IN THESE TIMES

Editorial

Remember when the AAA killed a million hogs a day?

In the depression summer of 1933, with millions hungry and ill-clothed, New Deal Secretary of Agriculture Henry A. Wallace directed the destruction of 10 million acres of growing cotton and the slaughter and disposal of six million pigs. It was, he said, "a shocking commentary on our civilization," and could not be seen as "acts of idealism in any sane society." Yet he approved.

A little later, faced with the prospect of destroying a large part of the winter wheat crop and explaining "the logic of plowing under wheat while millions lacked bread," Wallace was saved by the weather. "Fortunately," as he said, it caused "a sensational reduction" in the harvest.

In January 1977, Florida's citrus fruit growers faced a bumper crop and feared "they would lose money because of the surplus." (*New York Times*, Jan. 22) "Nature bailed us out," said the Florida Citrus Fruit Commission, "an oversupply situation has been corrected."

The resemblance of the 1970s to the 1930s is striking.

As in the 1930s, there is now a stagnation of capital spending, a slow rate of economic growth, and high unemployment. The investment fall-off is due not to a "shortage of capital" or lack of "business confidence," but, like then, to capacity in excess of profitable use, leaving banks with huge amounts of idle funds.

As in the 1930s when private construction and public works both plummeted, private construction is depressed today and public construction is 25 percent below a decade ago in an economy 30 percent larger.

The result now, as in the 1930s, is cutbacks in public services, deterioration of public facilities, inadequate and expensive housing, when all are in greater need.

Like then, scarcity for the people—of food, housing, fuel, jobs—flows from the reality of glut—too much oil, gas, food, productive capacity, idle investment funds, to guarantee sufficiently attractive rates of return for the Lords Corporate to allow society to put them to use.

Pierre Rinfret, consultant to the past three presidents and to many of the largest corporations, helps us to understand the reality. "In the American free enterprise system," he notes, "capital formation and profits are virtually the same things." That is the problem. To get a little "formation" of productive capacities, we must yield a profit to the corporate property-owners. That means higher prices not related to real costs.

Rinfret has been advising his corporate clients to raise prices and, notes the *Wall Street Journal* (Dec. 18, 1976), they have been doing so "right through the most recent recession and ... the current business sluggishness."

Rinfret replies to those who say this is unpatriotic that "the name of the game is to survive.... The American economy and the Free World's ... have problems, in spades, and ... there aren't any solutions that are acceptable within the social framework we live in."

President Carter, like Franklin D. Roosevelt before him, has called us to patriotic sacrifice in the name of preserving that "social framework."

In the golden days of 19th century small-enterprise capitalism, competition meant declining prices and profit rates. Survival of the fittest meant survival of the cheapest. That was the measure of progress. In the present time of corporate oligopoly "competition" means higher prices and restricted production to maintain corporate profits. It means the survival of the most expensive. It is the way of the dodo. It is a patriotism of fools or scoundrels.

The incapacity of leaders who pride themselves on "practicality," to deliver rational programs, flows from the central fact of our times: Corporate-capitalism is a social system that rewards scarcity, imposed upon a technology of abundance. The Carter administration, like FDR's is committed to preserving the "social framework," not to the rational domestic management of an abundance technology.

They have in common a policy of government aid to capital in raising prices, maintaining artificial scarcities, and thereby profits, in order to give the corporations the "incentive" to invest. That incentive is no longer an efficient or humane way of allocating resources and providing for the general welfare. It is a social overhead that the people pay for the use of their productive capacities. The late 19th century Robber Barons, in exacting their toll from the people, were pygmies by comparison.

The incompatibility of corporate profit priorities with a sound economy is clearly revealed in the present energy crisis.

Electric companies are asking for higher rates related not to real costs, but only to the profit "incentive." For example, the Illinois Commonwealth Edison Company demands a 14.5 percent rate hike, most of which would go to stockholders, the rest to taxes. Thomas G. Ayers, president and chairman of Com Ed, says that the hike is needed to yield a profit sufficient "to make our securities attractive to investors," because the competitive profit level has been "steadily increasing." Public ownership would make such social bribery unnecessary and would get and deliver electricity more cheaply.

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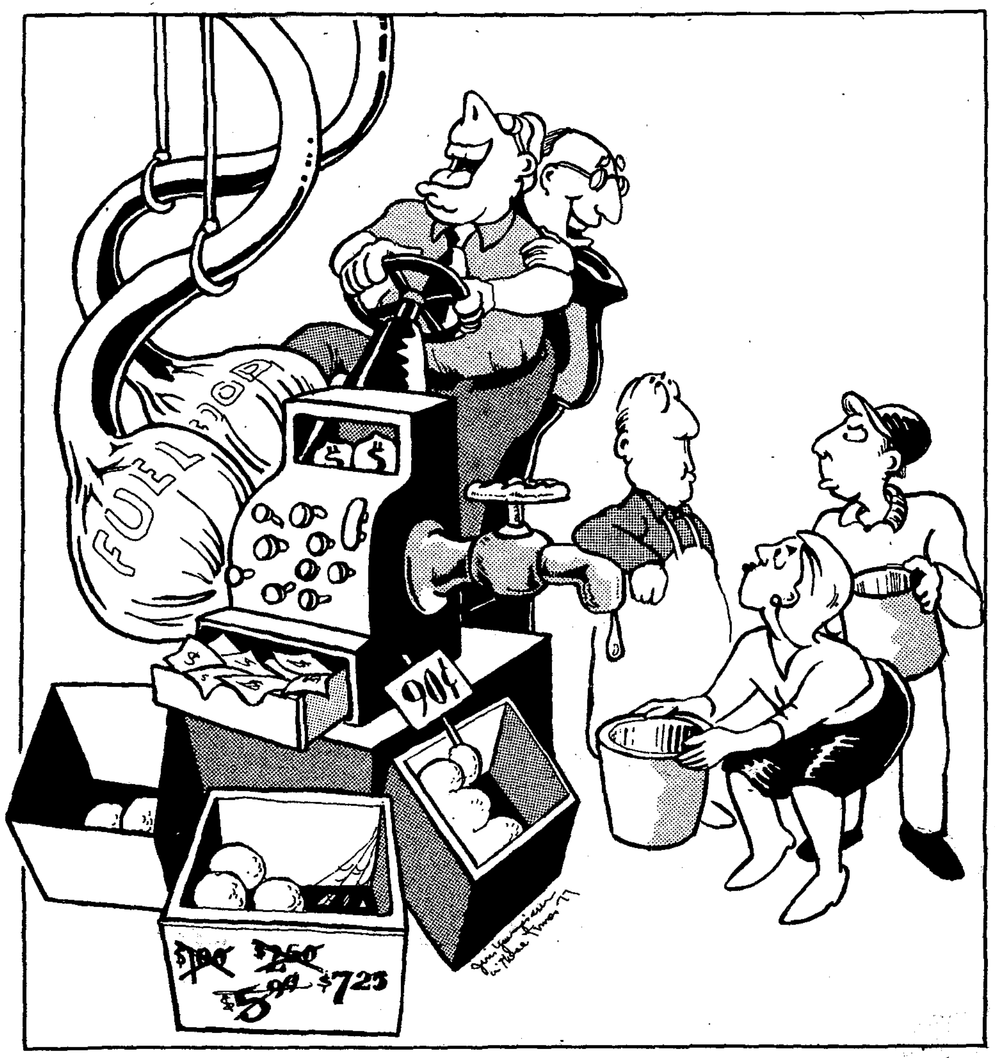

The oil and natural gas "shortage" presents a similar situation. As Thornton Bradshaw, president of Atlantic Richfield Corporation (ARCO) and member of Carter's campaign task force on energy, explains in the February *Fortune*, the real problem in oil is the glut of crude, and the need for government aid to maintain prices high enough to entice corporations into letting us get and use it. In gas, too, there is no shortage, but a campaign bolstered by the weather to justify government enforcement of prices to make profits "competitive."

Carter's program, embodied in the Act just passed by Congress and, hinted at by Carter in his recent press conference, in his upcoming "comprehensive" program, is designed to do just that.

Higher energy prices mean lower real income for all wage-earners, retirees and homeowners; they mean hobbling an already stagnant economy with higher fuel costs and hence continued unemployment that makes advances for blacks, other minorities, and women impossible; it means unemployed and dispirited youth and an economy of deepening inequality of circumstance and opportunity.

Carter's plan centers on shifting energy planning from the Interior Department where Secretary Cecil D. Andrus is known as responsive to non-corporate groups, to a super-agency under Schlesinger, a tried and true member of the corporate team. The fight for a rational and democratic energy program may well begin with opposing the transfer of that power to Schlesinger. But it must also mount the struggle for an alternative Congressional energy program.

It is time for Congress to create a public energy system and for socialists to go to the people on the issue.

"Nationalization" is not a sufficient formula. A public system should invoke a creative use of our federal structure and experience to decentralize initiatives and control while bringing the benefits of national resources and coordination.

A federal energy board, having investment, production, and distribution authority, meshed with similar regional boards, in turn tied to state and local public energy associations, would be worth considering. The boards and associations should consist of representatives of labor, consumers, and public interests, and not of corporate interests. The system would be analogous to the Federal Reserve System or the Federal Farm Land Bank system, but it would be clearly a public, not-for-profit system and strictly accountable to Congress, the state legislatures, the city councils and country boards. It should have its own parallel energy banking network, which would hold deposits of energy revenues and, under control of the legislative branches, be centers of public investment and planning.

Small private gas and oil retailers now being squeezed between corporate power and consumer resentment could serve honorably within such a public system even as private businesses.

Such a system would integrate democratic planning and public service.

At the state and local levels, popular movements can and should press for public-owned energy agencies. Such state and local struggles would strengthen the national movement.

The Corporate Power and its alliance with the Presidency now imposes a stranglehold on the people's right to provide for themselves. Against Carter's program for the extension of Corporate power, let us raise the demand for Free Public Enterprise. ■