity of general conception worldwide, and overarching institutions are also taking shape. The internal contradictions may or may not prove "intractable," but they have ominous import however they are resolved.

The transition from containment of democracy and human rights to actual rollback should be seen against this background. We should also recognize that the new phase of the struggle against the "great beast" is based upon social policies with particular goals that are not graven in stone or founded in laws of nature or society, any more than the human institutions from which they arise.

⁸⁰ Helene Cooper, WSJ, Dec. 28, 1994. Jonathan Landay, CSM, Feb. 21, 1995.

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