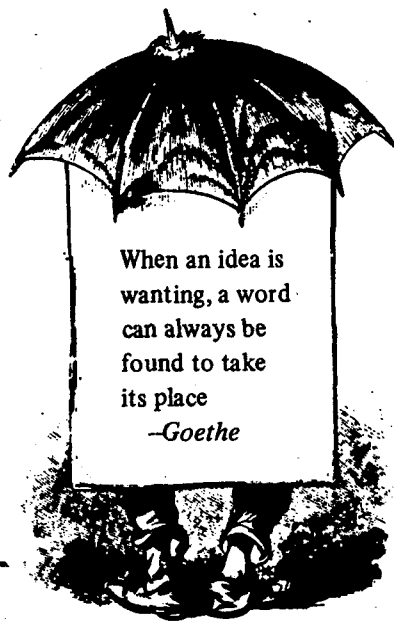


Weather



Report

REDS

Jon Rowe

While the communist parties of Western Europe were expressing dismay over the military crack-down in Poland, not everyone in the "free world" was disheartened. One eminently respectable group, the bankers of New York, was actually cheering the Polish Communists on:

TO SOME BANKERS WITH LOANS IN POLAND, MILITARY CRACKDOWN ISN'T ALL BAD NEWS.

That was the headline tucked away on page ten of the Wall Street Journal's December 21st edition. With irony just barely restrained by the Journal's usual deadpan style, reporter Julie Salamon's article began:

President Reagan may denounce events in Poland, but many US bankers see Soviet-style authoritarianism as their best hope for recovering the \$1.3 billion that Poland owes them.

"Most bankers think authoritarian governments are good because they impose discipline," said an executive at a bank with millions of dollars in Polish loans. "Everytime there's a coup d'etat in Latin America, there's much rejoicing and knocking at the door offering credit."

Though few bankers will concede it publicly, many are hoping that a strong Polish government backed by the Soviet Union, or perhaps the Soviets themselves, will pay off the rest of the \$500 million in interest due Western banks.

The U.S. media has made much of the breadlines and jailings, and the wranglings over Poland's enormous debt to Western banks and governments. But of the political implications of that debt, of the support of the Western banks for the military crack-down, we have heard virtually nothing.

Its nothing new, of course, for U.S. based multinational banks to throw their weight behind jack-boot regimes. Milton Friedman and William Simon may say that capitalism is freedom, but the keepers of the capitalist dollar certainly haven't shown much loyalty to freedom around the world. In the past, however, the banks have been able to back dictators, juntas, and torturers and, by waving the red flag, get away with it. There always seemed to be CIA reports linking the opponents of their favorite mustachioed generals to "communist agitators" and "guerillas," who were generally traceable to Fidel Castro.

Whatever their own atrocities, the dictators were fighting off the Commies, and that kept the banks supporting them on the side of freedom.

Poland has blown this cover. In the shipyards at Gdansk, the coal mines at Wujek, the factories in Warsaw, the people are rising up against their Communist repressors. Nobody needs a CIA report. The UPI wire will do. And whom are the banks supporting? The Commies.

Freedom? Forget it. The banks want their money. Apparently, it's not the *ideology* of the Latin American and other insurgents that disturbed the bankers. It is their credit rating.

Citibank official Thomas Theobald admits as much. "Who knows which political system

works?" Mr. Theobald asked Ms. Salamon. "The only test we care about is, 'Can they pay their bills.'"

Can you imagine what Ronald Reagan would do to a Democratic congressional leader who expressed such agnosticism in opposing a new bomber? Can you imagine what would happen to a draftee who refused induction on the grounds that Communism might not be all bad?

The bankers are not alone. U.S. corporations have provided much of the plant and technology of the modern Soviet state. After the 1917 Russian Revolution—"the ten days that shook the world,"—companies like Westinghouse, DuPont, RCA and Ford were scurrying back to Russia to help Lenin construct the new order. General Electric, where "progress is our most important product," built the giant Kharhov Turbine works—which had two and one half times the capacity of GE's largest U.S. plant of those days.

By 1944, Stalin could tell the President of the U.S. Chamber of Commerce that two thirds of the major industrial projects in the USSR had been built with U.S. assistance—including virtually the entire Soviet auto industry, thanks to Ford and other companies.

The Reganites may chastize liberals as "soft on Communism," but their corporate backers continue to serve as warehouse central for the Communist state. Semiconductors, computers, ball bearing technology—all with obvious military and police state applications, have passed across the Iron Curtain almost as freely as figs at a Middle Eastern bazaar. The trucks used in the Soviet invasion of Afghanistan were built where? You got it. The Soviets' own American-made Kana River truck factory.

Now we are embarking upon the largest military build-up in the history of this planet, in order to defend ourselves against the Soviet state which our banks and corporations helped finance and build and arm. It wouldn't be surprising if the same companies were getting, in some fashion, defense business on *both* sides.

But what does all this *mean*? Just that banks and corporations are greedy to the core? Lenin, in fact, thought that greed would be the capitalists undoing. "Comrades, don't panic," Lenin once said at a tense moment during a party meeting in Moscow. "When things go very hard for us, we will give a rope to the bourgeoisie, and the bourgeoisie will hang itself."

Yes, the banks and corporations are greedy. But I think something more is going on here, something that could change the way we see big banks and corporations on the one hand, and the Soviet state on the other.

Let's start by asking who *doesn't* get invited to Warsaw and Moscow to sip vodka and cut deals. Strange, but it's precisely those people and groups most castigated in this country as "leftists" and hence, we are told, Russia-leaning. When was the

last time you heard about a Ralph Nader speaking tour in the Soviet Union?

You haven't. And you probably won't. The Kremlin has no more use for such boat rockers than does the U.S. Chamber of Commerce.

How about organized labor, another purported threat to free enterprise? You won't see them in Moscow either. Only their bosses, the ones who accuse the unions of being hostile to capital and profit.

Environmentalists? If there's an environmental movement in Russia, its deeper underground than the Soviet Mark Russell. You'll find American bull dozer buffs and polluters doing their thing behind the Iron Curtain. But the Sierra Club and Friends of the Earth are no more welcome there than they are in James Watt's Interior Department.

I first started to think about all this a number of years ago, when I encountered at a friend's wedding, a Soviet official who worked, he said, in pollution control.

He was a worn, slightly stooped man in his late forties or fifties, with a gentle yet proper manner and a face that seemed grey.

Fresh out of school, and bubbling with innocence, I blurted out, "Boy, your job must be a lot easier in your country than it is in this country."

"Why?" he asked. He looked genuinely puzzled.

His response took me aback. I thought the point was obvious. "Well," I explained, "you don't have all the big corporations opposing everything you do, like we have here."

His face formed a weary smile, like a man long ago resigned to official falsities. Glancing over his shoulder, he hunched a little closer and said softly, "My boy, in my country, the corporations *are* the government." Then he walked away.

Over the days and weeks that followed, my thoughts went something like this: In the Soviet Union, everything is supposed to belong to the people—or at least to the state, which is sort of holding things in trust until the people grow up. There aren't supposed to be any corporations there. There shouldn't be anyone to oppose pollution control. That's one reason people in this country who fight big corporations are called 'leftists.' Yet this man, who should know, is now telling me that in Russia the corporations control everything. How can this be?

An idea started to grow on me. "Could it be that the whole official picture of things is wrong? Could it be that the Soviet Union isn't the ultimate worker state at all, but is rather the ultimate corporate state—the way government would be if corporations, rather than workers, ran it totally? Could it be that Communism, at least as the Soviets practice it, is not ultimate left, but ultimate right?

When I tried looking at things through this new prism, I was stunned at how much our largest corporations and the Soviet state have in common. Both are nominal democracies that are really controlled by an inside, self-perpetuating management

clique. Both are run through sprawling paperwork bureaucracies which stifle initiative and innovation. Both are rife with internal politicking and backstabbing. Both adhere to rigid hierarchy, thrive on secrecy, demand absolute internal conformity and eliminate dissenters. Both deny those within their power a bill of rights. Both put their own expansion and convenience above all moral values—indeed, self-interest and growth are their moral values. Both embrace ideologies which give their self-seeking a cosmic justification. Both pay lip service to worker rights while in fact dealing with workers as they deal with everyone else—trying to get the most for the least.

Both tend toward larger and more centralized technologies.

Both treat their organizational appendages—whether corporate subsidiaries or client states—as colonies. They prop them up or bleed them of cash and resources, as suits their convenience.

Above all, both are ruled by timid, deeply conservative men who live off the legacy of forebears more daring and remuncious than they. The current managers, both corporate and Soviet, are not buccaneer capitalists or flaming revolutionaries. Rather, they are security-maximizers whose goal in life is a steady growth curve. The faceless heads of Ford and Exxon have no more in common with Henry Ford and John D. Rockefeller than Brezhnev and Co. have in common with Trotsky and Lenin.

In sum, could it be that our bankers and corporate managers get along so well with the Communist establishment precisely because they have so much in common? Could they be, in reality, on the same side of a fundamental economic struggle of which we slowly are becoming aware?

We have all been told that we were born into a world split by a Manichean struggle between 19th century intellectual theories called "capitalism" and "communism." We have been told that these supposed opposites define, for all time, the entire spectrum of possible economic arrangements. They are the choices. They are locked in mortal combat. One or the other must prevail.

But what if that is bunk? What if the leading practitioners of these two theories—which are both premised on materialism and self-seeking as the engines of world events—are heading for the same place? What if the theories, which bear little resemblance to actual practice in either country, don't explain what is happening? What if the



emerging struggle is really between something else, something which cuts athwart the official world view on both sides. What if the struggle is between the forces of centralized economic power on the one hand (embodied by conglomerate corporations, New York banks, and Soviet-style states), and the forces of decentralized economic power on the other (represented by independent businesses, family farmers, Solidarity, at times U.S. labor unions, anti-nuke protestors, alternative energy and appropriate technology advocates, alternative presses and newspapers, and those like Ralph Nader who demand accountability of large institutions, corporate as well as governmental? What if the real struggle is between the centralizers and the decentralizers of imagination and economic power?

And what if the official version of the ideological

armageddon is in large part just a schtick that the leaders on both sides use to whip up public support for big armies and to keep their grasp on the symbols of legitimacy of their respective states?

I don't make light of the differences between the U.S. and the USSR. If the choice is between here or there, I want to live here, but the affinities between the Soviet-style states and the large banks and corporations which are controlling more and more of our economy, are real and ominous.

The events in Poland, and the way our bankers have responded to these events, are a warning. We must not merely check out our defenses. We also must ask again just what it is that we are fighting, and what it is that we are defending. We must ask who "we" are in the first place.

DAVID ARMSTRONG

Ronald Reagan's scorched earth economic policies are supposed to save Americans money. We all know that. Problem is, they don't and many of us now know that. One of the most telling examples of Reaganomics' fiscal failure is detailed in a thought-provoking report on energy conservation that shows just how the Reagan administration could save Americans billions each year, but doesn't.

The report—entitled "Accelerating the Building Sector's Sluggish Response to Rising Energy Prices"—reveals that the U.S. could cut the energy needed to heat and light this country's buildings in half by the year 2000, simply by using known conservation techniques. As the report's authors make clear, however, those techniques are not likely to be efficiently employed without government prodding of the building industry. Government is, of course, doing just the opposite.

From a standpoint of cost-effectiveness, ecological sanity and self-reliance—goals the Reagan administration says it supports—that is contradictory. Cutting the energy we use in our buildings in half could eventually save 8 million barrels of oil a day, help protect our fragile environment and lessen U.S. oil imports.

The government knows this. The report's co-author, Arthur H. Rosenfeld, a physics professor at the University of California at Berkeley, testified before two congressional committees last April and May and told them so.

Powerful elements of private industry know it, too. Last June, Rosenfeld ventured into the lion's den to deliver the report he wrote with Mark D. Levine, an analyst at Lawrence Berkeley Labora-

tory, to the Atomic Industrial Forum. That's the national trade association of the nuclear power industry. The pro-nuke moneybags were presumably not amused to hear that the vast quantities of energy they claim Americans crave can be conserved—and with no drop in the standard of living, at that.

"I should point out," writes Rosenfeld, "that we always took the position that the amenities provided by energy should remain the same or be improved. We only changed the efficiency."

Rosenfeld and Levine's findings complement those of other analysts who studied potential energy savings in industry, transportation and utilities as part of a wide-ranging study for the Solar Energy Research Institute. All told, the analysts concluded, the U.S. could save \$50 billion of energy every year, with "savings in the building sector alone... comparable with our oil imports for all sectors."

The price tag for vigorous government action to net such savings, Rosenfeld and Levine concede, is high, but within reach. It would cost \$200 billion to renovate private homes for energy-efficiency, another \$100 billion to rework commercial buildings and \$125 billion for more efficient appliances, such as furnaces, refrigerators and low-flow shower heads. That's \$425 billion.

The way Rosenfeld and Levine figure it, however, \$50 billion in yearly savings would more than pay the bill—not to mention assure the preservation of a priceless environment that would otherwise be ravaged by nuclear, synfuel and coal-burning plants constructed to generate energy we don't need.

According to the two analysts, such large-scale conservation of greenback and green trees could be done by sending a small army of "house doctors" and retrofit contractors hither and yon. They would also have Washington speed the process "by sponsoring applied research, education, training... monitoring and evaluation of retrofit and new buildings, energy labels for appliances and homes and commercial space" and tax credits for conservation.

In the past, Rosenfeld and Levine report, the building industry has been slow to adapt to changing market conditions, such as skyrocketing energy prices. American builders have had to meet few government performance standards and little foreign competition compared to, say, automobile makers, who have been at least somewhat more efficient. Left to their own devices, Rosenfeld and Levine conclude, builders could take up to 20 years to implement changes that would benefit most Americans now. That's why they're calling for leadership from the federal government.

Unfortunately for consumers, that's not the kind of leadership Washington has in mind. Last spring, while Arthur Rosenfeld was presenting his carefully reasoned proposals to Congress, the administration was busy cutting two-thirds of the funds for the Department of Energy's Office of Buildings and Community Systems. Last fall, President Reagan proposed abolishing DOE itself.

That's one reason why your fuel bills won't be dropping with the temperatures this winter, or next, or the one after that.