

# Toward a Theory of Social Change: The 'Port Authority Statement'

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Editor's note: This was a seminal document written collectively by a grouping in SDS, centered in New York City and Chicago, often referred to as the 'Praxis Axis'. They represented several things: One, a continuing turn in SDS toward revolutionary Marxism and a further break with the group's social-democratic past, as codified in the original 'Port Huron Statement.' Two, they continued as New Leftists, resisting being drawn back into the old polemics—Stalin, Trotsky, Mao—and instead looked toward other new leftists in Europe, especially French neo-Marxism and the renewed interest in Gramsci in the Italian left and the German SDS. Three, they wanted focus on the present realities and new developments of capitalism, trying to project into the future.

This is the first time the full document has seen the light of day in print. About a third of it was published in SDS's New Left Notes, in a disjointed form; but factional struggle prevented the bulk of it from ever being published.

Some of the original Praxis group went with the Weather Underground, some with RYM2, and others to independent efforts. What is startling about the 1967 document is how prescient it turned out to be on many topics. It was affectionately dubbed 'the Port Authority Statement' because it was largely written and formulated in a small student apartment near the Port Authority Bus Terminal in New York City. It was meant to supersede SDS's original Port Huron Statement.

## Introduction

This paper is an attempt to develop the rudiment of a theory of social change in America. It will deal with the specifically new and changing aspects of American society without obscuring such structural components

as its capitalist mode and class nature. The analysis will try to be systematic in that certain key structural features will be examined and abstracted into a schematic model, a model that can be used as a guide to the practical activity in changing this society (praxis).

## **American Capitalism**

### **The Economic Order: The Concentration of Wealth**

One of the major sources of power in American society is corporate wealth. This key element of power is all too often either accepted or assumed in a context that does not allow for critical analysis. Corporate wealth lies at the heart of control and power in American Capitalism.

The primary expression of the concentration of wealth is found in the huge corporate institutions that dominate American economic life. According to recent government statistics, the five largest corporations account for 13% of all manufacturing assets, the 50 largest have 36% of the total, the 200 largest have 57%, and the 1000 largest have 76%—out of a total of 180,000 corporations engaged in manufacturing. The share of the top 50, 48%; top 200, 68%; and the top 1,000, 86%. About 1% of all manufacturing corporations account for almost 90% of all net profits, while the remaining 99% got only 10% of the total.<sup>1</sup>

These figures demonstrate the concentration of wealth within corporate life. The absolute figure of not profit or sales among these corporations—e.g., the figure for General Motors not profits after taxes in 1965 was \$2.1 billion, and its sales \$21 billion, which was greater than the GNP of all but 9 countries<sup>2</sup>—testifies to the strength and wealth of the largest corporations, not only in inter-corporation comparisons but also in the absolute figures of profit and sales. Corporate profits as a whole dramatically increased from 1960 to 1965 from \$27 billion in 1960 to \$45 billion in 1965.<sup>3</sup>

This rise in corporate profits has far exceeded the rise in earnings or assets of any other group involved in economic production. From 1960 to 1965, corporate profits after taxes rose 66.7%; factory workers weekly take-home pay rose 20.8%.<sup>4</sup> The 1965 figures of earnings by different groups were: 1) industrial workers average hourly wages up 4%; 2) professional workers, up 7.5%; and 3) corporate profits after taxes, up 20%.<sup>5</sup>

However, these figures don't tell the whole story. Published corporate profits do not take into account the various devices that allow for hidden profits. These hidden sources of wealth can be roughly broken down into the following areas. 1) Exorbitant depreciation allowances—this refers to masking reinvested profits as an expense (tax deductible) for depreciated capital goods. 2) Income in kind— this refers to the numerous expenditures that are associated with “business expenses”, in reality the personal luxuries associated with the corporate men of power. 3) Stock options—this refers to the ways corporate executives avoid declaring their income in full. The plan essentially entails the availability of stock to executive below the official price (ca. 85%) and in the form of capital gains which automatically reduces to 25% the amount of taxation, this capital gains rate being well below income tax rates for executives.<sup>6</sup> This description by no means exhausts the areas of hidden profits but demonstrates another source of wealth which leads on to question corporate statistics, which are incomplete if not misleading.

Who are these huge mega-corporations? In general, they fall and overlap into the key areas of the American economy and its resultant social production. Since these corporations control the key aspects of the economy, their role becomes even more crucial, given the reliance of peripheral industries on those corporations (for supply, demand, etc.). Thus, the four largest corporations in each of the following sectors account for: ca.60% of all aircraft; 78% of synthetic fibers; 80% of primary copper; ca 50% of electric appliances, tubes and control apparatus.<sup>7</sup> By 1966, the top 3 automotive corporations controlled 95% of all production.<sup>8</sup>

Within these mega-corporations, a small group of individuals, through concentration of stock ownership, control the decisions affecting and directing the American economy. First, the general concentration of individual wealth is described by the following: The richest 1.6% of the population own nearly 1/3 of the country's material assets. <sup>8</sup> Secondly, in the specifics of stock ownership, ca. 2.1% of common stock share holders owned ca. 58% of common stock.<sup>9</sup>

The individuals controlling these various corporations also have extended interests in other corporations through interlocking directorates. Interlocking directorates fall into the following categories (as defined by the Federal Trade Commission): 1) between competing firms, 2) between

companies in related industries 3) between companies in a single industry facing similar problems, 4) between purchasing company and supplier, 5) between producer and distributor, 6) between corporation and financial institution, 7) between companies with common ownership.<sup>10</sup> The interlocking directorates not only concentrate power in the hands of a few individuals, but they also allow for a coordination of corporate interests—planned corporate capitalism—and facilitate the multidimensional control exercised by the corporations themselves.

### **Multidimensional Control**

Besides interlocking directorates, purchase of one corporation by another creates the groundwork for multi-dimensional control. These purchases involve companies that were, by and large, making profits when they were acquired. During the period of 1960 to 1962, the top 200 corporations acquired ca. 1900 other companies whose total assets amounted to nearly 14 billion.<sup>11</sup> In 1965, there were 1008 major mergers in the 23 fields of manufacturing and mining as compared to 219 mergers in 1950.<sup>12</sup>

Diversification, occurring through corporate purchase, can be found in the following areas: 1) between competing companies (e.g., Pure Oil purchased Continental/Union Oil, 2) between indirectly related industries (Consolidation Coal purchased Continental Oil), 3) through currently unrelated but potentially linked industries (Lipton Tea purchased Good Humor; Xerox purchased Wesleyan U. Press.)<sup>12a</sup>

The existing anti-trust laws do not include diversification through non-competing industries purchases. The extension of a corporate power, especially in light of multi-dimensional control over economic life has not been modified measurably in any respect by governmental action. Those corporations, with their small number of controlling directors and managers, shape the lives of the entire society and of each individual subjected to the interest of corporate power.

### **The Social Order: The Structure of Communications**

The most crucial area of the concentration of power is in the field of communications—"the passing of ideas, information, and attitudes from person to person",<sup>13</sup> (which therefore includes education). Communica-

tions is one key to power in a stable society, since it is a means through which ideology is formed and maintained.

While it has long been known that communications in America have been controlled by a wealthy elite, the moves toward further centralization in the past few months are truly spectacular. Radio Corporation of America recently merged with (bought) Random House, one of the two or three top American publishing companies, including its many subsidiaries such as Knopf, Modern Library, and Bantam. R.C.A. already owned N.B.C. Television Network, which in turn owned six and has contractual relations with some 300 radio stations. R.C.A. has also bought Hertz Rent-A-Car. Chairman of the R.C.A. Board, David Sarnoff, received an honorary degree from Columbia University in 1966, an indication that he is an important contributor to Columbia. Random House has greatly benefited from government subsidies for text books, as have other big publishers. (Revenue for textbooks in the U.S. increased by 250% between 1960 and 1966.<sup>14</sup>) R.C.A. is a prime defense contractor, ranking 24th in the nation for the fiscal year of 1964 with \$233.6 million worth.<sup>15</sup> In 1959, military businesses accounted for 34% of R.C.A.'s direct sales and 45% of company profits.<sup>16</sup>

Similarly, in December 22, 1966, the Federal Communications Commission approved the merger of International Telephone and Telegraph Corporation with the American Broadcasting Company (radio and T.V.). I.T. and T., in the last two years alone, "has moved through acquisitions into car-rentals (Avis, Inc.), mutual funds and life insurance (Hamilton Management Corporation and Great International Life Insurance), small loans (Aetna Finance Company), and book publishing (Howard W. Sams and Company)."<sup>17</sup> I.T. and T. was ranked 28th in defense contracts with \$256.1 million worth in 1964<sup>18</sup> while its other major sources of profits is foreign sales.<sup>19</sup>

Columbia Broadcasting System (radio and T.V.) in 1966 alone, moved into its sources of entertainment through purchasing the New York Yankees and by developing an intimate financial relationship with Warner Bros. Movies. Further, C.B.S. moved into educational toys by buying Creative Playthings and into publishing by buying an influential 11% stock interest in Holt, Rinehart, and Winston. The moves into educational toys and publishing are part of a developing trend: "It is just the beginning,"

said President Frank Stanton, “of an extended program in the new fields of education...”<sup>20</sup> Chairman of C.B.S., William S. Paley, is a trustee of Columbia University. C.B.S. was ranked 154th in defense contracts in 1963 with \$2,244,000 worth.<sup>21</sup>

General Electric (which acquired a textbook company) and Time Inc. (which owns Silver Burdett Textbook Company, and acquired a French publishing house and a New York graphic society) have formed a 50-50 partnership in the General Learning Corporation to develop and exploit new teaching techniques.<sup>22</sup> G.E. was ranked 6th in military contracts in 1964 with a \$892.6 million worth.<sup>23</sup> G.E. makes 40% of its profits from the military, 11% from foreign investments.<sup>24</sup> There are many examples of centralization within the past year. The situation is summed up by a *Forbes* article on communications: “The boundaries between the different forms of mass communications are breaking down.... now; television-set makers publish books, magazine publishers own T.V. stations, and educational research organizations and book publishers own schools.”<sup>25</sup>

This centralization of T.V. - radio - publishing - education - defense industries should not lead us to a false romanticization of more “independent” sources of information and ideas. Almost all large-scale publications are controlled by men of wealth. Newspapers and magazines are dependent on advertisements to survive: In 1958, advertising accounted for more than 70% of all newspaper revenues; more than 60% of all periodical revenues; and, of course, 100% for commercial radio and T.V.<sup>26</sup> General Motors alone spent \$122 million on advertising in 1960.<sup>27</sup> Standard Oil of New Jersey spent \$45 million on advertising in 1959.<sup>28</sup>

Information sources not dependent on large-scale advertising seem to be prone to more direct influence, as evidenced by the Senate Foreign Relations Committee’s 1963 hearings on foreign lobbies. For example, in 1958, International News Service merged with United Press to form U.P.I. The merger included I.N.S.’s Special Services Division which made “The reporting facilities of the world’s largest newsgathering organization” available “on a commercial basis” (from the U.P.I. promotional blurb). Special Services clients included Rafael Leonidas Trujillo, late dictator of the Dominican Republic. (U.P.I. does not feel that the Special Services Bureau interferes with its objectivity.) Small, “independent”, newspapers depend on sources such as the U.S. Press Association, which writes and

sends editorials to 1399 American newspapers (any given editorial might be used by about 10% of those newspapers).

The Associations 300 “clients” includes The Dominican Republic Information Center which handled public relations for Trujillo; and Solvago and Leo, public relations firm for a complex of Portuguese firms involved in Africa. Solvago and Leo arranged for a free, guided tour of Portuguese Angola for 55 members of The National Editorial Association (for small publications). Hamilton Wright Organization, public relations firm for Union of South Africa, and Nationalist China, created its own “independent Asia expert”, Don Friefield, who wrote speeches for congressmen and columns for publications.<sup>29</sup>

The centralization at the top of major sources of communications has deeply penetrated our major educational institutions, as already indicated by R.C.A. chairman Sarnoff’s and C.B.S. chairman Paley’s relations with Columbia University. The key problems for colleges and universities are sources for much-needed funds. While the universities were always dependent on the wealthy, they are becoming increasingly dependent on the government, particularly the Defense Department. Government and private corporations have an identical interest.

Thus, by 1958 student fees and tuition accounted for 27.9% of the financing of higher education, while the federal government provided 24.6%.<sup>30</sup> The figures for Columbia University in 1963/64 are more typical for the large, modern university: Students provide [ca.] 20.5% of revenue; government research contracts and grants over 50%. Further, the government funds was the most rapidly growing sector, and by now is easily more than 50% of Columbia’s budget.<sup>31</sup> Close to half of these government funds came from direct military contracts—\$18,731,000 in 1963. In 1968, MIT received \$70,284,000; John Hopkins, \$65,483,000; California U. \$12,222,000; U. of Michigan \$1,246,000; Stanford U. \$8,775,000; Illinois U., \$7,689,000; Cornell, 1,433,000; George Washington, \$4,715,000; U. of Washington, \$4,647,000; Penn State, \$4,646,000; U. of Penn., \$4,423,000; Chicago U. \$3,765,000; NYU, \$3,732,000; U. of Texas, \$3,671,000; all from the Defense Department. The more than 70 other universities among the top 50 defense contractors include Harvard, Brown, Northwestern, Princeton, Minnesota, Wisconsin, Duke, and Yale.<sup>32</sup>

The universities should not be viewed as passive victims of the need for external sources of funds. The large private universities themselves are important loci of power, frequently owning large amounts of real estate and stocks. To return to our example, Columbia, endowment and investment income is the third largest source of revenue, after the government and tuition. In 1964, Columbia held a total investment of \$199,882,301. The University's investments included \$11,475,621 of common stock in oil (an industry heavily involved in foreign investment and defense contracts) and \$10,359,628 in public utilities.<sup>33</sup> (Those investments have increase greatly since the 1963/64 financial report.) This investment orientation isn't surprising, considering that the Columbia Trustees include directors of Socony Mobil Oil, Shell Oil, Consolidated Edison, Ohio Edison and AT&T. Most of the other trustees are directors of banks, trust companies, and insurance companies that hold interest in the areas where Columbia invests.<sup>34</sup>

The Trustees, of course, rarely interfere with the content of what is taught (which usually remains within certain "respectable limits). Instead, they deal primarily with broad institutional policies, such as whether the University will conduct secret research, train personnel for the military, provide facilities for recruitment by the CIA, etc. The content of education and research is affected more through the more subtle means of government and private foundation research grants.

Research grants do not include explicitly political criteria, but the notion of what types of projects are acceptable provides a more general orientation to the development of social science. The following is take from Harold Orland's survey of professors receiving research grants:

"The preference of government agencies for "safe" and "project-able" rather than venturesome research, and for experimental rather than theoretical work was noted by many observers...

Some psychologists objected to...the choice of "clean" experimental design over new ideas and procedures. Economists objected to agency loaning to econometrics and quantitative work.

Thus sociologists complained about the restriction of government programs to quantitative, statistical, and computer analyses to the exclusion of qualitative and descriptive approaches; political scientists, about the shying away of political implications, which lie at the heart of the field.



Anthropologists criticize the initial concentration of NSF upon archaeology and physical anthropology, the politically “safe” areas, to the exclusion of social anthropology...<sup>35</sup>

The conference of the Anthropological Association, held in Pittsburgh in the winter of 1966, expressed detailed criticism of the CIA’s interference with anthropological studies.

In short, the government is willing to support research to work out certain problems within general social and political assumptions: money does not flow to social scientists who do work that might challenge those assumptions. The private foundation grants generally serve the same purpose, although a study of specific foundation programs is beyond the scope of this paper. One important example is the role of the Carnegie and Rockefeller Foundations in establishing Russian Institutes at Harvard and Columbia and similar Far East Institutes.<sup>36</sup> The Rockefeller Foundation alone has founded over \$160 million for the humanities and the social sciences. The total assets of such foundations are ca. \$12 billion.<sup>36</sup>

The point is that for professors to succeed they must produce, and research costs money. Except for those consciously opposed to such a tendency, professors will tend to orient their work toward the types of projects that receive financial aid. By 1958, organized research accounted for 50% of the expenditure for resident instruction.<sup>37</sup> For the social sciences, Orland’s survey indicated that for the year 1960/1, 38% of teachers and professors in the universities studied had some part of their research, teaching, study, or consulting financed by the federal government. (Only 18% of the faculty at liberal arts colleges participated.<sup>38</sup> The private research foundations reach many that the government doesn’t reach. The new Senate bill for a National Foundation of Social Science will only serve to heighten the government’s influence.<sup>39</sup> Pervasive influence of such government and private grants, in view of the complaints recorded earlier, has much to do with the hyper-empiricism and the “value-free” stance fashionable in contemporary American social science—an approach that avoids any basic challenge to the status quo.

The socialization process does not begin with university life and the corruption of the social science, but starts at the lowest levels of education. The socialization process carried on in primary and secondary schools

leads to an acceptance of the “legitimate” institutions of authority and to a paralysis of critical thought and activity.<sup>40</sup>

The pattern described so far – the centralization and interlock of TV – radio – advertising – publishing – educational materials – universities – research grants – defense contracts — provides no shocking expose. Education and communication cost money and therefore will be controlled by the sources of wealth in the society. Increased technology leads to an interlock in these fields. This structure does not imply a conspiracy is the major force. Advertisement, culture, and news, all tend to be blurred together; mass sell avoids the controversial and the insightful; education is primarily socialization; social science becomes hyper-empiricism. There is no conspiracy buy rather a dominant notion of “responsible” news, “popular” culture, and “worthwhile” scholarship develops out of this confluence of interests.

These ostensibly objective measures really mask the framework for imposing and maintaining the dominant ideology. The ruling class in America can afford its showpiece of free elections every four years, since this class controls the terms and assumptions under which social questions are perceived and discussed.

### **Mass Society and the Alienation of Labor**

*“The ideology implied by the model of affluent consumption is not so much a life of ease, as the life of the monad immured in his isolated, self-sufficient universe; In a home fitted out with all modern conveniences (i.e., in a closed universe independent of exterior services), in which he can watch the world as a show on television, from which he emerges to take the wheel of his private car and drives off to enjoy the sights of a countryside “unspoiled by man”....The denial of the social origin and nature of human needs and of the necessarily social character of their satisfaction; the assertion of the possibility of a purely individual liberation by the acquisition of the means of escape (the social character of whose production is painstakingly concealed): these are the basic mystifications of the affluent society.*

*“In this implicit rejection of individual responsibility for society, which casts the social out into the realm of “accidental”, lies the root cause of massification—that powerless, anarchical solitude of separated individuals, suffering their social existence as a statistical, external reality, and manipulated in their individual behavior-pattern by the technicians of “hidden persuasion”.”<sup>41</sup>*

—Andre Gorz, *Strategy for Labor*,

In the last ten to fifteen years there has been a growth in the body of literature concerning mass societies.<sup>42</sup> These theories range from interpretations concerning the increased powers of social manipulation caused by technology to the role of technology itself. Most formulations involve questions of mass communications and leisure time activity, but a few relate the experience of work to the dehumanization of play. The more adequate of these theories relate to the processes of mass society to the capitalist framework of production.

### **Capitalism penetrates every sphere of life**

Capitalism subjects society to the service of private accumulation in the form of individual consumption and taste. It extends itself into every sphere of public and private life: work, leisure, the home, school, news, and even human relationships. Capitalism defines and creates the type of personality that can accept and perform the activities most beneficial to the system, i.e., in his capacity of the passive consumer.

The other side of Marx’s dictum of 19th century capitalist society—accumulate! accumulate! accumulate!—now holds true: consume! consume! consume! The passive consumer is none other than the “mass individual”, manipulated, brutalized, and addicted to the needs of capitalism: production for the production’s sake, and the manipulation of society into a state of compulsive consumption, all grown out of the needs of profit and accumulation.

Another aspect of the mass individual, as Marcuse has brilliantly analyzed, is the debilitation of all forms of critical thought. Whether in the world of intellectuals and scholarship, or in our general activity generated by leisure time consumption, capitalism only allows for an examination and acceptance of the assumptions of the system, rather than its potential for change and liberation.

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To summarize Marcuse: Among the intelligentsia, the social sciences develop positive methodologies that avoid questions of history and the dynamics of change. Society, this society is, therefore, it will always be. Philosophy is reduced to the logico-grammatical analyses of sentences and words: philosophy that questions meaning and purpose in human and social existence and search, in a critique of the present, for the liberating potential of the future, is reserved for the metaphysical trash bin of history. Commitment is unscientific and everything in the modern world must be scientific.<sup>42</sup>

The same applies to our leisure time entertainment. There is a bland acceptance of everything that is; we are fulfilled in a way that is totally repressive, whether socially or sexually. Excitement is a Ford Mustang; passion is a cool hair groomer; love of nature is a Marlboro filter-tip; history is a Saturday Evening Post article about Everett Dirksen and Joe Namath; politics is the art of Lyndon Johnson; and societal identification is a \$1.00 picture of John and Jackie or maybe a color television set. And society is always there.

### **Manufacturing the ‘Need to Escape’**

Social manipulation, tied to the needs of consumption, essentially develops the need to escape and, as Andre Gorz points out, hides the social character of the production of those needs. The need to escape in leisure time, as most critics of mass society work to point out, is the escape from the pressure of industrial organization and work in general.

This escape is a distraction from the very nature of the need itself; alienated labor, and as generalized in the capitalist society, alienated existence. To escape into the consumption of leisure time, i.e., to distract from alienated labor, does not let men question the basis of the system itself, the capitalist control of the means of production and thereby of the quality of one’s life. “Capitalism civilizes consumption and leisure to avoid having to civilize social relations, productive and work relationships. Alienating men in their work, it is better equipped to alienate them as consumers; and conversely, it alienates them as consumers the better to alienate them at work.”<sup>44</sup>

Consumption, as an alienated mode of existence, is the dialectical converse of alienated labor: Together they form the basis for what is

called “mass society”, which in America is none other than the system of organized corporate capitalism which this document is attempting to describe.

## **The Politics of American Capitalism**

*Ask not what your country can do for you, but what you can do for your country.*

– JFK

### **The Two Political Tactics of Capitalism**

Politics in American society involves the creation of an American public: at the same time, it involves the impotence of such a public; and its disenfranchisement. The formally elected centers of power, the President, Congress, and state officials are the backbone of a political system of representation which wishes to call itself democratic. An abstracted American public casts votes at various periodic intervals on the range of policies and decisions which are impossible to reduce to one set of attitudes, primarily embodied in specific individuals.

With the introduction of all-encompassing media techniques sophisticated and rationalized by technological growth, the imposition of party labels which have become symbolic of only the vaguest kinds of ideological values and attitudes, and the growth of a Cold War emphasis on political program which has even further circumscribed the range of ideological division, this American public has become completely removed from feeling even the smallest direct share on the government of its affairs. Politics in American seems far removed from the presentation of coherent political program. Elections are increasingly tied to campaign costs, effective advertising techniques—to the extent that advertising concerns are becoming the *sin qua non* of political electioneering—and, in general, the professionalization of politics in its every aspect. This political mode of democracy is lauded as the most notable and impressive distinction between the American form of government and those of the socialists of the Third World. (Democracy vs. Communism.)

The content and nature of American politics, however, has not developed and will not develop into a static pattern. Beginning with the depression years of the ‘30’s, new forms and images of political programs have

been adopted to meet the requirements of the situation. The inception of the Cold War produced equally programmatic innovations, especially in the area of foreign affairs. The underlying formal aspects of the political process have also changed. The professionalization of politics, for example, has produced new formal features relating to the electoral experience; e.g., how to campaign, where, why, etc. Therefore, analysis of American politics requires more than a static model; even more important, it requires structural analysis that goes to the root of both the form and content of politics itself.

Since the end of World War II, American political life has been dominated (with the exception of the Henry Wallace candidacy and disaster) by two political conceptions of strategies: liberalism and conservatism. The differences in patterns that separate the two are limited and can be defined largely as the specific responses to one or another situation. One strategy (liberalism) has been on the rise; the other has had to change its style and composition to adjust to the socio-economic realities of corporate capitalism. Together, Liberalism and conservatism form the whole of American political strategy and choice; together, they also describe a large area of consensus.

Consensus, for the most part, comes out of the accepted range of ideological beliefs and values. The private (corporate) control over the means of production, the narrow base of decision-making power, and the priorities involved in the allocation of resources are all assumed and accepted in the political (parliamentary) context. In the national Congress, especially since 1948, maximum consensus has been reached in the area of anti-communism, both domestically and externally. The 1954 Communist Control Act, the most extensive piece of domestic anti-communist legislation, was written and introduced by liberal senators such as Morse and Humphrey. Anti-communism as a foreign politic is equally a product of consensus. Recent differences over the Vietnam War can not be traced solely to differences over liberal or conservative positions, but to a reaction to the obvious irrationalities of the war itself. Criticism of the War in Congress relates to the inadequacy of our military program. We are not winning the war; therefore, one position calls for escalation; the other for a stop to the bombings. The roots of an anti-communist foreign policy are still beyond critique.

Related to anti-communism is the consensus concerning the level of defense spending. General demands for increased expenditure rarely receive more than a token amount of negative votes.<sup>45</sup> Since 1950 there has been a dramatic increase in those expenditures, to the extent that it has become the priority item in the allocation of resources and the primary pump for the national economy.<sup>46</sup>

Along with defense spending, there has been a qualitative increase in space expenditure over the past few years. As with national defense, the assumptions and purposes of such programs are never questioned. What is sometimes at stake is the importance (money) given one space program over another in order to adjust to the immediate needs of publicity.

Finally, the last and most inclusive area of consensus is that of the capitalist or non-socialist character of the American ideology. American politicians must always pay due respect to beliefs and values concerning a free and open market. While division exists between liberal and conservatives over the role and size of the public sector, the real democratization (participation and control) and extension of the public sector and the socializing of private means of production are concepts outside the range of this view. However, the question of the public sector is probably the root cause for increasing division between liberal and conservative strategies.

### **Routes of Neocapitalism**

The United States has only recently begun to set out on the rationalizing and integrating routes toward neo-capitalism—a capitalism of a mixed economy, welfare state nature that has found its fullest expression in Western Europe. Western Europe has achieved, this form of capitalism primarily because of the presence of a strong left-wing labor movement, the shattering experience of World War II, and the rise of a technically competent elite. Given the absence of these three factors in the United States, plus the emergence of the anti-communist ideology, the development of a rational system of capitalism is far from realization. US neo-capitalism can occur only after a protracted and prolonged ideological within the confines of capitalism itself.

In foreign policy the beginnings of this struggle primarily concern disarmament-arms control mechanisms and accommodation with the Soviet Union. The Sino-Soviet split has given this trend and added boost. What

still works against this process is the ideological resistance of anti-communism that has taken root in every section of the population. An amazing and striking paradox of this struggle was found in the agreement of the Rockefellers and Cyrus Easton concerning extended trade with the Soviet Union. Objections to this kind of trade have been raised by trade unions. Thus, an ideology created by business interests and imposed on the entire population, remains strong even when its creators no longer consider it economically useful in its entirety.

In domestic policy debate centers around social legislation (social welfare services and the extension of the public sector.) The cornerstone of a rationalized capitalist system is the amount of money allocated for education purposes. Until the 88th Congress even educational allocations were bitterly contested. As Richard Titmuss has pointed out, while education is “today the most revolutionary and explosive force in developed and developing countries (it still benefits) proportionately more children from better off homes... (and allows) the system (to be) redistributive in favor of the rich.”<sup>47</sup> However, Titmuss also points out that education is increasingly useful in fulfilling the needs of the technical and professional positions called for by an advanced industrial society. This need has been recognized by certain corporate and governmental powers,<sup>48</sup> (legislators always seem to lag behind these centers of power), and seems to be an irreversible trend. The fact that it still occupies a place in the area of dispute testifies to the strength of the ideological residue and the protracted political struggle that still has to occur. The dispute takes place within a consensus—universal federal control over integration and regulation of the educational system. The conservative position, states’ rights, wants no (with the exception of anti-communist) strings attached to federal money; the liberal position wants federal strands of control, e.g., integration in the Southern schools.

The other areas of social legislation (welfare, full employment, greater equalization of income, etc.) are more central to the liberal-conservative dispute. However, the nature of the present debate is over the size of appropriations not over their necessity, another indication of the prevalent trend. The Johnson administration has greatly furthered this process; though, interestingly, enough, it has demonstrated the utter inadequacy of the programs as they are presently constituted, resulting in the kind



of criticism, even left criticism, that did not appear during the Kennedy administration. Part of the growth of a new student left and a civil rights movement can be attributed to the inconsistency and gap between rhetoric and reality. However, the dispute continues and provides the only area for commitment and passion, albeit rhetorical, within the wall of Congress.

The nature of the liberal-conservative division also demonstrates that Congress, and the electoral process itself, represents only a secondary source of power. This thesis, first developed by such thinkers as C. Wright Mills and Walter Lippman,<sup>49</sup> states that the complex and technical nature of decision-making have placed the primary sources of power in the administrative groups of the public sector and of the huge corporations, with an increasing integrations of the two. Congressional differences are still important; especially those concerning social legislation, for the outcome will create the conditions for the functioning of a rationalized capitalist system, i.e., social stability and equilibrium. This struggle is far from resolved and is the public, as opposed to the private, side of decision-making and trends in American capitalism. The concept of corporate liberalism, a pronounced attitude in domestic and foreign policies, is more related to the hidden side of decisions. It is something that can be traced outside the context of parliamentary debate, and it influences decisions outside the scope of electoral choice.

The concept, however, should not be equated with the liberal political strategy represented in Congress: For the practice of American capitalism, at least in its public face, is essentially one of consensus and dispute; consensus in the area of confrontation, and dispute that develops within the limitations of the capitalist system. The concept of corporate liberalism points to the underlying political framework of American capitalism: As such, it needs separate analysis.

### **Corporate Liberalism**

Corporate liberalism implies that the dominant economic institution is the corporation and that the prevailing political and social mode is liberalism. This formulation does not deny that other trends exist within American society, but states only that these are the dominate trends.

To better situate corporate liberalism, we must examine its historical genesis. The New Deal was the era in which the trends toward corpo-

rate liberalism became dominant; indeed, it was the shit of the New Deal that brought to bloom the corporate liberal weed from its capitalist dungheap.

The political conception that developed out of the corporate structure in the New Deal was liberal in nature. A.A. Berle Jr., one of FDR's original braintrusts, stated in 1932: "It is conceivable—indeed it is almost inevitable if the corporate system is to survive—the 'control' of the great corporations should develop into a purely neutral technocracy, balancing a variety of claims by various groups within the community and assigning to each a portion of the income stream on the basis of public policy rather than private cupidity."<sup>50</sup>

This pluralist (corporate liberal) conception of American society was far from reality; the "corporate system" that Berle referred to had a definite and far from democratic power structure. For example, the Temporary National Economic Committee found that in 1939 the top 200 corporations, which controlled about 50% of the wealth of all corporations, were run by about 2,500 people.<sup>51</sup> As we saw earlier, this trend has not been reversed. The social policies of the New Deal must be seen in light of this structure. The public reforms of the New Deal did not solve the problems of the depression.

For example, unemployment figures during the New Deal were 24.9% in 1933, 14.3% in 1937, and 19% in 1938. The figure was only dramatically reduced to below 5% in 1942.<sup>51a</sup> At the same time, capacity utilization rose dramatically only with preparations for World War II. Thus, it was World War II, with its 11 million men in the armed forces and its non-consumption production, which pulled the country out of unemployment and under-utilization.<sup>51a</sup>

The War and the specific restrictions it placed on consumers were the immediate causes of the post-war boom. Because of restrictions during the war in buying, debts were paid off and vast amounts of savings were accumulated. However, many of the problems present in the pre-war period reappeared by 1950. For example, using capacity utilization of the year 1950 as 100, by 1953 the figure was 83%.<sup>51b</sup> Besides that, military spending became a permanent feature of the Cold War economy.

The legal aspects of the corporate society involved situations where "the citizen was almost wholly dependent upon the definition of pub-

lic welfare that emerged inside the national government as a consensus among the leaders of the various functional syndicalist elements of the political economy.”<sup>51c</sup>

The lack of control within a consensus as defined by this legal aspect of American society is generally applicable within a class society. The lack of control describes the central feature of the gap between rhetoric and reality in corporate liberalism.

For example, public welfare programs, a crucial component of this rhetoric, are totally inadequate in reality. Gabriel Kolko found that in 1958, families having incomes of \$0-\$4000, paid more in taxes than they received in welfare benefits.<sup>52</sup> The current War on Poverty programs is another example. The first question concerning this program is whether the administration’s approach is directed toward eliminating the long existing poverty in our society or toward staving off the newly developing revolutionary potential in our ghettos.

This difference is not a mere quibble, for, while a war on revolutionary potential might involve certain short-run measures to ameliorate poverty, its long-range effect would be to essentially preserve the current social and economic structure. This divergence between avowed and actual purpose explains why the current “poverty” program is lacking in conception as well as in funds.

A program really geared toward eliminating poverty would place primary emphasis on eliminating unemployment. To briefly and schematically sketch an example, the government could invite the people of a ghetto, such as Harlem, to form community councils which would be provided with city planning and architectural consultants. The government would then provide a \$2.50/hr wage for all unemployed Harlem males for clean-up and construction jobs decided upon by the community, and which might include such projects as large educational parks, strategically located to promote integration.

Direct employment would provide the most basic way of striking at the “problems of the Negro family” which in turn would eliminate a major source of educational handicap. Community control would eliminate the large costs of maintaining the bureaucracy necessary to ensure government control (to make sure that agencies like the old Mobilization For Youth don’t go too far in promoting the interests of the poor). Community

control might also mean that many old buildings would be renovated rather than destroyed and replaced with characterless projects; current prohibitions against families with “illegitimate” children might be removed, etc. Finally, people working in their own community are more likely to take care of it and have self-respect.

In contrast, a program to stifle revolutionary potential and serve the interests of the current employers class would do the following: 1) Separate indigenous leaders from the community by neutralizing them with relatively high paying government jobs or by assimilating potential leaders into major white institutions (e.g., the universities), 2) Blunt racial consciousness by seeing that a few visible Negroes received status jobs, 3) Prevent unemployment from reaching revolutionary proportions but still provide a pool of unemployed as a buffer against wage pressure and inflation. 3) Retrain a certain amount of unskilled workers to offset the wage pressure caused by the shortage of skilled workers and technicians.

Thus, the “war on poverty” has provided community service jobs for the more articulate community people and education programs geared toward getting the brightest children of the poor into college. (Both projects are helpful to certain individuals but do not strike at the structural roots of poverty.) While some job training has occurred, President Johnson was quick to apply economic “brakes” last spring when the war in Vietnam threatened to plunge the unemployment rate below 3.5% (not counting hidden unemployment).

These tendencies in the poverty programs as guided by the currently dominant consensus should make us particularly wary of the gap between the rhetoric and reality of corporate liberalism, a gap that takes its most extreme form in the area of foreign policy.

## **Imperialism**

### **The Structure of U.S. Imperialism**

The ideology of American foreign policy is extreme anti-communism. This ideology did not develop in a vacuum, but rather relates to a definite structure of interests within the American corporate system. Those interests demand the maintenance of a definite division of labor between the United States and the Third World, a division of labor crucial to maintain-

ing key U.S. interests. A country that has gone or goes communist breaks out of that worldwide market system and division of labor dominated by the United States and, in so doing, provides the same impetus to countries in similar situations who can now see world capitalism as a possibly transient system.

The significance of this structure of interests can't be understood simply in terms of gross figures on foreign trade and investments, since even small percentages can be crucial. To cite the Rockefeller Panel Reports, "Between 9 and 10 per cent of all the durable goods produced in the United States is sold abroad. Significantly enough, these sales provide the margin between profit and loss for a large segment of American industries."<sup>53</sup>

The importance of foreign trade can not be accurately measured by simply computing it as a percentage of GP. As Harry Magdoff points out in his excellent article "Economic Aspects of U.S. Imperialism" (*Monthly Review*, November, 1966), GNP includes government expenditure, personal and professional services and activities of banks, real estate firms, and stockbrokers—i.e., non-productive expenditure and simple transfer payments. The Department of Commerce measures the economic significance of exports in relation to total domestic production of movable goods—i.e., the sale of agricultural products, mining products, manufactures, and freight costs. This figure for 1964 was \$280 billion.

The magnitude of foreign markets, however, should not be measured simply in terms of our \$25 billion in export sales. Our foreign sales include output resulting from U.S. investments abroad (direct and indirect). Those sales amounted to \$143 billion in 1954. This output added to the \$25 billion in exports is \$168 billion; subtracting for double counting (e.g., some of our exports are included in foreign output as parts), we get a total foreign market of ca. \$110 billion, or about 40% of the domestic \$230 billion output of farms, factories and mines.<sup>54</sup>

The most important aspect of our foreign trade is an outlet for our manufactures. Total export and sales by foreign-based US firms has grown from \$15.8 billion in 1950 to \$57.9 billion in 1964, or from around 10.6% to 35% of the sale of domestic manufactures.<sup>55</sup> Further, in the past ten years domestic sales increased 50%; foreign, 110%. Another important indicator of the importance of foreign-based manufacturing firms is the expenditure on plant and equipment: 8.1% of such domestic expenditures

in 1957; 17.3% in 1965.<sup>56</sup>

Thus, foreign trade must be seen in terms of our foreign investments, which provide much greater market outlets. Further, the profits on these investments are higher than domestic rates. In 1950, earnings on foreign investment represented ca. 10% of all after-tax profits of domestic non-financial corporations; by 1964, 22%. This figure does not include allowances for well-known methods of masking foreign profits by subsidiaries selling to the home firms below market value, service payments to the home firms,<sup>57</sup> high freight costs to related shipping, etc.

It would seem, then, that a more accurate estimate of the importance of foreign markets and investments indicates that foreign sales equal between 25% and 40%<sup>58</sup> of total domestic sale of moveable goods; and foreign-earned profits equal at least 22% of domestic non-financial corporate profits. Further, in both sales and profits, the foreign sector is growing much more rapidly than the domestic.

These statistics in themselves do not indicate the nature of U.S. imperialism, since the majority of investment and trade is carried on with Europe and other developed nations. Once again, over-all investment figures are misleading since profit rates are much greater in the underdeveloped world. Thus, between 1950 and 1965 U.S. direct investments in Europe and Canada amounted to 110.9 billion, while investments in the rest of the (underdeveloped) world were \$9 billion. Nevertheless, income on this capital transferred to the U.S. was \$11.4 billion from Europe and Canada; but \$25.6 billion from the rest of the world. Thus in the underdeveloped regions almost three times as much money was taken out as put in. In addition the value of U.S.-owned direct investment within these areas increased greatly during this period—from 8.5 to \$10.3 billion in Latin America; from \$1.3 to \$4.7 billion in Asia and Africa.<sup>59</sup>

Similarly, the U.S. maintains a very favorable balance of trade with the underdeveloped world. In 1965 our exports to these areas were ca. \$11.0 billion while imports from these areas were only ca. \$9.7 billion—a favorable balance for the U.S. of \$1.3 billion.<sup>60</sup> More important than the volume is the content of our trade with the underdeveloped nations—i.e., our import of raw materials. While modern technology provides synthetics to replace certain raw materials, our overall industrial development seems to be requiring greater and greater amounts of raw materials.

Thus, the President's Material Policy Commission reported the following in 1952 [*Resources for Freedom*, Washington, D.C.]: at the turn of the century the U.S. produced ca. 15% more raw materials (other than food and gold) than domestically consumed; by 1950 the U.S. consumed 10% more than it produced, and trends indicate that the deficit will be 20% by 1975.<sup>61</sup> Similarly, a U.S. Defense Department pamphlet published in 1953, "Raw Material Imports: Areas of Growing Dependency", indicates that the military consumes about 15% of these imports, including a much greater percentage of alloying metals. The report cites "27 strategic imports...without which our industrial economy would collapse"; one example is manganese, an alloy essential as a hardening agent for steel, of which we import most of what we use.<sup>62</sup> The Statistical Abstract of 1966 provides a partial list of important materials, giving imports as a percentage of new supply for 1963; gum and bark, 100%, iron ore and concentrates, 32%; lead and zinc ore, 23%; bauxite, 87%; manganese ore and concentrates, 94%; uranium ores, 61%; fluorspar, 66%. We also imported \$56 million worth of industrial diamonds (no percentage given), \$1,212 million in petroleum<sup>63</sup> For the first quarter of 1965, we imported about 14% of our petroleum needs.<sup>64</sup> and our needs for gas and oil will probably be increased by 50% in the next ten years despite a growth in nuclear power.<sup>65</sup>

Linked with our need for raw materials is the need for our out-production economy to export manufactured goods. Thus, overall figures given earlier on the foreign market as a percentage of the domestic market and our favorable balance of trade with the underdeveloped world give some indication of the order of magnitude. It should also be noted that as our productive capacity goes up and our need to export increases, the underdeveloped world profits the greatest potential market, providing its consumption rate increases faster than its industrial productivity.

Given low personal income levels, the governments of underdeveloped countries become important consumers of U.S. manufactures. Thus, in November 1963, President Kennedy defended our foreign aid programs by pointing out that 90% of the "aid" was tied to the export of U.S. products. At the same time, to take one of our most liberal programs, the Alliance for Progress, aid was made in the form of loans. U.S. aid means that client governments buy U.S. products and then pay us back with interest.

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Furthermore, most of this aid goes for the purchase of military equipment. Of the \$50 billion spent on aid from the end of the Marshall Plan up to 1960, \$30 billion went for military expenditures.<sup>67</sup>

The export of military equipment is another form of export of manufactured goods. They provide another critical means of generating demands and profits in an “under-consumption” economy.

Once again, the importance to the economy surpasses the gross expenditures by the Defense Department (\$68 billion), since government military expenditures serve as a stimulus to the economy. For example, not only did the \$55 billion spent on defense in 1962 employ, directly and indirectly, 7.4 million people, but also another 6 to 9 million were employed due to the economic stimulus of this spending—a total of 13 to 16 million out of a labor force of 78 million (6.4 million of which are either unemployed or underemployed).<sup>68</sup>

Military spending combined with exports provides a crucial stimulus to the output of non-residential investment goods, a key factor to the health of the economy. Magdoff lists the industries producing non-residential investment goods, and shows that in 1958 federal government purchases (almost all military) and exports accounted for 20-50% of the purchases in all industries but three (two greater than 50%; one less than 20%). Needless to say, a 20-50% demand can be key to the survival of such industries, and these percentages have undoubtedly increased with the Vietnam War.<sup>69</sup> Another measure of the importance of this interrelationship is the profit sources of the largest twenty-five corporations (by sales, in 1959): foreign investments 28.% and military 11.5% (total 40.4%).<sup>70</sup>

In summary, the structure of U.S. imperialism is a complex of relationships more important than any single statistic indicates. It involves a favorable balance of trade (total \$6 billion surplus)<sup>71</sup> which secures us much needed raw materials while providing an important outlet for our manufactures (35% of domestic output).

At the same time, this arrangement provides for investment outlets more profitable than domestic investments (providing 22% of domestic profits) and simultaneously helps secure market outlets. Finally, the “free world” economic penetration requires protection, which involves a large demand for military production (and profit on a cost-plus basis), also stimulating the need for raw materials. This defense also provides the excuse



for selling our military (waste) production to client governments (with 90% of our foreign aid tied to exports).

### **The Conflict of Interests**

This structure of U.S. corporate interest conflicts with the needs of the Third World in many ways. One point is the need of these countries to generate capital through foreign exchange, while the U.S. corporations, who have the power to control market prices, want raw materials at favorable price levels. Thus Kwame Nkrumah points out that between 1955 and 1965 Ghana and Nigeria tripled their production of cocoa; yet their gross earnings fell by 6%.<sup>72</sup> At the third annual meeting of the Inter-American Bank, the Finance Minister of Colombia stated that his country lost 2 to 3 times as much foreign income from drops in coffee prices as it gained through Alliance for Progress credits;<sup>73</sup> and so on. UN studies have shown that, while the underdeveloped countries enjoyed a \$1.8 billion trade surplus in 1950, price changes transformed this position into a \$2.3 billion deficit by 1962. Notably, the trade between the underdeveloped and socialist countries is about equal; the deficit all comes from trade with capitalist countries.

We must, however, avoid the simple conclusion that price increases will solve the capital-generating problems of these countries. A large percentage of the sources of raw materials are foreign-owned. In Latin America, U.S. interests own 85% of the companies producing the materials exported to the U.S.<sup>74</sup> A large part of the increased revenues gained through price rises would leave those countries in the form of capital outflow in high foreign profits.

Outflow of capital is, of course, another major problem of the underdeveloped countries, as already indicated by the figures showing that U.S. investors take much more out of these countries than they put in. Further, this capital functions according to the needs of the U.S. corporations, rather than according to the needs for balance and integration in the economies of the client nations. Any move to assure that total profit generated is reinvested into the developing economy through nationalization is, as we have seen on many occasions (from Cuba to Ceylon), violently opposed by the U.S.; e.g., section 620 (o) of the Foreign Assistance Act of 1962 instructs the President to cut off all foreign aid to any country nationalizing

or excessively taxing U.S.-owned corporations, unless compensation is “equitable and speedy,” a condition impossible for a country low on cash, that has already paid many times over through excessive profits.

Prohibitions on nationalization also interfere with meaningful land reform in countries where U.S. corporations have large land-holdings, and even our liberal Alliance for Progress puts effective limits on land reform.<sup>75</sup> Nationalization might also mean that U.S. corporations would have to pay higher prices for their raw materials, or—worse—that a nationalist government would redirect these resources toward developing their own industries, which would provide substitutes for import of U.S. manufactures.

The problem of markets for U.S. manufactures is perhaps the most important and subtle aspect of this complex. While it is true that this interest is in conflict with rapid industrialization in the undeveloped world, U.S. capital is not inextricably opposed to manufacture in these areas. First of all, growth in sales requires some rise in the standard of living in these areas (although inequitable distribution of wealth is most advantageous since the very wealthy will be the most interested in U.S. imports). A good deal of U.S. foreign aid goes to the commercial sector in order both to increase this type of consumption and to help to expedite exports to the U.S. U.S. capital, however, will continue; such investment will be used for controlling local markets.<sup>76</sup> But, it is important to realize that this investment is controlled in terms of the market needs of U.S. capital. This control prevents integration, public benefit and the type of industrialization essential to the underdeveloped nations.

### **Military pending is critical**

Finally, military expenditures provide the binding power of the entire complex. Not only does our military aid serve as a means of export of U.S. manufactures, as we saw earlier, but also it inhibits the industrialization of the Third World. Thus, for example, the underdeveloped countries received \$4 billion in capital for economic development from the industrialized countries of the world, but spent collectively \$18 billion on military items. Professor Leontief of Harvard has estimated that an over-all investment increase of \$16 billion per year could raise the growth rates of the Third World from the current 2.1% (about the same as population growth) to the 4.3% growth rate of the industrialized countries.<sup>77</sup> Latin American

governments alone spend \$2 billion per year—double what our Alliance for Progress lends them—on the military.<sup>78</sup> Pakistan, the Philippines, Greece, South Vietnam, to give a few examples, all spend over 5% of national income, about the same percentage that they spend on national productive investment.<sup>79</sup>

The money that both the U.S. and client governments spend of the military also provides for the emergence of a strong military elite, favorable to the U.S., within these countries. This internal elite is designed to be instrumental to maintaining U.S. interests without direct intervention.

In summary, while U.S. foreign investment might bring slow development in certain sectors of the Third World's economy, a fundamental conflict of interests exists, the interest of U.S. capital in:

- 1) a favorable balance of trade,
- 2) the use of cheap raw materials,
- 3) profitable capital investment (therefore capital drain) and
- 4) markets for manufactures, including military

As opposed to the life and death needs of the people of the Third World in:

- 1) a favorable balance of trade to build up foreign exchange surpluses,
- 2) full capital investment,
- 3) planned integration of economies involving the use of some of their own resources to develop their own industries, and
- 4) breaking the social power of reactionary classes and elites.

This conflict of interest has expressed itself in U.S. foreign policy in many different forms on countless occasions from CIA-led coups (Iran, 1953; Guatemala, 1954) to “exiles” returning (Cuba, 1961) to outright U.S. invasion (Vietnam, Dominican Republic). This conflict is expressed through close CIA contact with reactionary elements (Indonesia) or simply through working knowledge of right-wing elements throughout the Third World that certain policies will be rewarded with U.S. aid (a significant

factor in the eleven coups in Africa in the past 3 years.) Imperialism does not always take the form of overt military action, but frequently assumes more subtle and potentially more rational weapons.

### **A Case Study: Chile**

The central features of U.S.–Chilean relations can be perceived in Chile’s economic structure and development. The Chilean economy is structured around copper production (e.g., copper provides 2/3 of Chile’s exports.) Until the recently elected Frei regime came to power, 90% of Chilean copper was owned by two American companies: Kennecott Copper, through its subsidiary Brandon Copper, and Anaconda, through its subsidiaries of Chile Exploration Co. and Andes Copper Mining. As of 1959, the net capital investment of these companies had been \$539 million.<sup>81</sup> The amount of declared profits shipped back to the United States was \$1,464 million.<sup>80</sup>

The current Frei government has been recently held as a third way, by such sources as the New York Times. The heart of Frei’s new programs of “Chileanization” (as opposed to nationalization) has been the attempt to ostensibly change the hegemony of U.S. copper interests in Chile. Interestingly enough, the American copper companies financed a large part of Frei’s campaign in 1964.<sup>81</sup>

The basis of the Chileanization program involves: 1) The Chilean government receives a share of ownership and management in certain mines for which it provides the funds to expand production. 2) Concerning the Anaconda mines, Anaconda retains complete control over both mines, including the largest copper mine in Chile, which accounts for 46% of Chile’s production. Anaconda will own 75% and the Chilean government 25% of the next mines to be built. All subsequent mines will be 49% government owned. 3) The government will hold a 51% share of the El Tente mine of the Kennecott Co. In return the government must pay \$80 million in compensation. 4) New mines of the Cerre Co. will be 85% owned by the government. None of the money needed to pay for the share in El Tente will come from a loan from the U.S. Export-Import Bank and the Agency for International Development. In order to pay back the loan, Chilean copper production must rise from the present level of 617,000 metric tons to 1.2 million by 1970. Another part of the arrangement was the reduction of U.S. taxes and export duties.<sup>82</sup>

The economic section of the *Times* revealed the real meaning of this program: There has been a severe shortage of copper, and the American companies have been forced to resort to expensive open pit mining in Arizona and Montana. Since Chile has not nationalized the mines, and instead instituted the present arrangement, the American companies have managed to shift their burden of finding new copper sources onto the Chilean government, which may or may not profit. To quote *U.S. News and World Report*, “There is broad agreement that the moves will benefit U.S. firms.”<sup>83</sup>

This situation must be viewed in contrast to the potentials of nationalization. Since 1928, Chile lost \$3 billion in profits to the U.S. Even if Chile had paid the companies their full value for nationalization, it still would have retained \$1.5 billion, which is more than Chile’s trade deficit accumulation.

The use of these funds could have made Chile nationally solvent. If the \$1.5 billion had been left in Chile, it would have accumulated to \$3 billion. This amount of money could give each of Chile’s poverty-stricken and ill-housed citizens a \$3000 house and \$1000 worth of food.<sup>84</sup>

In fact, the rhetorical nature of Frei’s programs can be seen in light of Chile’s grave social and economic problems—inflation (the cost of living rose by 25.9% in 1965 and 21% in 1966<sup>85</sup> despite Frei’s new politics), poverty (per capita income of \$452;<sup>86</sup> 50% of all Chileans suffer from malnutrition<sup>87</sup>) and general utilization of resources. Rhetoric about Chileanization helps to stave off the real political threat of nationalization in a country where a strong left-wing party exists.

The third way alternative, in terms of the hegemony, no matter how subtle and rational, can be best described in the words of Fidel Castro: “He (Frei) has promised revolution without blood, and he has given blood without revolution.”<sup>88</sup>

American capitalism offers the rhetoric of revolution and the reality of blood. Domestically, American capitalism offers the rhetoric of the free individual and welfare for all and the reality of corporate control, socially compulsive though unnecessary labor, and a permanent under-class—this in a society with the greatest potential for human liberation in history.

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## Post-Scarcity

### The Surplus

The problem of the surplus describes one of the most important crucial contradictions within capitalist society. The concept of surplus value found in Marx's writings: first that value is defined as labor and secondly that the capitalist appropriates surplus value (profit) by appropriating labor time; i.e. paying wages below the worth of worker's product. The Marxian concept has been reformulated by Paul Baran to deal with the contemporary situation. Baran breaks down surplus into two parts, actual and potential economic surplus. Actual economic surplus is "the difference between society's actual current output and its actual current consumption." Potential economic surplus is defined as "the difference between the output that could be produced given natural and technological environment with the help of employable productive resources, and what might be regarded as essential consumption."<sup>89</sup>

Baran's concept of actual surplus differs from potential surplus in that the former deals with only that part of the surplus that has been accumulated. It does not include the consumption of the capitalist class, administrative government spending, the military, etc. Its virtue is that in being essentially savings and capital formation, it is easily measurable. Potential surplus excludes essential capitalist consumption and essential outlays for governmental administration. It includes output lost by underemployment or misemployment of productive resources. This concept is extremely important, for it goes beyond the categories of any given system to which it is applied, and therefore allows one to see the alternative of different social system. This approach makes it almost impossible to tabulate accurately the surplus statistically. The use of the potential economic surplus points out the possibilities of a social system are superior to corporate capitalism. By breaking down the potential surplus into different parts, we can more clearly see the waste in capitalist organization and production.

Society's excess consumption can be seen in the lavish spending of the rich, manipulated consumer needs, and frequent style change. Advertising, another prime example of waste spending (\$15 million a year<sup>90</sup>), is one part of a system of cultural values that creates the needs and desires of a "Pepsi Generation".

Output lost because of irrational and wasteful spending probably takes the largest part of this hidden surplus. Planned obsolescence falls into the category of wasteful and irrational spending. The automobile could be made to last much longer if profits were not dependent on a rapid turnover. G.E. carried out courageous research to shorten the life of the light bulb. This problem has been popularly conceptualized in the movie "The Man in the White Suit", where the owners of a clothing mill do everything in their power to keep a newly-discovered indestructible fabric off the market. The motor sector of irrational waste spending is in the field of the military.

Other categories of this potential surplus involve unemployment and underemployment (no work, part-time work, lay-off without pay, seasonal work, etc.). While there is a great need for people in many fields, unemployment is still a permanent factor in everyday life. Further, many ghetto youth see no sense in applying for a job; thus real unemployment is always underestimated in official statistics.

These categories can be only methodologically separated because of the interrelation. The ability to transcend these categories and to see the degradation and cost of human lives in this society, which can be achieved by looking from what is to what should be; this is the first step toward working out a real alternative to contemporary society.

### **The Quantity-Quality Gap**

The ever-increasing GNP of the U.S. can not be relied on for reassuring evidence of the success of American capitalism. Gross statistics mask the concrete quality of life in America. The other side of waste consumption is the concrete human needs unfulfilled in this society.

The problem can be presented by summarizing Seymour Melman's book, *Our Depleted Society*. Melman's thesis is clear: "The ability of a society to enlarge its capacity for money spending must be differentiated from limitations on a number of people with special talents."<sup>91</sup> With this proposition in mind, Melman, pointing to the high salaries of specialized defense work, estimates that 2/3 of our prime technical research talent goes into military-oriented work.

The result of this lopsided demand on our finite technically talented personnel is clear. In 1950, America had 109 doctors for every 100,000

people; in 1963, only 97 even though we are draining 1,600 each year from other parts of the world where they are sorely needed. 827 teaching posts in medical schools are vacant, and while the standards to medical school have dropped considerably, we are not training enough doctors to keep up with population growth. Similarly, 1 of out 5 nursing positions in U.S. hospitals is vacant.

This depletion of medical personnel helps to explain the infant mortality rate in the U.S. of 25.2 per 1,000 births, as compared to Sweden's 15. Significantly, the rate is 22.3 among white Americans and 41.4 for non-whites. Immeasurable other deaths probably result from inadequate medical attention.

A related problem is the increasing air (and water) pollution, which causes a variety of pulmonary and heart diseases. The "killer" London fog of 1952 killed 4,000 people with a sulphur dioxide content of 7/10 part per million. (Sulphur dioxide is the most lethal air-pollutant.) The sulphur dioxide content in NYC exceeds that proportion almost every month, and reached 3 parts per million in March 1963. Cigarette smoking, a part of the compulsive consumption examined earlier, compounds the effects of air pollution whose primary cause is the unregulated industrial refuse. Lung cancer—a rare disease 50 years ago—is now taking the lives of 50,000 men and women every year.<sup>92</sup> The January, 1967, *Reader's Digest* claims that diseases related to air pollution and smoking are the fastest growing diseases in America.

Similarly, one wonders how many deaths would have resulted in automobile accidents if half the money that has gone into needless style changes and advertising, had been redirected toward safety; or, better yet, if large sums had been invested in developing alternative transportation systems. In 1964, 48,000 people were killed and 2,000,000 people were injured in car accidents. Further, safety could be greatly increased in most industries, housing construction, etc.

Indeed, even housing is a major problem in the U.S., which as 9,225,000 substandard housing units. The private sector is only expected to build 2,225,000 units in the next five years, and this projection was made before housing construction starts reach a twenty year low due to the economic pressures caused by the War in Vietnam. To describe the situation more graphically, slum apartments in NY are so rat-infested that "on



the average one hundred persons a year are badly chewed and, so far this year, two have been gnawed to death. Symbolically, perhaps there are in N.Y. more rats than people—an estimated 9 million of them.”<sup>93</sup>

The lack of sufficient technical personnel is circularly affected by our inadequate educational programs. In 1963, 83,200 teachers had officially substandard credentials, and perhaps the vast majority was actually substandard for an advanced industrial society. 32,000,000 American adults (22%) are “functionally illiterate”, not having completed the 8th grade.

The problem, as Melman points out, is not simply one of scarce personnel but also of allocation of funds. Thus, U.S. government expenditures for non-defense purposes was (in 1963 dollars), \$83 per capita in 1939; \$56 in 1963. Non-defense buying by federal, state, and local government accounted for 17% of GNP in 1939; [12%?] of GNP in 1963. Health, education, welfare, housing, and community development expenditures accounted for 42.5% of the federal budget in 1939, 7% in 1965.

This richest country in history has 6 tons TNT-equivalent deliverable nuclear explosive power for every person on earth; it can “afford” the war on Vietnam; it spends \$15 billion a year on advertising and employs countless other techniques for absorbing the surplus. Yet, basic human needs are not met. If we could calculate the death and injury caused by inadequate medical care and research, air pollution and cigarettes, inadequate housing and food, improper safety devices, and socially produced violence, we might find that a very large percentage of deaths and injuries are socially necessary. Thus, even domestically, American capitalism, which has stabilized itself at the expense of the impoverishment of the Third World, proves to be a violent system.

### **More on Post-Scarcity**

To discuss the concept of the post-scarcity society is to discuss, in its profoundest sense, the liberation of men and the creation of a socialist society. In Marx’s writing, the concept of capitalism and human history develops out of the liberating potential of industrial wealth. Before and including bourgeois society, men had engaged in a struggle with nature in order to control it and transcend the conditions of subsistence. Nature imposes limitations over men’s capacity to create their own conditions of fulfillment and control their own lives. These relations are always modi-

fied by the permanence of history: Men make history, but only under the circumstances handed down and defined by history.

With the advent of capitalism and the industrial order, men first develop the far-reaching implications of the technological control over nature. But under capitalist order two major problems arise, both caused by the nature of the relations of production in its human and technical equivalents. First, in a budding industrial organization, the full maturation of technology and technical control over nature is far from complete. Overcoming the problems of scarcity is a long and arduous process involving the rationalization of technological growth in its purpose and use. When scarcity exists, necessity prevails.

In this kingdom of necessity, neither liberty nor equality, nor fraternity, were possible. There can be no equality where goods are so scarce that only a minority can possess them; there can be no fraternity where rapid industrialization imposes iron hierarchy and work discipline; there can be no democracy where lack of education creates an elite, lack of material possessions creates privilege, and lack of external security creates a permanent national mobilization.<sup>94</sup>

Secondly, capitalist society introduces the factor of man's exploitation of man. Defined in class terms, divisions are created between income levels (stratification) and in the ability to control the decisions and social processes affecting the entire society. Capitalism creates the entrepreneur, and eventually the corporate holding, whose *raison d'être* is accumulation and profits, which contradict a total fulfillment of social needs. The technical conditions allowing for post-scarcity are achieved, but the political, social, and economic reality of corporate capitalism denies the total rational use of this wealth and potential wealth (surplus). The creation of a post-scarcity is linked to the use of available potential surplus. In a capitalist system of production, surplus is squandered to meet the needs of compulsive consumption and profit maximization.

### **Irrationality of Waste**

Waste production leads to a military economy whose very notion is antithetical to the concept of post-scarcity society. Military expenditure, besides creating the ideological values and social aspirations that contradict the fulfillment of social needs and individual potentiality, is waste

production in its most irrational sphere. The creation and production of the means of violence has no place in post-scarcity society. As Engels once said, "In a socialist society, violence would be relegated to the museum of antiquity."

The reality of the military economy also raises other programs and aspects that prevent creation of a post-scarcity situation: its international nature. Post-scarcity can only develop when the international, as well as the national, division of labor and the distribution of wealth are abolished. Defense spending and military might, foreign aid, and the general socio-economic manipulations for controls exercised by the U.S. over most of the underdeveloped nations prevents the realization of post-scarcity on a world-wide basis. Marx's notion of the relative and absolute immiseration of the poor is applicable in an international perspective of relations of subordination and superordination. Imperialism prevents the industrial take-off and economic growth in the under-developed world necessary to eliminate the problems of starvation and disease that plague the world. Post-scarcity is incomprehensible in circumstances where 100,000 people die of starvation each day, 500 million children are underfed, 35 million people die each year of hunger and a situation which, from 1980 on, could produce a universal famine throughout the Third World,<sup>95</sup> a famine whose central ingredient of support is American imperialism.

### **Eliminating Poverty**

One of the key conditions of post-scarcity, then, is the elimination of poverty amid affluence, whether nationally or internationally. To eliminate poverty requires a level of wealth (potential wealth) which, taken in the context of the advanced industrial societies, has been or could be realized. The introduction of automation and rationalizing techniques and procedures in industrial organization also makes possible the social complexion of post-scarcity. The language of post-scarcity is the language of the fulfillment of all social needs and of non-compulsive labor. Only in the post-scarcity situation is it possible to eliminate the social division of labor and thereby social stratification. The concept of post-scarcity is the nearest modern equivalent of the socialist vision of the withering away of the state and of the ability of people to control their lives, in the context of the development of society as a whole.

As long as activity is non-voluntary, but naturally, divided, man's own act becomes an alien power opposed to him which enslaves him instead of being controlled by him. As long as the division of labor exists, each man has a particular, exclusive sphere of activity, which is forced upon him, and from which he can not escape.

He is a hunter, a fisherman, a shepherd, or a critical critic and must remain so if he does not want to lose his means of livelihood; whereas, in communist society, where nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes, production as a whole is regulated by society, thus making it possible for me to do one thing today and another tomorrow, to hunt in the morning, to fish in the afternoon, to rear cattle in the evening, and criticize after dinner, in accordance with my inclination, without ever becoming hunter, fisherman, shepherd or critic.<sup>96</sup>

Post-scarcity is participatory democracy as the *modus vivendi* of societal organization and inter-action. It allows men to be freed from the needs of centralized organizational imperatives; for the real embodiment of a de-centralized socialist society. As such it contradicts the political and economic needs of contemporary corporate capitalism; as such it also lays the groundwork for a critique of that society. This critique is materialized in the demands for control, participation, and de-centralization, the emerging concepts of the new student left: a new left which could become the true children of Marx by fulfilling his vision of society:

*"...when the enslaving subordination of the division of labor, and with it the antithesis between mental and physical labor, has vanished; when labor is no longer merely a means of life, but has become life's principle need; when the productive forces have also increased with all-round development of the individual, and all the springs of cooperative wealth flow more abundantly—only then will it be possible to completely transcend the narrow outlook of bourgeois right, and only then will society be able to inscribe on its banners: From each according to his ability, to each according to his needs."*<sup>97</sup>

## The Trends in American Capitalism

### Technology and the Labor Force

Modern American capitalism is characterized by rapid technological change, with scientific knowledge growing at a logarithmic rate. There has been much public discussion on the social implications of such technological change, from predictions of the elimination of unskilled labor to divisions of newly created idiot jobs relating to tending machines. Actually both tendencies are correct. Sidney Fine's careful, though somewhat limited in conception, study of automated jobs for the Department of Labor, indicated, "There is a polarization of jobs on the two ends of the skilled spectrum."<sup>1</sup> Automation tended to create both more skilled jobs involving the supervision of a complex system of machines and very boring and unchallenging jobs of simply tending and feeding machines.

To determine the long-range effects of technology, we must distinguish three levels of automation:

- 1) extension of men's physical capabilities,
- 2) (cybernetics) extension of men's mental capabilities,
- 3) (cybernation) joining of physical and mental equipment into a system of production.

We are now in a situation where much has been done on the first level; a trend is developing for greater employment of the second level, and a little has been done to employ the third level. Thus, this first level of automation has somewhat reduced the over-all need for unskilled workers, the tending and feeding jobs created not keeping pace with the jobs eliminated. However, as production proceeds to the third level of automation, feeding and tending jobs tend to be eliminated. The clerical jobs, and the rate of increased of such jobs have already slowed down. Clerical work that remains will probably be low paid work, increasingly tied to machines, resembling factory working conditions. The demand for technically and professionally skilled personnel will tend to increase as technology progresses.

These trends are already indicated by changes in the composition of the labor force. The tendency for even the first level of automation to eliminate unskilled labor seems clear. In 1947, 626,000 production workers produced 4.8 million cars; in 1963, 572,000 produced 9.1 million.<sup>2</sup> In 1950, 540,000 production workers turned out 96.8 tons of steel; in 1960, 460,000 produced 99.3 million tons.<sup>3</sup> America will witness, during the 1960's, the permanent loss of at least 200,000 non-agricultural jobs per year owing to automation.<sup>4</sup>

The following figures provide a comparison of the composition of the (white) labor force in 1950-1965:<sup>5</sup>

Occupation Group% of Labor Force

	<b>1950</b>	<b>1965</b>
Laborers	5.0	4.5
Operatives	20.6	18.2
(a total decline of semi- and unskilled jobs from 25.6% to 22.7%)		
Craftsmen and foreman	13.7	13.5
(a total decline of blue collar workers from 39.3% to 36.2%)		
Clerical	13.8	16.3
Sales	6.9	7.1
Non-household service	6.9	8.7
(Middle sector while collar has grown from 27.6% to 32.1%.)		
Professional and technical	8.0	13.8
(The fastest growing sector)		

(Other groups—farm; managerial, private household)

Our earlier discussion indicates that the technical sector will grow even more rapidly in relation to the others, and the blue-collar sector will decrease at a heightened rate. Jobs in some industrial labor will become more complex. A change that will affect the entire labor force will be increased educational requirements. The general trend already outlined is toward an increase in jobs that require high degrees of education and training.

However, educational requirements will apply even to unskilled workers. Since new technological developments can unpredictably eliminate such jobs, these workers will need a great deal of flexibility. Further, managers seem to understand the value of the socialization process that occurs in schools and therefore want workers with a high school education for even the simplest jobs. Thus, unskilled and clerical workers will be increasingly more "educated" to obtain increasingly simply and unchallenging jobs. This problem will be just one aspect of increased alienation as workers become further and further removed from their products. In sum, the overwhelming tendency is toward an increasingly more educated labor force, with the most educated (technical and professional) becoming the most essential to the productive process.

### **Centralization and Planning**

Technology is one of the factors influencing further centralization of control in American society. The best example of this process can be found in our earlier section on communications: Just as past technological developments linked makers of electrical equipment (RCA) with radio and television (NBC), current developments lead to a link with education and publishing (Random House). And, of course, these are all linked up with the technological vanguard industry, defense contracts (RCA). Technological breakthroughs will continue to link up diverse industries. Further, rapid technological change provides an additional incentive for management to achieve control over diverse industries, since it is possible for any single industry to become technologically obsolete. This consideration is behind the development of such a complex as Textron which actually includes forty different companies from men's perfume to helicopters. Technological change also increases the incentive to control more diverse possibilities of national supplies and market outlets. Another factor in multidimensional control is provided by anti-trust legislation. This legislation has been selectively used without any one given market sector, but does not apply to diversification and the mega-corporations.

The problem of centralization of control does not result simply from diversification by large corporations. Another crucial factor is the so-called managerial revolution. This concept was first popularized by James Burnham in 1941 and has received a more modern and sophisticated de-

velopment in Adolph Berle's *Power Without Property*. Central to Berle's thesis is the increasing trend of industrial capital to be internally generated (reinvested profits) by the corporations, which means that a smaller percentage of capital comes from floating new stock. Thus, Berle, writing in 1959, summarizes "of the capital flowing into non-agricultural industry, 60 percent is internally generated through profits and depreciation funds. Another 10 or 15 percent is handled through the investment staffs of insurance companies and investment trusts, Another 20 percent is borrowed from banks. Perhaps 5 percent represents individuals who have saved or chosen the application of their savings."<sup>7</sup> By now, 75% of corporate capital is internally generated.<sup>8</sup>

The implication, to Berle, of the increased internal financing of corporations is an increase in the proportional control of pension, trusts, and mutual fund managers: Stock ownership is the formal means of choosing directors and managers of firms: as these funds increase their stock holding, the degree of control will grow disproportionately since stocks constitute a decreasing percentage of capital.

Berle saw a particular shift of power to pension-fund managers (chiefly in N.Y. banks) since such funds involved a high incentive for high risk-profit investment (i.e. common stock) to keep up with the rapidly expanding requirements on such funds. Actually pension funds have not assumed the role that Berle predicted; they accounted for 3.5% of all outstanding stock in 1959, and probably grow to no more an 6.5% in 1965.<sup>9</sup> Nevertheless, mutual funds (arrangements through which managers handle and control the funds of a group of investors) have grown from total portfolios of \$13 billion when Berle wrote, to \$38 billion in 1966;<sup>10</sup> and it has been estimated that bank-administered personal funds account for close to 1/4 of all corporation stocks.<sup>11</sup>

### **Interlocking Groups**

Actually, we do not have to resolve the conflict as to what degree power lies with business managers as apposed to various funds managers for these groups interlock. Our earlier discussion of the Columbia Trustees, who themselves control \$200 million in Columbia assets, provide typical examples: Grayson Kirk is a director of Con. Edison, Socony Mobile Oil and a trustee of Greenwich Savings Bank; Frederick Kappel was Chair-



man of AT&T, a director of General Foods and of Chase Manhattan Bank and of Metropolitan Life; Alan Temple is a director of the Monsanto Corp. and Prudential life Insurance Co. and First National City Bank; Maurice Moore is a director of General Dynamics and Chemical Bank NY Trust and Time Inc.; William Burden is a director of Allied Chemical Corp., Lockheed Aircraft and Manufacturer's Hanover Trust.<sup>12</sup>

The point is that both the internal corporate financing and the proportionate increase in managed investment funds leaves effective control of the economy with a small group of inter-locking managers; a control that extends beyond direct ownership. There centralization of control must be seen in terms of our earlier discussion of corporation power in an economy where "some five hundred great corporations dominate through outright ownership two-thirds of the industry of the United States."<sup>13</sup> Despite specific errors, Berle's over-all prediction has proven true: "A relatively small oligarchy of men operating in the same atmosphere, absorbing the same information, moving in the same circles in a relatively small world, knowing each other, dealing with each other, and having more in common than in difference, will hold the reins."<sup>14</sup>

In his very next sentence, however, Berle reveals that he misses the social significance of his own lucid exposition: "These men by hypothesis will have no ownership relation of any sort. They will be, essentially, non-statist civil servants..."<sup>15</sup> The myth that the new managerial elite is radically separated from ownership and profit motive and can therefore exercise impartial, efficient control over society is simply contrary to fact: First of all, salary levels (and concomitantly status) are tied to profits. Secondly, stock options are a form of remuneration. By 1957, options plans had been instituted in 77% of the manufacturing corporations listed on the NY Stock Exchange and in 87 of the top 100.<sup>16</sup> These options are particularly valuable since insider's knowledge helps them to make money out of company stock. Thirdly, high salaried executives are the group most likely to own stock (in either companies), as long ago as the early 50's 44.8% of all executives held such stock.<sup>17</sup> Since managers constitute close to half of the spending units owning a 1,000,000 dollars or more in marketable stocks, they may well account for over half of the individually held stock in the U.S.<sup>18</sup>

What then is the meaning of the "managerial revolution"? Simply, while there has been no radical separation between ownership and control,

there has been a partial separation which itself has profound implications. Diversification of stock ownership permits those with the greatest ownership stake to work for their own profit through a control over industry that extends way beyond their own scope of ownership. The existence of 20 million stock-holders in America does not evidence a “people’s capitalism” or “share holder’s democracy” but rather the ability of the managerial class group to marshal additional capital for their own purposes. The concentration of stock ownership outlined earlier is still great, but the trend toward a greater number of small stock-holders allows those in the centers of power to use their own capital more effectively. Thus the diversity of small holders usually assures corporate control for a management with just 10-20% of the stock. Meanwhile, 20 million people feel that they have an owner’s stake in the system.

The shift in emphasis from ownership to management, then, is really a method of extended control, which makes the ownership on the part of the managers more effective and profitable. This social implication for future trends is important. Briefly, since corporations are increasingly internally financed, since larger percentages of stock are controlled by a few managers, since diversification of stock ownership leads to the fragmentation of opposition; the new managerial class has immensely increased power. Since stock funds invest in a range of companies, since large corporations are diversifying through mergers, since managers buy stock in other companies; the new managers have interlocking interests throughout a continually wider range of the economy.

Baran and Sweezy, in *Monopoly Capitalism*, discuss the transition from the owner-entrepreneur, who would build to destroy companies for his immediate profit needs, to a more stable capitalism where the locus of power is with the company man, who prospers through the growth and profits with the company he is associated with. We are now moving into a stage characterized by companies’ men, where the locus of power is with those who have a wide range of interests. This range of interests differs from the old trust-building in that the new, multidimensional control extends into different sectors of the economy that previously might have expressed opposing interests. Just as company men could begin thinking in terms of the long-range stability of their corporation, companies’ men are likely to begin thinking in terms of the long-range stability of the system as a whole.

This change in the perspective of key men of power provides the base for a potentially much more rational and flexible capitalism. The logical extension of a rational and flexible capitalism is planned economy and a welfare state. The neo-capitalist countries of Western Europe have already taken this path. The economics of this neo-capitalism has been described by Andrew Shonfield in *Modern Capitalism*.

Shonfield states that the Western European countries have been able to maintain both rapid and steady economic growth and full employment of both labor and technology through the following basic techniques: 1) increasing reliance on the public sector which can stabilize and counter-act market fluctuation, 2) social welfare and worker training which serve as stabilizing factors, 3) diffusing of incomes rising with productivity which, combined with expanded foreign trade, maintains consumption demand. A new and more sophisticated technique, embodied in the Wallon Plan, calls for a greater integration of the working class community within a specific plant through such means as profit-sharing and greater worker responsibility for lower level technical decisions. This plan has not yet been accepted, but has received De Gaulle's blessing.

The specific methods and degree of public sector planning and investment vary throughout Western Europe. The process toward planning has been greatly furthered with the advent of the Common Market; a plan developed in 1955 which looked for the eventual economic and political integration of the whole of Western Europe. Although political integration is a distant reality, economic integration is almost complete; in fact, one of the characteristics of neo-capitalism that can be attributed to the Common Market is the role of the technocrats in taking the initiative for the expansion of methods of planning and integrations.

Shonfield is ambivalent about the potential for neo-capitalism in the United States. He sees several factors leading in that direction. In Shonfield's view, President Kennedy achieved a major breakthrough by achieving the acceptance of tax-cuts and government spending to keep unemployment down to 4%. (Kennedy's tax-cut mainly benefited the corporations with a 7% cut in tax for capital investment and the tax-cut was supported by the National Association of Manufacturers.) Kennedy was evidently aware of the success of the European model as are other more advanced political leaders. This will undoubtedly further the push toward neo-capitalism.

Further, continued advances in technology tend to increase the need for planning (to deal with large-scale, complex production and more rapid change) and provides the tools to handle such planning (computers). Indeed, Shonfield describes modest initial approaches toward greater planning within the private sector as indicated by new groups and services such as the National Planning Association, National Association of Business Economists, National Industrial Conference Board, and the increasingly popular McGraw Hill business estimates survey.

Perhaps the most important factor that Shonfield discusses is Robert McNamara's role in bringing technical rationality and coherent planning to the Defense Department, America's largest enterprise. McNamara's influence has permeated out into the economy since careful Defense Department supervision meant that "some of the most advanced and dynamic firms in American industry...have had part of their management processes redesigned for them in certain standard patterns."<sup>19</sup>

The influence of McNamara's planning techniques has greatly increased since 1965, when President Johnson, impressed with the successful administering of the Defense Department, ordered that PPBS (planning-programming-budgeting-system) be introduced into all departments of the federal government.<sup>20</sup> Thus, McNamara, systems analyst and higher technocrat, has rationalized American capitalism in its most irrational sphere.

The major obstacle to the development of neo-capitalism in the U.S., according to Shonfield, is the American ideology: "this bias of pluralism."<sup>21</sup> Shonfield does not deal with the changing socio-economic structure of centralized control. This new structure provides a real potential for America to move past its nativistic ideology. The non-interventionist ideology was formed by the large corporations in response to the efforts of small business and professionals to use the government as a counter force against big business. This force reached its fullest expression in the progressive movement of the early twentieth century. With the demise of the power of small business and the absorption of many professionals into large corporations, the corporate powers can now more readily perceive their own interest in government. Government intervention and the expansion of the public sector, long a central demand of the left, may well become a sophisticated tool of corporate capitalism.

The trend toward neo-capitalism is not certain. Ideological lags have their own force, especially if the American power structure finds itself more hard-pressed in the area of foreign policy. Nevertheless, the potential for neo-capitalism in America clearly exists, even if major steps in this direction can only come in response to economic and political crises.

The potential for a mixed economy and welfare state does not mean the capitalism and socialism are converging. First of all, state planning under capitalism, especially in the United States, is more likely to take the form of planned demand than public control over investment. But even if the government share of investment greatly increases, the systems remain distinct, for, to use George Lichtheim's criteria, socialism requires elimination of private property in the means of production and workers' control of industry. Neo-capitalism does not absorb socialism but rather those socialists who stick primarily to wage and welfare demands.

### **Imperialism and the Third World**

Whether imperialism is "absolutely necessary" to advanced capitalism is not an essential question, since U.S. policies will be oriented toward involvement in the Third World for some time to come. The question is whether this involvement involves a series of costly imperialist wars.

The war in Vietnam can lead to a false romanticization of the revolutionary potential of the Third World. The National Liberation Front enjoys the advantages of a well-developed anti-imperialist consciousness and organization, a terrain well suited to guerrilla warfare and a friendly Communist nation on its border. The coups in Indonesia and Africa and the U.S. intervention into the Dominican Republic provide less hopeful models.

The factors working against revolutionary challenges to the U.S. include the following: 1) the U.S.'s ability to create intermediary elites within these countries, especially well-financed military establishments, to oppose revolutionary movements; 2) more sophisticated counter-insurgency techniques; 3) greater flexibility of U.S. capitalism through limited aid and investing more U.S. capital in manufacturing in these countries, determined according to the market needs of American capitalism; 4) the threat of U.S. intervention.

On the other hand, there are powerful factors which would tend to raise the revolutionary potential within the Third World. First of all, pe-

ridic Food and Agriculture Organization reports indicate that increase in food production has not been far above population growth in recent years and may well have fallen below in 1966. Per capita food production in Asia, excluding China, for 1966 was lower than its pre-World War II average.<sup>23</sup> India's per capita food production in 1961 was only 86% of that of 1890.<sup>24</sup> Not one of the Asian countries has average dietary level up to the 2,500 convinced adequate.<sup>23</sup>

The economic growth of the Third World is just keeping pace with population growth, both c. 2.1%, and this economic growth rate is only about half that enjoyed by the industrialized countries.<sup>25</sup> Even a large percentage in growth of the tiny Third World economy would be relatively small compared to the increment that even a fraction of that growth would bring to the richer industrialized countries. Thus, the gap will continue to increase for sometime, while improved communications are heightening the Third World's perception of Western wealth. While little or no absolute progress is being made, both the relative immiseration and the perception of this gap increases.

This immiseration will be perceived in light of appealing alternatives. China has already far surpassed India in the production and distribution of food, medical care, literacy, steel and coal production, etc.<sup>26</sup> The economic growth of the socialist countries can provide more opportunity for trade and aid. The terms of this aid is more favorable than those of the U.S. because 1) interest rates on loans are lower, 2) more latitude is given for industrial projects, 3) it does not involve an unfavorable balance of trade for the Third World. There is a dialectic between more effective oppression and greater consciousness of revolutionary alternatives.

If the United States can avoid costly wars, this structure of imperialism would serve to reinforce and strengthen American capitalism. Foreign markets would reduce pressure on a over-production economy, and the other remunerative aspects of U.S. imperialism that we outlined earlier. These benefits would be able to finance and pave the way for a more rapid transition to neo-capitalism.

The other alternatives, protracted series of imperialist wars, would provide serious difficulties for U.S. capitalism. A continued gold drain will weaken the U.S.'s financial position in world trade. Short and long-range war-caused inflation could limit and outstrip growth in economic

productivity. Further, America does not have the technical personnel and resources to build both the warfare and welfare state; war spending does not contribute to the production of consumer or production goods. Finally, the gradual loss of our current economic colonies may put a severe strain on our foreign-involved economy.

### **Civil Rights**

*“The economic philosophy of black nationalism is pure and simple. It only means that we should control the economy of our community.*

*“There can be no black-white unity until there is first some black unity. There can be no workers’ solidarity until there is first some racial solidarity.*

*“All the countries that are emerging today are turning toward socialism. I don’t think its an accident. Most of the countries that were colonial powers were capitalist countries, and the last bulwark of capitalism today is America. It’s impossible for a white person to believe in capitalism and not believe in racism.”*

–Malcolm X

The civil rights movement has provided the impetus for the resurgence of protest and political activism in the 1960s. At the present time the civil rights movements faces many complex problems. The current SNCC and CORE slogan of “black power” indicates the sensitivity of these groups to the need of involving the growingly restive ghetto population. Malcolm X symbolized the ambiguities behind black power. His thoughts had two implications concerning this problem; his earlier emphasis on black shopkeepers or black economic control within capitalism, and his latter emphasis on racial unity and socialism.

Much has been done recently to blur racial consciousness, especially through a growing acceptance of Negroes into white collar jobs. Between 1950 and 1960, the per cent of non-white workers holding professional and technical jobs rose from 3.0% to 6.8%; in clerical jobs from 3.5% to

8.2%; as craftsmen and foremen from 4.8% to 6.7%.<sup>27</sup> By 1963, 23.8% of all non-white were earning \$6,000 per year and over.<sup>28</sup> Since then, the poverty program, among other things, has tried to create a visible, integrated middle class, while not affecting the problems of the ghetto Negroes.

The creation of a visible Negro middle class, while the conditions of the Negro masses remains unchanged, would imply that black power might tend to assume more of a class (socialist) dimension than simply a race consciousness. Nevertheless, many of the new Negro white collar workers will retain a radical consciousness. While the total percentage of the Negro labor force holding white collar jobs increased from 10.2% to 19.5%; between 1960 and 1965, the percentage of these in the managers, officials, and proprietors groups, only increased from 2.5% to 2.6%.<sup>30</sup> The Negroes given higher level jobs are rarely placed in positions of authority, and will become alienated from the system trying to absorb them. Dissident white collar workers might tend to heighten the strictly racial dimension of black power. Even with the strong tendencies towards a class critique, racial consciousness will be an important part of the black movement for some time to come.

The emphasis on black power does not relegate the civil rights movement to a position of an irrelevant minority.

First of all, they have presented a challenge to concerned whites to undertake new programs and ideas for radical social change.

Secondly, there is a possible link of the civil rights movement to the issue of imperialism. Negro soldiers returning from a racist war in Vietnam are likely to be a source of heightened agitation in the ghetto. Also as liberation movements grow throughout the world, Negroes are bound to find inspiration for their own struggle, already stimulated by African independence. Negroes may be a minority in America, but as both Malcolm X and Stokely Carmichael have pointed out, colored people constitute a vast world majority.

Thirdly, Negroes, many of whom have already perceived the poverty program as a mode of manipulation, will probably continue to be an important vanguard in raising demands for community control.<sup>31</sup>

## **Students**

Simply on a statistical level, youth and students constitute an increasingly important sector of the American population. Nearly 50% of all



Americans are 25 years old or younger; college and university enrollment has doubled, from 3 million to 6 million in the past ten years.<sup>31</sup> Further, the changing composition of the labor force implies that students, as trainees, will become crucial, as technically skilled workers, to the key productive processes in society. This importance is already evidenced by the student draft deferment, which serves both the freedom to avoid military service and the compulsion to continue within the university.

While students become more necessary to the established adult society, their recognition of the new potential of a non-compulsive social order (post-scarcity) develops attitudes of withdrawal from, passive acceptance of, or rebellion against the adult world. Students, who are being prepared to comprehend the productive process, can best perceive the over-all contradictions implied in situations of lack of control over the processes of shaping one's life. Students, who recognize these contradictions can, as intellectuals, provide the theoretical framework for a movement wanting to change society—thus the new left.

### **Communications**

The development of mass media that could reach large numbers of people involved capital-intensive equipment, which meant that mass communications has been largely controlled by a wealthy elite. More recent technological advances have led to increased centralization of control. Current discoveries, however, provide the capability of reaching larger audiences with low capital investment. For example, laser beams can provide an unlimited number of TV channels,<sup>32</sup> while miniaturization could soon produce TV equipment within price range of such groups as SDS and SNCC. Such technological advances allow for the real potential for decentralized control over communications, in which previously marginal groups could creatively participate and receive a more equitable hearing.

Nonetheless, as this potential increases within the current socio-political context, methods of extended bureaucratic control will probably be employed. The trend is indicated by the pressures placed on the Pacifica Radio Foundation by the FCC, under its crusading liberal Chairman Newton Minow. Decentralized control over the means and content of communication, will probably occur as part of a larger political process.

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## Agency for Change

### Theoretical Conceptions of Class

Before we can situate the implications of the trends in American capitalism, we first have to analyze the theoretical nature and role of class. The historical conception of “class” can be traced as far back as the Greeks. However, its modern significance and usage arose out of the various theories of the late 18th and early 19th centuries—theories which attempted to grapple with the emerging industrial order. Two forerunners of Marx, Saint-Simon and Lorenz Von Stein, both developed quite sophisticated and intelligent arguments concerning the inception and role of class in bourgeois-industrial society. Von Stein even developed an intricate theory of class conflict and power. However, it was up to Marx, that great theoretician and sociological analyst of the 19th century, to provide the first adequate and comprehensive theory of class, class conflict, and social change in capitalist society, as well as a generalizable historical model and theory of such change.

Marx’s conception of class arises out of theory of the history of man and nature. With the creation of the primitive societies, where the absolute conditions of scarcity prevailed, comes the birth of man’s struggle with nature in the form of human labor; his capacity to organize, utilize, and control the forces of nature leads to the social division of society. The concept of class, then, arises out of human practical activity circumscribed by the conditions of necessity<sup>1</sup>

The growth of the forces of production, which reached a new level of development with the emergence of the bourgeois-industrial order, created potentialities for the liberation of men unheard of in conditions of scarcity. Accordingly, the technical processes and degree of growth influence the changing nature of social relations, and vice versa. Capitalist society creates two generalized class types: the bourgeoisie and the proletariat.<sup>2</sup>

The growth and emergence of the bourgeoisie can be traced as far back as the 15th and 16th centuries. In France, under the monarchy of Louis XIV, the bourgeoisie was forced to play a secondary role in an alliance of power with the monarchy. The technical and productive conditions for their full emergence and realization had, at that time, not been achieved.<sup>3</sup>

With the French Revolution the bourgeoisie finally became the ascendant political power as well as an economic power, through the growth and consolidation of industrial forms. However, they never expressed a complete, cohesive, unified class interest; this allowed for political struggle and division, as seen in the events of 1848-52 in France.<sup>4</sup>

The formulation and life of the proletariat is intimately tied to the emergence of the bourgeoisie. As a class, the proletariat performs the labor necessary for the economic growth and progress in industry. In the same light, however, their labor is alienated: they have a lack of control over the purpose, use, and direction of their labor; and, equally important, they see the object of their labor become a thing-in-itself, with which they have no rapport or creative satisfaction.<sup>5</sup> Income differentiation and a money economy, stimulated by the bourgeois needs of profit and accumulation and by the social equivalent of the exploitation of human practical activity and needs become thing-like (reified); the market economy extends these alienate modes to every sphere of public and private life.<sup>6</sup>

Conflict, in this general model, arises out of the degree of class consciousness which each class manifests with regard to its practical collective experience. Class consciousness enables a class to formulate the objectives and purposes of this activity; i.e., its class interest. The proletariat becomes aware of itself as an exploited class; at the same time it becomes aware of class divisions and aware of the possibility for the liberation of the whole society by the breaking of its chains. The bourgeoisie, however, has access to the means of violence and general coercive power. Change, therefore, becomes a protracted and prolonged struggle.

Marx used this model only as a generalized formulation. When examining an historical situation, such as the events of 1845-52, he saw and defined the existence of at least seven classes. Each class, though, owed its existence, at least in a partial sense, to the basic dichotomy between bourgeoisie and proletariat. The proliferation of classes testified to the incoherent development of class consciousness and the non-idealized, specific character of each society. France in 1848 had a large and significant peasant class; in fact, this class was the backbone of the seizure of power by Napoleon.<sup>7</sup> The general model, then, must be considered historically incomplete, but useful in locating the sources of class conflict and tension in industrial society.

For Marx, a general definition ensues from this analysis of class. Class can be defined as the social relations of ownership or non-ownership (control) over the means of production. Political power is seen as flowing directly from this class situation. The use of the word “ownership” in conjunction with and as differentiated from control is meaningful, because Marx saw, in analyzing 19th century capitalist societies, that ownership preceded and defined one’s degree of control. The bourgeois man of power was the entrepreneur who used his position of ownership in order to better control his area of interest. The State was subservient to private capital; distinctions between private and public sectors were meaningless. The point concerning ownership and control is an important one because the fundamental contemporary critique of Marx’s concept often focuses on that point.

### **The Critique of Marx: New Theories of Class**

“The relation of succeeding generations to the phenomenon of class society has been determined to the present day by the doctrine of Marx.”<sup>8</sup> This idea, grudgingly admitted by the critics of Marx, has been the central feature in the discussion of class. All too often, however, Marxian theory is considered the devil which must be destroyed, and efforts and analysis seem to develop their validity by demonstrating that, in fact, Marx was wrong. Analysis then becomes the emasculation of the Marxian concept of class. A brief survey of various definitions is sufficient to demonstrate this:

*“Class is a force that unites into groups people who differ from one another, by overriding the differences between them.”<sup>9</sup>*

–Marshall

*“Class, as distinguished from stratum, can well be regarded as a psychological phenomenon in the fullest sense of the term. That is, a man’s class is part of his ego; a feeling on his part of belongingness to something; an identification with something larger than himself.”<sup>10</sup>*

–Center

*“We shall then mean by social class any portion of a community which is marked off from the rest, not by limitations arise out of language, locality, function, or specialization, but primarily by social statuses.”<sup>11</sup>*

–MacIver

*“By class is meant two or more order of people who are believed to be, and are accordingly ranked by the members of the community, in socially superior and inferior positions.”<sup>12</sup>*

–Warner and Lunt

Using their various definitions, these and other writers see certain new features in industrial organization that cause a fundamental break with Marxian theory. Primarily, these new factors entail 1) the separation of ownership and control of the means of production; 2) the procreation of a managerial elite; 3) the process of social mobility, which in turn 4) develops a new middle sector defined as a middle class; 5) the absence of class conflict, especially in the United States.

1) This argument was first made by Berle and Means in their book on the growth of corporate power.<sup>13</sup> Their extremely important insight was that the functions of control now precede and dominate the functions of ownership in industrial organization. The point is valid and must be used in any new formulation of class. However, the idea that a separation has occurred between the two functions is far from exact. As was pointed out in the preceding section on trends, the functions of control predominate and directly relate to the rationalization of capitalism. Statistics, however, demonstrate that ownership is still integral and performs coordinating functions in the process of control.<sup>14</sup> Control is exercised for the purposes of ownership.

2) The discussion of the managerial elite is related to the economic and social development.<sup>15</sup> The chief exponent of this theory, James Burnham, posits the existence of a “particularly small group of men that control the chief instruments of production.”<sup>16</sup> The central thesis also rests on the arguments concerning the separation of ownership and control. If the capitalist relations of production still exist, as Burnham admits, then the theory of the managerial revolution simply implies the fact that recent de-

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velopments in capitalism have created the need within the ruling class for technical and managerial roles.<sup>17</sup>

3 & 4) Theories of social mobility and the new middle class abound in the United States. This theory, which can be derived in large part from the work of Lipset and Bendix,<sup>18</sup> has been adequately dealt with in two of C. W. Mills' works, *White Collar* and *The Power Elite*. The arguments of social mobility are related to the pluralist conceptions of divisions and harmony in the U.S. As such, it will be discussed in the next chapter of this paper. Interestingly enough, only in the U.S., where the end of ideology is the *modus vivendi* of social analysis, have theories of social mobility maintained such crucial significance.

5) The absence of class conflict does not necessarily deny the existence and formulation of classes. As Ralf Dahrendorf, a most un-Marxist sociologist of class, has pointed out, class conflict and consciousness have both manifest and latent tendencies. Two things then emerge; first, if there is an absence of conflict, one must study the underlying and structural reasons for such a fact; secondly, and even more important, one must study the new role and differentiation of classes that emerge in the development of modern kinds of structures and controls under capitalism.

The development of these new theories on class point out, however, though in an extremely partial way, new developments in class relations in modern capitalist society. Our task is to make certain changes in the general theoretical model and to study the specific situations in American society, using the general model as a point of departure.

### **A Tentative Theoretical Model for Class Analysis**

As implied in the previous section, a definition of class must now include the social relations involving the control or non-control over the means of production. Ownership, although now occupying a secondary role, is still an integral part of control and the definition of class.

A second additional feature of the general model is that the control or non-control over productive forces is related to and must include the control or non-control over the quality of one's life. As pointed out in the chapter on communications, American corporate capitalism creates the conditions for compulsive consumption. This model of consumption is the other side of alienated labor: both, in describing an alienated existence,

form and integral whole which reinforces the separate parts.<sup>19</sup> This notion becomes a generalized formulation of the crucial and central *mode d'existence* of an organized corporate capitalism whose arm extends to every section of the subjugated population. It is a useful point of departure in analysis of American class society.

### American Society and the Debate over Class

*If a democratic society is to survive—and by that I mean simply the principle of toleration among groups—then some new sense of civil obligation must rise that will be strong enough to command the allegiance of all groups and provide a principle of equity in the distribution of the reward and privileges of society.<sup>20</sup>*

– Daniel Bell

*The men of the higher circles are not representative men; their high position is not a result of moral virtue; their fabulous success is not firmly connected with meritorious ability. Those who sit in the seats of the high and the mighty are selected and formed by the means of power; the sources of wealth, the mechanics of celebrity, which prevail in their society. They are not men held in responsible check by a plurality of the pinnacles of decision. Commanders of power unequalled in human history, they have succeeded within the American system of organized irresponsibility.<sup>21</sup>*

–C. Wright Mills

### Dissecting Pluralism

The theory of social organization, structure, and power that has dominated since 1945 American social science and most general analyses of American society has been pluralism. The pluralist formulation can be roughly broken down into two general areas; the theory of countervailing powers and the theory of social mobility and the expanded middle class.

The concept of countervailing powers was first used by John Galbraith in his explanation of the mechanisms of power and decision-making

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in American capitalism.<sup>22</sup> Galbraith argues that the large corporate-like units of power, big farmers, big labor, big business, and big government, all maintain and push for their own sets of interests. Their interests are defined by the area of their operation. Secondary sources of power such as church groups, small businesses, and certain voluntary associations equally push for their interests. These contending interests balance and modify each other in the arena of political decision-making, whether in the formal or the informal processes that relate to power.

Thus no one group maintains power in and for itself. The system evolves around and changes according to a modern checks and balances. Other pluralist writers, such as Robert Dahl in his book *Who Governs?*, extended Galbraith's argument to include the process of power and politics on the local community level. Class society is ultimately no more than group division defined by different self-interests; sources of power have nothing to do with class structure.

Even this differentiation, the pluralists maintain, is no longer completely applicable. With the growth of technology plus the availability of education to all sectors of the population, social mobility is on the rise. Class (income and/or status) distinctions are ebbing away into the great equalizing melting pot of middle-class America.

Interestingly enough, both arguments contain partial truths, although not in their definitions of class. To a certain degree, American capitalism has desired and obtained the integration of at least the formal organizations of various groups into a national pattern of acceptance (submission) and faith (false consciousness) in the ideology of corporate capitalism. Whether it be, in specific, the labor bureaucracy, or, in general, the grand coalition of the Democratic Party, capitalism has succeeded in defining the priorities and objectives of most social groups in terms of its own needs.

Integration is an essential feature of modern capitalist development: thus the partial truth of the theory of countervailing powers. What is obviously lacking is the simplest understanding of the sources and nature of power in America. This can be observed in any context: in terms of the concentration of means of wealth and control (the economic order); the frivolity and inadequacy of legislative debate and the nature of corporate liberalism (the political order); or the manipulations in context and the structural confluence of interest in communications (the social order). Any



one of these analyses will come to a conception of power in terms of class role and degree of control.

The arguments of social mobility equally contain a partial truth. While the creation of educational opportunities has increased in America, these opportunities are directly tied to the needs of a highly advanced capitalist system for more technical and professional jobs.<sup>23</sup> However, these jobs are not jobs that entail control over the processes and organization of production. The sources of power are not altered but reinforced by those technical rationalizations. While this new group might enjoy greater benefits (higher income, greater educational training), they still remain in a position of class exploitation (non-control over production and the quality of their lives). If this group does belong to a growing middle sector, that does not mean an all-pervasive growth of a new middle class; on the contrary, it implies the emergence of a new working class.

The other positions in this middle sector (clerical workers, sales and promotions, etc) are, by any stretch of the imagination, far from being even close to the centers of power. Those jobs, as Mills pointed out in *White Collar*, can be considered still more exploitative than those of the traditional working class.

What we have, then, is a theory of social mobility which is not class mobility, and a new middle class which is not a class. The whole of the pluralist arguments seems to refer to something which is not.

Although no cohesive and cogent theory and analysis of class structure in American society has been developed using a Marxist model as a point of departure, that does not, as Daniel Bell as posited, mean there is an end to critical ideology and class consciousness in America, and the agencies for such change has been the unwillingness of the American left to come to grips with the general theory of class and the specifics of America society.

The problem has not fled, as the pluralists imply; we and they have only fled from the problem.

### **American Class Society and its Agencies for Change**

*Let the old men ask sourly, "Out of Apathy—into what?" The Age of Complacency is ending. Let the old women complain wisely*

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*about "the end of ideology." We are beginning to move again.<sup>24</sup>*

—C. Wright Mills

The emergence of a new student and civil rights movement in the late '50's and early '60's has raised again the question of agencies for social change, and even the idea of change itself, absent in America since the entrenchment of the Cold War, ca. 1948, with the defeat of Wallace. The inability to link the discussion of agency to the question of the radicalization of class groups has produced sterility in the analysis and a vacuum in the formulation of long-range and even intermediate strategies. The conclusion of this document will attempt to deal with both aspects of this problem, namely:

1) the discussion of a long-range potential and strategy in the light of a class analysis, in the context of the description and trends in America corporate capitalism; and

2) the discussion of intermediate goals, strategies, and problems coming out of an analysis of what groups are presently in flux and why. The long-range analysis will entail an enumeration of the present class groups—including their own differentiation—and the various potentials they contain within themselves.

### **Class Structure and Class as Agency**

The four major class groups posited in an analysis of American society are 1) a ruling or bourgeois-capitalist class, 2) a petty bourgeoisie, 3) a working class (including a middle sector as well as the new and traditional working -class groups), and 4) an underclass. Each class group will be examined in and for itself as well as through its differentiations and non-cohesive nature.

#### **1) THE RULING CLASS**

The ruling class, that oft-misused, oft-criticized concept, refers, in this context, to those in control—primarily over the forces of production—who have access to the means of power in this society. Since this class-group, like the others, does not entail a cohesive and unified whole, some sort of breakdown of their group is necessary.

### **The Higher Ruling Class**

This refers to the managers, administrative and technocrats who have direct and total control over their areas of production and influence. Therefore, those who maintain ideological control—presidents and high administrators of large universities, foundation heads, the executive and managers of the mega-corporations which dominate and extend into every area of institutional life and power in America, are the key components. Power and control cover many areas in an advanced industrial society. Therefore, members of a higher ruling class must also include the key officials in the public, governmental posts, as well as the ideological officials of communications.

### **The Sub-Ruling Class**

This group refers to the lower levels of power and control; primarily professionals (most Congressmen, state and city officials, lawyers, etc.) as well as lower level technical and managerial elites. These individuals by and large constitute the groups of middle-range directors in the corporations and public bodies. As such, they have access to power, but only on this middle-level in the functioning of America capitalism. They exert control, but not in the primary areas of production.

As might be guessed, the ruling class does not constitute a bloc for radical social change; they, in fact, prevent it. However, even within a ruling class policy decisions can cause conflict and division. The War in Vietnam is a case in point. Certain more obvious dislocations and irrationalities in the American political and economic structure could feasibly produce severe discussion within the ranks of the ruling class. Dissension, however, is not the trend, but, conversely, a movement towards rationalization and integration seems on the rise.

## **2) THE PETTY BOURGEOISIE**

This class refers to the small proprietors, middle-range farm owners, and general group of small businessmen (J.C.'s, etc.). Their distinction from the ruling class is that they are almost completely removed from sources of corporate and ruling class power and control. Their distinction from the working class is a result of some control over their limited area of work; i.e., they own their business no matter how insignificant it may be.

During the 19th, and on through the early part of the 20th century, the petty bourgeoisie constituted an important political bloc. The demise of both the Progressive party and the spirit of anti-trust, combined with the petty bourgeoisie's increasing economic irrelevancy, destroyed their last vestiges of class cohesiveness and political importance. The death of the market economy, their ideological *raison d'être*, has resulted, among some of the petty bourgeoisie, in an affinity with the Goldwater conservative faith. However, their gradual development toward impotency and their lack of extended control, creates a possible (though quite distant from immediate realization) identification with the aspirations of the working class, if and when a working class would develop demands for control over their own lives and over the organization of society.

### **3) THE WORKING CLASS: SLEEPING AND CUMBERSOME GIANT**

This is the most prevalent of those misused and abused terms. The term has been used with romantic fervor and ill-tempered disdain. It has been made the all-inclusive, all-knowing, totally coherent mass subdued by a few choice bureaucrats, or else, has been posited out of existence. As agency, it has been thought of as with the restless titan, waiting, subdued, ready to strike like lightning at the heart of the capitalist monster, or else as an invisible mass, so thoroughly integrated into society that it would never again raise its ugly head to threaten the balance and harmony of societal organization.

Both conceptualizations do not describe the changing nature of the labor force to accommodate the changing technical, structural nature of industrial organization and the general growth of social service positions. This change has brought about the differentiation and lack of cohesiveness within the working class. It has also created new and important structural roles that make it even more crucial to the maintenance and functioning of American capitalism.

The alternate concepts of revolutionary potential and integration are useful in seeing two alternative modes of working class life in America. Both, by themselves are inadequate given new working class conditions. Revolutionary potential has to be totally redefined in the contemporary American (and European) context. The revolutionary slogans of the de-

pression years are no longer applicable today. The formulation of revolutionary potential is still only used with regard to the traditional industrial workers, from which whole new groups of workers, who, in fact, form the possible vanguard, are excluded. Working class integration, on the other hand, must be seen in light of its artificial and forced (manipulative) nature. Genuine integrative consensus is possible only if the roots of class division are eliminated. All too often, this simple truth is neglected in modern theories of integration.

For the analysis, this non-cohesive and changing American working class will be subdivided into three main groupings; new working class, middle sector, and traditional working class. Each, in turn, will be further subdivided. Estimates of their composition of the labor force are roughly: new working class, 13% (and growing); middle sector, 32.1%; and traditional blue-collar working class, 36.2% (diminishing).<sup>25</sup>

### **New Working Class**

This group can be broken down into three pivotal areas: First, technical and professional (e.g., engineer types) workers whose essential situation is one of non-control yet proximity to the means of production; secondly, higher-level industrial workers (Chemical, metallurgical, atomic, and even some auto workers, etc.) whose distinction from the blue-collar industrial workers involves the degree of educational and technical training and resulting specialization; thirdly, social service workers (teachers, doctors, social workers, creative and performing artists, etc.) whose role will increase with further rationalization of capitalism and the introduction of welfare-state measures. Their high degree of education background, greater income levels and status, and the structurally crucial role they play in societal organization and development, are unifying aspect of the new working class.

Most university students who join the labor force will enter into one of these three areas of work. Therefore, both the socializing role of the university and its work-apprenticeship program are crucial to the integration and stabilization of these groups. At the same time, the greater flexibility and more open nature of the university experience combined with the fact that the university is the one area where a potential radicalizing process now exists, allows for the immediate possibility of the radicalization of

those groups. Thus can be seen, in particular, with respect to the social service workers, where the emergence of a new student left has instilled a note of radicalism in the teaching and social work professions. Their job experience (in the schools and ghettos) not only enables them to see the contradictions in the society, but allows them to formulate the theoretical guidelines for radical action.

The present non-radical nature of the technical and highly-skilled workers testifies, in part, to the inadequate strength and program of this new student left. However, in England, France, and West Germany, where working conditions are not so different from those of the United States, one can see the emergence of radicalism within those groups. In England, the concept of workers control was first introduced by the technicians union (ASSET). In France and West Germany, the chemical and metallurgical unions are in the forefront in the formulation of demands for control. Interestingly enough, the German SDS has had striking success in developing contacts with these highly specialized workers. While these developments are absent in the U.S. (although the air-mechanics strike is indicative for the possible adoption of radical programs) the potential is always present and could emerge in the future.

The overriding feature, then, of the new working class, is that they are at the very heart of production in such a way as to be conscious of the role and nature of the social organization of production and yet unable to control it. They could have an immediate stake in radical social change. Many of the jobs of the new working class (excluding social service workers) are, in some part, related to defense production. At times, workers press for a continuation of this production in order to preserve their means of livelihood. In an immediate context these groups seem to support and sustain the irrationalities of the system; as such, the New Left writes them off as agency for change. But the new left must translate their socio-economic, political, and cultural critique, which, in part, could lay bare the tools of imperialism and waste (defense) production, to the workers' lack of control over their very means of livelihood. It is precisely the nature of the work experience that can result in radical critique. The role of waste production does not destroy the potential for radicalization; it only reinforces it. It also points out the crucial vanguard role the social service workers, (including the New Left students) most in flux and least tied to

defense production, must play in organizing and radicalizing the growing new working class.

### **The Middle Sector**

This group is the most incoherent and differentiated part of the labor force. Its defining characteristics are, on the one hand, (distinguished from the new working class) the inadequacy of educational and training backgrounds for their own job skills, and on the other, (distinguished from the traditional working class) the non-industrial, non-blue-collar nature of their work. The middle sector can be subdivided roughly into two groups: first, those that exist, partially or totally, because of the surplus – clerical, sales, advertising and promotion, and general bureaucratic workers – as nonproductive consumers; secondly, non-domestic service workers who do not need advanced educational training skills—transportation workers, cab drivers, certain hospital workers, etc. These workers consider themselves part of a middle class, for reasons of status and the non-industrial nature of their work. They are potential radicals for a number of reasons besides the over-riding one of the lack of control over their work life): first, the nature of their work is utterly useless to the production and fulfillment of social needs. [Ed. Note: this refers to the first group, such as advertising workers.] They are directly tied (related to the surplus) to the needs of compulsive consumption, from which they could see the irrational and exploitative nature of social organization. Like the defense workers, they can form the immediate basis for reaction in that their means of livelihood is defined by irrationality. However, their lack of control, plus their ultimately useless and degrading positions imply a potentially critical framework. The manipulation in the work experience in a context of non-productive labor, could enable them to develop a class critique.

Once again, the task of a New Left is to make their social critique relevant to this group's work experience. Secondly, with the process of automation making serious, though incomplete, inroads in middle sector production, the possibility of confrontation increases. While confrontation might not lead to radical conclusion, it opens up an area for radical program and strategy. (This can be seen in the NY transit strike, one of whose root causes was the introduction of automation.) The New Left must realize that the middle sector is in a state of flux, in such a way that it can

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become open to future long-range radicalization.

### **The Traditional Working Class**

The traditional working class, the revered proletariat, has failed to deliver the revolutionary blow that the American old left had so ardently desired and so totally ritualized. Instead, it has become tied, through the media of its bureaucratic organization, the AFL-CIO, to the ideological mainstream of American society. Radical socialist incantation and disillusionment has predominantly concerned this class group. The New Left, on the other hand, has dismissed it as a potential agency; an attitude reinforced whenever George Meany waggles his cigar and defends American capitalism, even in its most irrational spheres.

However, 36.2% of the labor force cannot simply be dismissed. The same lack of control, powerlessness, and degrading life-styles applies to them as well as to everyone else exploited in a class society. Also, two new factors have been added to the picture.

First, in the last six years (1960-66) there has been an absolute rise (in quantity and by percentage) in the number of industrial strikes.<sup>26</sup> While statistics on the nature of the strikes do not point to any one single trend, factors of job security, plant reorganization, and non-wage benefits—i.e., those concerning the quality of and control over one's livelihood—are becoming increasingly important. The major distinction between wage disputes and disputes concerning claims for security and control must be understood:

“Wage claims are more frequently motivated by rebellion against working conditions than by a revolt against the economic burden of exploitation born by labor. They express a demand for as much money as possible to pay for the life wasted, the time lost, the freedom alienated, in working under these conditions. The workers insist on being paid as much as possible, not because they put wages (money and what it can buy) above everything else but because Trade Union action being what it is at present, workers can fight the employer only for the price of their labor, not for control of the conditions and content of their work.”<sup>27</sup>

The absolute increase in the number of strikes, plus the introduction of non-wage claims that could lead to the demands of control, are a significantly important dimension in the direction of the working class. These strikes are also tied to the rate of the introduction of automation, which is



directly tied to the control of one's work experience.

Secondly, an increasing number of strains and tensions have developed within the AFL-CIO, because of both its reactionary-bureaucratic development and its increasing irrelevance to the working population.<sup>28</sup> Certain new potentials could come out of this situation. First, an increasing split within the organization could lead to an eventual withdrawal of some of its member unions. This in turn, would create a situation where radicals could find breathing space within union structures and where the functioning and the strength of the unions' role of integration could be challenged and hampered. Also, an irrelevant AFL-CIO would allow space for the creation of new working-class organizational forms that could include strategies and demands for workers' control, plus a general radical plan for societal re-organization. This point is valid especially when one includes the new working class and the middle sector workers. The general situation of the working population is one of both flux and stagnancy: flux in the sense that the nature of the labor force is changing; stagnancy in the sense that the old forms of working-class organization have remained the same.

Certain groups within the working class are receiving higher levels of technical training. But greater technical responsibility is disconnected from control over the conditions to of work. The company demands that imagination on job and passive submission to the discipline and standards prescribed by the management."<sup>29</sup> This is the central contradiction in the nature of work in contemporary society; also, this can lead to the creation of radical demands for control—demands that can link the working class with that most economically deprived group—the underclass.

### **The Underclass**

The underclass is an integral part, if not a part of the vanguard, of the potential movement for social change. The underclass roughly refers to two groups: the black and other racial minorities, and the permanently unemployed and underemployed. The black minority has become the permanent bottom level of the American social structure. Sharing this bottom level with the black population are units of the population which have been place in positions of unemployment and underemployment. That which unites the class as a whole is its deprivation: economic deprivation (near-starvation levels of income); social deprivation (the insidious con-

trol over their lives exercised by other groups and the denial to them even of the minimal forms of human dignity); cultural deprivation (the manipulative imposition of an outside culture); and political deprivation (absence of political representation and general powerlessness.)

The underclass is the most deprived class in America; as such, it has been, is, and will be one of the centers of radicalism in this country. But itself it can at most be only a disruptionist force (the Watts riots, etc.). But, as a source of radicalism, it has been the first to bring forth demands for control and radical change. As a class, it can be checked and isolated when acting by itself because, despite its exploitation and indigent radicalism, it is still removed from the sources of power—the centers of production. It must thus develop alliances with the working class, with the radical demand of control as the unifying factor. This alliance is the basis of the total agency for change. The development of this alliance is far from its realization in the immediate context of American society; it needs intermediate strategies as well as a greater sense and purpose to radical program. This alliance could be nipped in the bud, or could be threatened by problems, this alliance remains the only hope for changing an irrational, unjust, and violent society into a society where free men could develop and fulfill their human creative needs within a peaceful, socialist, and humane world.

## **Praxis**

### **The Concept of Praxis**

Praxis can first be defined as the development of consciousness through relations to production. Through that process theories of society, of class, and of man's relations to man and nature gradually develop and then reflect back on men's human practical activity. Knowledge comes from activity and in turn affects and shapes that activity. This knowledge becomes political consciousness when it develops out of the class relations of production. Therefore, class consciousness is the highest form of political consciousness. Class-in-itself (in terms of its relation to the means of production) becomes class-for-itself (consciousness of its political and historical role). In Marx's conceptualization the industrial working class contains the seed of the final expression of praxis (class consciousness).

Praxis is usually defined as the unity of theory and practice. All too often the use of this definition leads to a static formulation of praxis and

a static strategy for social change. What is absent is both historical understanding and an understanding of emerging and potential contradictions in society.

“The unity of theory and practice is also not a given mechanical fact but an historical process of becoming.”<sup>1</sup> This implies critical analysis of the social situation concomitant with social activity. Briefly, praxis is “practical-critical activity.”<sup>2</sup>

Central to understanding praxis is the concept of the different levels of praxis as well as understanding praxis in its totality, that is, total revolutionary praxis.<sup>3</sup> All too often this isolation of one level of praxis leads to an undue emphasis on the economic level of production, with a purely mechanical understanding of the relation of base and superstructure. Therefore, this relation is translated as one-to-one relations, inhibiting understanding of the subtle and significant changes in the superstructure (political, cultural, and social developments) which in turn reflect on the development of the base (economic structure).

This is an historically important form of partial praxis. In the Soviet Union there was an undue reliance on developing heavy industry as the means whereby socialism would be created. In the United States the American Communist Party and other elements of the old left relied on the Soviet model, which obscured important specific features of American society, and they refused to recognize the flexibility of American capitalism.

The form of partial praxis more relevant to the new left is its inability to develop a social praxis that come of its class relations to production. These relations are perceived as ambiguous by students who are not yet integral components of the new working class, as formulated in the section on Trends. This situation implies a lack of definition of their own class role. This lack can first be seen as the new left’s inability to define the new changes and new potentials in society which is also intimately related to the inability of the new working class to develop consciousness as a class-for-itself. The failure to perceive their class relations inhibits the development of total revolutionary theory, which in turn inhibits the development of class consciousness. In this light, total revolutionary praxis involves recognition of their structural, technical role in maintaining, developing, and rationalizing American capitalism, and therefore of their own power as a force for social change.

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### **Praxis and the New Left**

The new left's inability to understand its potential class role comes partly from the fact that students qua students do not constitute a class-in-itself. The university experience does not describe, by itself, class relations of production. It has primarily two functions: first, as a socializing mechanism that is used to integrate and stabilize various social groups into society; and secondly, as an apprenticeship for the new technically specialized economic functions of the society.

The apprenticeship also includes liberal arts studies, since as the *Rockefeller Reports* implied, the rapidly changing nature of economic tasks requires a more flexible training program. Liberal arts education is also part of the requirements caused by the proliferation of social and administrative tasks, itself a result of the process of the new technology. The protest at the university level relates primarily to the first function of education (socializing mechanism) rather than to the class-related function of apprenticeship. However, the new left's origins do not rest simply with its present social condition, but go back to the protest concerning civil rights and peace.

The origins of the new left are not based on an ideological (class) confrontation but, on the contrary, emanate from a serious commitment to certain features of the dominant American ideology. The denial of civil rights to the black population was the first issue that led to the emergence of the new left. The exposure of this denial directly contradicted the dominant rhetoric of equal opportunity and democratic rights. The movement that resulted was oriented toward ameliorating these specific evils rather than toward developing programs that included a structural critique of the whole society. The call for integration was the call of the elimination of some apparently irrational features of American capitalism, namely, the arms race and the existence of poverty amid affluence. Again, the critique and program were oriented toward the elimination of specific programs within the context of a class society.

However, the protest movement led to a gradual recognition of the nature of powerlessness and produced that oft-quoted ideal: People should make the decisions that affect their lives. This pervasive state of powerlessness enabled some to grasp the correlation between activity in the rural South or the urban North and relations of this country to the under-

developed nations. The protest movement could then move on to a higher level of critique, in particular concerning the two specific problems of the universities and the war in Vietnam.

In the winter of 1964 the Berkeley revolt occurred. The studies on the nature of this revolt point to and give evidence to the thesis that the protest movement developed in response to the contradiction between the American ideology and its reality, rather than as a rejection of this ideology. Glen Lyon's study shows that a large plurality of students participating in demonstrations for the first time considered themselves Liberal Democrats, whose position represents the idealized formulation of American ideology. However, this plurality was sharply reduced among students who had previously participated in demonstrations.<sup>4</sup> Participation in the protest movements did result in a partial radicalization.

Involvement in the Vietnam protest has furthered that process in several different ways. First, the very centers of power are clearly implicated in waging this war. This implies a qualitative difference from the civil rights situation, where, in fact, President Johnson could say, "We shall overcome," and where the Federal Government was not recognized as directly obstructing civil rights. Secondly, Vietnam led to theories with the beginnings of a critique of imperialism. Thirdly, Vietnam has raided the question of priorities in the allocation of resources especially affecting poverty and education. Fourthly, Vietnam clearly revealed the processes of manipulation and consensus instrumental to maintaining the dominant ideology. However, Vietnam, in itself, has not clearly demonstrated the nature of class society, particularly in respect to the new working class. The war protest has not brought forth the specific structural programs for social transformation.

The protest on the university level has further developed student consciousness to the point where the new left began to formulate a partial praxis. Instead of just responding to specific irrationalities, the new left began to construct a social-political theory out of its experiences; i.e., a praxis. Significantly, the new left started talking about control and manipulation. This emphasis was a response to the socializing mechanisms of the university, which involve such things as *in loco parentis*, objectification and quantification of the learning experience (also part of apprenticeship), and the pervasiveness of the "legitimate" institutions that occur

in society at large, such as paternalism in poor communities and expertise in foreign policy. Although these issues did, in part, spring from the civil rights movement, they grew more refined and recognizable within the context of the university, both to the new left and to a greater number of students.

Another aspect of the developing social theory was the concept of decentralization. The new left, itself a product of post-scarcity economy, with its potentials, began to articulate the need for and the new possibilities of real democratic control through the processes of decentralized decision-making. The new student left's awareness of a post-scarcity situation comes from a lack of economic compulsion. Their own leisure enabled them to conceptualize men freed from centralized organization imperatives, which in turn would allow men to deal with the processes and decisions that shape their lives.

The new left, then, has moved from single-issue protest to an embryonic political theory whose two new features are the concepts of control and decentralization. These concepts are directly tied to recent developments in American capitalism. A new working class, whose formulation occurs within the university, has been developed to meet the needs of the skilled positions created by technology. The demand for control is crucial to the very self-conception of this group, at work and in its life-style. Also, the development of the conditions allowing for a post-scarcity economy provides the potential for decentralization. The new student left, however, has not yet experienced those demands in class terms, i.e., in terms of their relationship (as student trainees) to the new working class.

### **Prospects for the New Left, the New Working Class, and America**

The prospects for the new left revolve around its distinction between class and status, both in the ways it defines itself and the possibility for change. The present theory for social change, implicit in new left activity,<sup>5</sup> is that groups (strata) outside society, because of their role as outcasts are not central to the mechanisms of production, have least to lose and most to gain in changing society. They, therefore, are invulnerable to co-optation. In fact, this position is most vulnerable to co-optation.

First, the student sense of alienation results from the social organization in the application of the new technology. Under capitalism, these

increasing productive powers tend to growing waste production and, at the same time, develop mechanisms of control which leave the individual (student) with loss control over the now more complicated processes of production. Students find themselves in a situation where they have become socially necessary for the functioning of the economic system, but their economic functions have little or no real social value. Added to this are the cultural and social manipulations they experience, which have been made more remote by the development of technology.

Secondly, for the black population the converse holds true. Their economic functions, or non-functions, involve real work related to a subsistence economy, but are being made socially unnecessary by technological advances. They share with students the sense of powerlessness that arises in part from cultural and social manipulations.

These forms of alienation are insufficient by themselves to form the basis of a viable radical movement. Both groups, though not necessarily, can be co-opted or relegated to irrelevance. The underclass can be rendered ineffective either through a process of sharing economic gains (greater expansion of social welfare measures) or through their gradual absorption by the ever-increasing growth of the middle sector.<sup>6</sup> Although this co-optation might not necessarily occur, given a certain rationalization of American capitalism and its continued ability to expand, this tendency becomes a real possibility.

The potentiality for new developments in rationalizing American capitalism (economic planning, rationalization, greater equalization of income, full-employment practice—the Welfare State model) is directly tied to the potential of co-opting students, alienated by waste production and powerlessness, by enabling them to become the future rational technocrats. This role provides for a greater sense of power, specifically in dealing with the surface dislocations in American capitalism. Clark Kerr, one of the prime advocates of the new technocracy, was, after all, a member of the Student League for Industrial Democracy, the predecessor to SDS. Bobby Kennedy, the symbol of rational capitalism, has remarked the SDS types will make the imaginative administrators for future governmental posts.

The other side of co-optation is the indigenous aspects of romanticism and reformism (the politics of protest) within the new left. The politics of protest derives from the lack of class politics and the tendency for

the new left to look at itself as a status group outside of a class position and role. Romanticism comes from certain material comforts as students, which are potentially always available, as opposed to a situation where one's livelihood is at stake. However, it is their very livelihood (the future technical positions) that can provide the basis for class politics based on the programs of control and participation. Therefore, the very forces for co-optation also provide for the development of a new class consciousness with a power to make structural changes in society. This power can only develop through a new and high level of praxis; one which recognizes the possibility of class consciousness in the new working class.

Any revolutionary theory based on the strategic importance of the new working class must also recognize the dangers of reformism inherent in this class's economic well-being. Lucien Goldmann has pointed out that demands of control and participation can be neutralized, so that a revolutionary theory must always contain the cultural and social critiques of societal manipulations, as for example, those contained in the works of Herbert Marcuse. Further, this critique must always rely on a structural analysis of capitalism, including a critique of imperialism. Finally, this critique must include an international perspective; with the problems of world capitalism, and the development of socialist activity throughout the world.

The new left, in its development of a partial praxis, has within itself the possibility of co-optation or absorption through the developing aspects of American capitalism; however, it also contains the seeds of a total revolutionary praxis with the potential for transforming American society from top to bottom, into a society where "the free development of each is the condition for the free development of all." (Karl Marx, *The Communist Manifesto*)

## Footnotes

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