

IN THESE TIMES OPINION

Robert B. Carson

Carter's little labor pills

Jimmy Carter's long awaited plan "to put Americans back to work" has been announced, and the artful dodger has done it again. After weeks of waiting for the Carter cure, we find the remedy is the same old medicine—only in smaller doses.

Organized labor and urban black and white leaders were quick to condemn Carter's two-year \$30 billion program as being too puny to have any effect upon unemployment. Pressure on Congress or Carter may cause some upward revisions; but Carter, the FDR buff, may want to hold something back until the right crisis situation demands stronger action.

As expected, the "Keynesian Connection" was apparent in the Carter program—a one-time \$7 to \$11 billion tax rebate on 1976 taxes, \$4 billion in permanent individual tax reduction and a \$2 billion tax credit for businesses. To be sure this will cause some economic stimulation for middle class buying and modest business investment but, as we pointed out in our last column, it will not create many jobs.

►The jobs package: not much.

The biggest surprise in the Carter program was the jobs package. Some labor spokesmen had hoped for as much as \$25 billion. They got \$4 billion in public works and between \$5 and \$8 billion in public service or publicly subsidized employment—and this to be spread over two years. With the confidence possible only from spending too much time in academic economics, Charles Schultze, chairman of Carter's Council of Economic Advisers, said that these programs would create up to 800,000 jobs and lower unemployment by 1.5 percent this year.

Is Schultze's prediction realistic? Not by my arithmetic.

The \$4 billion public works program, even accepting the Department of Labor's optimistic calculation of the jobs-effect of such spending, cannot create more than 200,000 jobs. The Department of Labor estimates that about 50,000 jobs are created for each \$1 billion spent—half at the job site and half in the industries supplying and serving the construction. This is plainly an overstatement. The on-site figure may be reasonable, but the employment impact on other industries is far out of line. With steel, cement, and other construction materials firms now working with considerable under-employment and unused capacity, a \$4 billion public works program, spent over two years, may have no effect at all on jobs in the supplying industries. All in all, the public works spending, spread across two years, will probably add no more than 75,000 jobs; unless we are supposed to count the same people twice, one in 1977 and once again in 1978.

While the distribution of direct employment monies between public service jobs and subsidized private sector on-the-job-training employment is unclear, we can make some estimates. In the past, these jobs have cost on the average \$9,000 each to create (in fact under the current Comprehensive Employment and Training Act (CETA), \$10,000 is the maximum wage possible). The \$5 billion to \$8 billion earmarked for direct employment over the next two years thus indicates a job gain of between 280,000 to 440,000 per year.

The combined public works and direct employment spending would therefore mean a gain of between 355,000 and 512,000 this year. That is a long way from Schultze's 800,000. It does not even equal the net new entrants into the labor force

expected for the year. At best, if everything doesn't get worse, it will only lower official unemployment (if the jobs don't go to the "unofficially" unemployed) by about half of one percent.

►Would more make much difference?

If the Carter program had been larger would it have altered the unemployment picture very much?

Unemployment is past the point of being eradicable through public jobs. With official national unemployment of over 8 million and with a true unemployment level of 14-16 million, the costs of full employment in terms of federal deficits (and later inflation) would be staggering. Public Works costs per job run at an unbearable \$30,000, and CETA's near poverty level \$9,000 average is still almost unapproachable within realistic fiscal limits.

However, even beyond the question of

the spending magnitudes needed to put a dent in unemployment, there are other dangers in believing that we can get ourselves out of recession via FDR's WPA and PWA jobs programs.

In the case of Public Works Employment, there would be few if any gains made by the hard-core unemployed, even if spending were greater. With ordinary construction industry unemployment high and getting higher, few of the hard-core would be reached by such spending. On the other hand, Public Service employment will create new jobs, but it also tends to destroy old ones.

Given the fiscal pinch of most cities and states, and their massive payrolls (15 percent of all U.S. workers) the infusion of federal monies to create local public service jobs will be welcomed as a great boon, a chance to reduce local government payrolls or payroll costs by picking up federally funded replacements. This has already been the case in New York City and elsewhere under the CETA program.

The effect then is not really to lower unemployment as much as it is to shift it, or at best to lower existing public sector wage scales. In the time proven tradition of American capitalism it sets one part of the working class (the local public employee) against another (the special federally-funded worker). It cannot help but further undercut the deteriorating political position of public unions, a benefit certainly not overlooked by corporate capital.

Similarly, subsidized jobs in the private

sector that pose under the guise of on-the-job training would benefit business much more than the unemployed. First, industry would receive a direct subsidy in the name of job creation; that lowers costs and raises profits. Second, "on-the-job" trainees would certainly bump private sector workers. Why should G.M. pay \$18,000 for a new or an old employee when it can get an OJT for half or less? Third, it would act as a sword hanging over the head of all private sector labor. Wage rates could be held down by the threat of hoards of previously unemployed OJT's just waiting for private sector employment under federal auspices. Again, the class-dividing effect of setting those without jobs against those with them should not be overlooked.

►No panaceas for unemployment.

The further elaboration of public sector employment, even if Carter does cave in to union and urban pressures, can probably reduce reported unemployment a bit. However, while more Americans will be working, they will be working at low wages. Their labor will be only a modest qualitative shift from their present unemployment. Capitalism's tendency toward chronic labor surpluses will remain.

We shall explore this tendency in our concluding article on the unemployment problem.

Robert Carson teaches economics at State University College, Oneonta, N.Y., and is the author of *Main Line to Oblivion: the Disintegration of New York Railroads in the 20th Century*.

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Still, we're not in the scoop story business. As analysts and probers into the dynamics of political events, we get to know where the fault lines are and consequently, where the earthquakes may occur. The news media do the follow-up job of telling you what number on the Richter scale the quake hit.

The Bay of Pigs, for example, is one big quake we called long before "The Press" knew what hit them and us.

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Letters

An open letter of protest

The following is an open letter and appeal that I urge you and your readers to support.

With great courage, 257 Czechoslovak citizens launched the manifesto "Charter 77" on the 1st of January this year. This Charter states the plain truth that democratic rights in Czechoslovakia exist only on paper, even though Czechoslovakia has ratified the Helsinki Declaration and the United Nations Convention on Human Rights. The manifesto gives renewed evidence that tens of thousands of people have been denied the right to work in their professions because they hold opinions of which the present government disapproves. It points out that children are being deprived of educational opportunities because of the views of their parents, and that artists are subject to censorship. The Charter has the support of Professor Jiri Hajek, Foreign Minister in the Dubcek administration, together with that of many other distinguished spokesmen of authentic Czechoslovak communism.

The grotesque situation in Czechoslovakia is a permanent reproach to socialists throughout Europe. It is impossible to defend the repressive actions of the present Czechoslovak government, which are aimed against the hopes of the Czechoslovak people, but which also constitute an attack upon the socialist ideal as it is understood throughout all Europe.

—Ken Coates
Nottingham, England

ACLU concerned with more than free speech

Editor:

Bill Ritter's fine article on racial violence in Camp Pendleton (ITT, Jan. 5) requires some clarification concerning the role of the American Civil Liberties Union. Ritter correctly reported that the ACLU was, in a sense, involved on both sides of the issue. We defended the Black marines and demanded an end to the Marine Corps racism that created the conditions for violence in Camp Pendleton. And on grounds of both due process and first amendment rights, we opposed Marine Corps transfers simply because of membership or belief rather than action.

But Michael Pancer, who is a volunteer attorney with the San Diego ACLU, not its head, did not accurately report the position of the ACLU when he said that the "primary purpose of the ACLU is not to attack racism." Nationally, and especially in California, the ACLU has recognized that the struggle against racism is perhaps the most important civil liberties struggle. The legal, legislative and community struggles that ACLU has participated in for voting rights, school desegregation, affirmative action, and a hundred and one other issues, proves that we are not neutral defenders of first amendment rights. We do defend first amendment rights for everyone, but we see no contradiction between that and our vigorous, consistent participation in the struggle to eradicate racism.

There are 275,000 members of the ACLU around the country. Obviously there are many different views in the organization. But I suggest that Pancer's opinion is held by only a small minority. Just as the ACLU has learned through bitter experience that there cannot be exceptions in the exercise of political liberty, so we have also learned that the

struggle for full equality cannot take second place on our agenda. ACLU affiliates throughout the country are among the leading activists on the two phases of the struggle for equality that are most important today: school desegregation and affirmative action.

—Marvin Schachter
Vice Chairperson
ACLU National Board

What did Marx think about Congress?

Editor:

Your recent editorials which envision polarization of "Congress as the potential people's branch versus the Executive as the corporate branch" involve faulty analysis as well as wishful thinking. Marxist theory of the capitalist state doesn't hold that the President is the servant of capitalist class interests but the Congress is incipiently socialist. The issue of the imperial President dominating the Congress for whatever historical and institutional reasons should not be confused with class antagonisms between labor and capital translated as contradictions between the respective branches of the State. Perhaps the latter will occur when we have a socialist majority in Congress but by then we will have elected our socialist President or civil war will break out and the whole question become moot.

—Gene Damm
Albany, N.Y.

Minor parties provide protest vehicle

Editor:

After getting good vibes from most of *In These Times* Jan. 5 issue, we were brought up short by the mini-editorial

on the last page, "The minor party vote." We do not feel that 215,000 left votes should be dismissed in this fashion. Or that any vote count proves bankruptcy or non-bankruptcy. Are the two major parties any less bankrupt politically because they got 50 million votes apiece?

Let the media play the numbers game. We respect those who took the trouble to register a protest against the system and we think *In These Times* should too.

Ruth and George Dear
Oak Park, Ill.

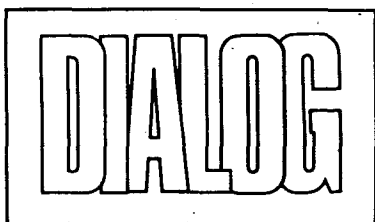
A future to live for

Editor:

It was good to see Carl Marzini's review of Hedrick Smith's *The Russians* in your Jan. 5 issue. If you manage to get significant contributions from members of the left who have served the vision of socialism in differing ways over the years, maybe there will be a future to live for after all. (Enclosed is my \$15 for a sub, by the way.)

But I must report that Marzini errs along with Hedrick Smith on the date for Stalin's fearful prediction of industrialize-or-else we are wiped out. The date was February 1931: it was a speech to industrial executives, and according to Isaac Deutscher's *Stalin: a Political Biography* it was in the same speech that Stalin extolled Russian nationalism for the first time. It is so hard and so necessary for the new left to deal honestly and non-polemically with the facts about Soviet history under Stalin. I provide this correction in the spirit of such understanding.

—Lee Lowenfisch
New York



Socialism in Africa: all in the family?

In the letter by Barbara Stuckey, commenting on my review of Hatch's *Two African Statesmen* (*In These Times*, Nov. 22, 1976) there are serious allegations unsubstantiated by facts. If indeed Stuckey has new information that would convince us that Nyerere and Kaunda are masquerading as socialists, she should produce it, her travels notwithstanding.

Anyone who has studied African politics in any depth knows that Nyerere is the arch-priest of *Ujama* (familyhood), which he says "describes our socialism," i.e. African socialism. "It is opposed to capitalism, which seeks to build a happy state on the basis of exploitation.... Contemporary (African) socialism will grow out of the African communal past. Unlike European socialism, it is not a product of class conflict."

If Stuckey had read *Two African Statesmen* or Kaunda's book, *Zambia Must Be Free*, she would know enough about the background of Zambian economy to know what Kaunda inherited from the British. No one in the West accuses the U.S. of exploitation when it sells grain to the Soviet Union. But Westerners often seem to expect African leaders to dismantle "imperial capitalism" overnight. With regard to Kaunda's alleged (by Stuckey) record of imprisoning freedom fighters from Zimbabwe, from all other accounts his records seem to be exemplary. Kaunda practices what he preaches: African dem-

ocratic socialism, which he calls Humanism.

It would take much more well-documented charges to discredit these two leaders, who played vital roles in the liberation of Mozambique and Angola and will continue to play key roles in the liberation of Rhodesia and the rest of southern Africa.

—Chris C. Mojekwu
Lake Forest College
Lake Forest, Ill.

Chris C. Mojekwu, who reviewed Hatch's *Two African Statesmen* was from 1946 to 1966 Attorney General and Minister of Justice of the eastern region of Nigeria, and from 1967 to 1970, Commissioner (Minister) for Home Affairs and Local Government, and Co-ordinating Minister in Europe for the Republic of Biafra.

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