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February 27, 1993

ECAAR Global Essay Contest
c/o Professor Lawrence Klein
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World Essay Contest
Economists Allied for Arms Reduction
70 West 40th Street, 4th Floor
New York, NY 10018

We take as given the desirability of redirecting resources from armaments to human needs, and of attaining a sustainable, environmentally healthy, and nonviolent world, and focus on the “blueprint” of how such a vision might be attained; namely, on the obstacles which must be overcome.

While the growth of universal love and empathy among the world’s people would surely help attain this vision, we will not address these themes since the focus of the topic is not religious or psychological, but economic and political. Such an analysis entails an examination of institutional obstacles, whose nature is revealed by surveying the global scene.

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According to the World Health Organization [WHO], eleven million children die every year of diseases from which they could be saved for pennies to a few dollars per head. This “silent genocide” is “a preventable tragedy because the developed world has the resources and technology” to quickly put an end to these deaths (WHO’s Hiroshi Nakajima). This human disaster is merely one symptom of the amoral structures which govern resource allocation and national policy, and which will continue to bring about such results if left intact.

Throughout the Third World, infant formula manufacturers continue to disregard WHO guidelines, thereby maintaining high profits — and high infant mortality rates. As practiced by drug-dealers, these corporations dole out huge numbers of “free samples” and encourage hospitals to bottle-feed babies. Since a new mother’s lactation must be stimulated by suckling, even brief use of the formula in the hospital can make the mother’s milk dry up, creating a dependent “client.”

These mothers who cannot breastfeed often dilute the expensive formula to make it last longer. In addition, the formula does not provide the natural immunization against disease and complete nutrition found in mother’s milk. Not surprisingly, the mortality rate of bottle-fed infants in developing countries is significantly higher than that of breast-fed babies. UNICEF estimates that each year one and a half million infants die unnecessarily, deaths which could be averted through breastfeeding, a practice which suffers from one defect: its unprofitability.

Regarding national policy, the effects of profit-based (and hence amoral) economics are highlighted by Oxfam’s report *Why Farmers Go Hungry*, whose analysis of “food aid” policies in the eighties notes that 55% of U.S. grain export is fed to animals in countries where the hungry cannot afford to buy meat. Most U.S. agricultural exports “do not go where they are most needed,” but to developed countries; in 1982, the Netherlands alone received more U.S. agricultural products than the entire continent of Africa, while World Bank figures for that year reveal twice as much agricultural exports to Canada (with 24 million people) than to the 17 most hunger-ravished countries — just under a billion people — *combined*.

Oxfam also states that only 3% of U.S. agricultural exports that year were given away; most “food aid” is sold with low-interest financing to Third World governments, then usually resold at prices the poorest cannot afford. Another consequence of “free enterprise” is the taxpayer subsidy of agribusiness while “even our food ‘donations’ do little to alleviate hunger worldwide.”

That examining who benefits, who pays, and who continues to suffer might shed light on the forces driving U.S. policy is a notion thoroughly ignored in the mainstream when undesirable attention to the influence of corporate interests may result.

Similar causes underly resource misallocation in First World domestic policy, particularly in the U.S.

In this super-rich country, the cumulative AIDS rate per 100,000 ranks fourth highest in the world after Malawi, Uganda, and Congo; the rate for nonwhites tops even the worst-case African nations. Infant mortality rates are the worst among all western industrial nations, comparable to Cuba's rate, which is far lower than that of U.S. Blacks. Rates of child immunizations are among the lowest in the hemisphere.

The racial statistics do represent an independent dimension of exploitation. The underlying issue, however, is power relations (class), relations which are more easily established and maintained when the victims are readily identified, e.g., by race or gender. When elite interests are relatively minor, change comes more easily — witness the transformation of gays and lesbians from among the most maligned groups into beneficiaries of protection from the highest levels of government — than when the stakes (profits and power) are high, where we find a \$300 billion military budget alive and well long after the Soviet threat — and Soviet Union — has evaporated, and the national disgrace of the lack of an Equal Rights Amendment.

The health care crisis and concomitant debate about skyrocketing costs and the tens of millions of uninsured Americans presents another “paradox” of economic mismanagement. Solutions typically offered include “managed competition” and other market-based proposals protecting health industry profits.

Almost never mentioned is that the U.S. is the only western industrial nation without a universal-access, national health plan. The General Accounting Office reports that if a single-

payer, Canadian-style program were implemented in the U.S., *tens of billions* of dollars of savings per year would result: “the savings *in administrative costs alone* would be more than enough to finance insurance coverage” for all uninsured Americans; “there would be enough left over to permit a reduction, or possibly even the elimination” of all co-payments and deductibles. But that would be bad business for the multibillion dollar health industry, whose political influence mirrors its financial power under our capital-based economics which put profits before people. More accurately: which put profits first, period, and for which human needs are entirely incidental, accounting for the Third-World features in U.S. society following a decade of particularly enthusiastic adherence to the logic of “free-market” public subsidy and private “enterprise” (profits), the polar opposite of a democratically-run economics.

As with U.S. “food aid”, capitalist economies’ socialization of costs — not profits — were highlighted by Dr. Fazlur Rahman in the *Times* business pages: “Basic biomedical research has long been heavily subsidized by United States taxpayers” to the tune of billions of dollars; “high-tech pharmaceuticals owe their origin largely to these investments” but are often “out of reach of our patients” as corporations rake in private profits.

In this crucial respect, capitalism scarcely differs from communism: a tiny elite controls the key economic levers — not the people. That the people can and should is as “Utopic” as were the elimination of slavery and child labor, or attaining suffrage for women. The common features of communism and capitalism were suggested by candidate Harkin in comparing communism with the virulent form of the later, “trickle-down economics.” Both had the “same outcome”: they were “supposed to help everyone” but benefited a “privileged few at the top” — just as in the “regular” capitalist examples reviewed.

Another example is the U.S. military budget, some \$300 billion per year including Energy Department, NASA, and other hidden spending — excluding interest on the deficit.

“We spent \$150 billion during the height of the Cold War, back in 1980,” observes Rep. Maurice Hinchey. “*Obviously* we can spend substantially less on the military than we were spending [then] — not having to double it as we have.”

In fact, even the 1980 Cold War budget was excessive, with Soviet might consistently exaggerated, and the *defensive* uselessness of being able to destroy the USSR so many times over. For the purposes of violent intervention abroad, however, and as a corporate welfare program, the “defense” budgets functioned well. As for “economic stimulation” from the technology of homicide (or tax-breaks for the rich), the same defects as plague breastfeeding explain lack of interest in productive stimulation via purchases of homes for the homeless, food, clothes, etc.

The breadth of mainstream political discourse on this issue is reflected in Clinton’s interview with *Defense Electronics* (10/92). Clinton contrasts his proposed military budgets with those of his conservative Republican opponent: over the period 1993-1997, he would spend a whopping 5% less. For the same institutional reasons, in discussions of the deficit, one may mention tax increases and spending cuts, but not the vastly bloated military budget, nor basic economics of resource allocation — i.e., productive endeavors versus building military waste-products unnecessary for defense — and their public (versus private) consequences.

1991 was good business for military contractors, with \$ *41 billion* in U.S. arms sales. These striking deviations of national policy from economic prudence (and moral sanity), and an analysis of the beneficiaries of these policies, reveal a great deal about effective power distribution which cannot be legislated away but is rooted in the economic systems and in the institutional relations between the business and governmental sectors in a capitalist order.

Disarmament cannot be addressed separately without an examination of the same economic forces which allow millions of children to starve. Both paradoxes of misallocation resolve by observing that costs and benefits *for the nation as a whole* differ from those of the elites who

control the national economy and national policy. In addition to these institutional dimensions, there are interrelated personal ones; the deterioration of public schools and hospitals do not affect George Bush's family.

"Throwing the bums out" will not change the systemic roots which consistently bring about amoral economic allocation, infanticide, etc. One cannot judge capitalism — or any economic system — by how it would function with "decent, honest people" in high office and corporate suites; Soviet communism would pass such a test, suggesting the system be maintained while we strive to make CP officers more "decent," with "integrity," so they don't abuse their power. That East Bloc elites referred to these states as "socialist" is as significant as the label "democratic" which they also adopted. We are not told that democracy has been "discredited" following the fall of the "German Democratic Republic."

Beginnings of democratic socialist alternatives have consistently been crushed by both Powers: Prague (1968) and Guatemala (1954) for example; "but, while the Moscow-imposed government in Prague would degrade and humiliate reformers, the Washington-made government in Guatemala would kill them" writes Guatemalan journalist Julio Godoy, adding, "it still does, in a virtual genocide that has taken more than 150,000 victims," (citing Amnesty International's reports on the "government program of political murder.")

These essential features are obscured in our capitalist Free Press — the large corporations in the business of selling mass-audiences to client advertiser companies — which is controlled by the same interests behind the national and global disasters reviewed. Also obscured are the striking parallels between capitalistic and East Bloc-style media: both are run and controlled by a tiny, elite class — not the public.

The proclamations of the "Triumph of Capitalism" in the Cold War are part of the PR campaign, and worth examining. To assess them we naturally compare public welfare in the for-

mer East Bloc with Latin America, where the Monroe Doctrine, free-market capitalism, and U.S./IMF control have reigned.

We find that Cuba and East Europe are human rights paradises compared to the U.S.-backed “fledgling democracies” employing a governmental “‘Death Squad’ strategy” (Amnesty), murdering hundreds of thousands of their citizens (El Salvador, Guatemala); or compared to the murder of a child per day by Brazilian death squads in league with security forces, among other victims of U.S.-backed terror necessary for maintaining oppressive capitalist orders; victims whose “lives and deaths have not touched the conscience” of those shedding tears over Soviet atrocities, writes correspondent Marth Gellhon; “I can testify that it was far better and safer to be a peasant in communist Poland than it is to be a peasant in capitalist El Salvador.”

We correctly ascribe East Bloc atrocities to the system which produces them, not “those bad people over there.” The same logic applies to capitalism in Latin America (and elsewhere); the higher levels of violence it requires do not make totalitarian “socialism” benign, but should dispel similar illusions about capitalism.

Capitalism’s environmental and development catastrophes can barely be sampled within these confines. The nightmarish results of the maquiladoras highlight the former; meanwhile, Chilean poverty has risen five-fold, from 1 million under Allende to 5 million today in that “economic miracle” following two decades of “free-market” medicine, and two-thirds of Brazil’s people do not get enough to eat, for whom East European life would be a feast.

Remarks Economist Jose Camargo, “Saying that Latin America needs ‘free market reforms’ is a little bit crazy, because we’ve basically had market economies from the times our countries were founded;” the catastrophes reviewed reflect “a failure of the market and not of socialist economics.”

Millions of children do not starve and die of diseases each year because the world’s people are

heartless, but because of a system of elite-controlled, profit-based allocation of resources to which starving children, environmental destruction, etc, are externalities, and because in a profit-run, market economic order those who put babies' lives above profits will be replaced by more amoral actors who win out in this system, which requires overhaul, not "modification" at the margin with new carrots and sticks to perhaps correct some of its more vicious manifestations.

A private, profit-based "competitive" economy *drives* players to externalize costs, punishing those who consider human and environmental consequences and are thus overtaken by those who more singlemindedly pursue profits.

Governmental regulation does not address and cannot eliminate these incentives. At best, some protections may be afforded; however, the profit-based market economy will encourage elites to try to get around such restrictions and transfer costs to the weak. This they are likely to succeed in doing given their inherent influence and power, under this system, over the political institutions in charge of legislating and enforcing such laws, as well other key institutions like the mass media with its vast influence over public opinion and perceptions.

The notion that the consequences — let alone global or long-term consequences — of the pursuit of private interest in a profit-run system can deliver prosperity in any more than an incidental fashion, let alone that such a system is "the best" or "only" economic order humanity can hope for, is so self-evidently absurd as to require no comment, but extreme marginalization in the Free Press and the political culture generally awaits those who would deviate from the capitalist Party Line; including any progressive economists, with tragic consequences.

If "socialism" means a party-run economic order administered under a totalitarian regime, then "socialism" has indeed died. Amen. But any reasonable definition of "socialism" must minimally encompass a social order in which the economy and principal institutions are run and democratically controlled by (all) the people — not by elites, be they Corporate- or Vanguard

Party-based . *This* socialism did not die; it has yet to be born.

In the long run, economic democracy mandates that capitalism, like feudalism and communism before it, must be overcome, in favor of a popularly controlled economy, a Participatory Economics like that described by Albert and Hahnel.

Until that time, and in that direction, economic empowerment and enhanced democracy may be advanced by various means. A genuine labor movement, Party, and press, could counterbalance the “War on Labor and the Left” described by Patricia Sexton. Public Access media and citizen control of the airwaves generally, and minimally a financially corporate-independent PBS would promote a truly free press. “Freedom” without resource equality is Animal Farm Freedom, in which some players are “more free than others” — free to control, manipulate, and exploit.

Democratically controlled, credit-union based rather than profit-based financial institutions; Ralph Nader’s concept of Citizen Utility Boards and similar organizations; and Worker’s Councils and Worker-ownership would be additional steps towards establishing a truly democratic, socialist order, as would generally reversing the assaults of the capitalist/Corporate class and their counterparts, Lenin and Trotsky, who abolished factory councils, Soviets, and other institutions of popular control soon after the revolution, thus preventing socialism from taking root.

Since then and to this day, the human struggle towards economic democracy and liberation from all forms of elite-controlled economics and oppression has continued, offering the hope of a just, peaceful future for humankind, and a future for the Earth.

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Footnotes available upon request.