

# PERSPECTIVES

By Sam Bowles, David M. Gordon and Thomas E. Weisskopf

This is Part II of a four-part series.

**T**HE TRICKLE-DOWN REDISTRIBUTIVE strategy for economic recovery sacrifices wages and living standards in order to boost profits and investment. It reigns as the conventional wisdom.

Evidence of its prevalence surrounds us: Republicans and Democrats, conservatives and liberals, business executives and academics differ not so much in their strategies to address underlying economic problems as in the tactics they would use to pursue this strategy. Monetarists seek redistribution through the operation of market forces (suitably influenced by restrictive macroeconomic policy). Industrial policy advocates would prefer more direct government intervention. Almost all seem to accept the idea that a "capital shortage" lies at the heart of our economic woes, and, therefore, that the overriding need is for belt-tightening in order to free up resources for capital formation.

Many will recognize this argument as the classic "guns-versus-butter" trade-off of textbook economics—applied in this case to consumption versus investment. You can't get something for nothing. There's no such thing as a free lunch. To complain about it is to object to the laws of arithmetic.

There is a hidden logical assumption in this affirmation of inevitable trade-offs. It assumes that nothing is currently wasted, that no productive inputs are currently lying fallow, that we are presently taking maximum advantage of the human and other resources applied in production. In short, it assumes that we are truly living in a "zero-sum" economy.

But if there is widespread waste—either because of unused or misused resources—the zero-sum logic fails. Not because two plus two equals five, but because more investment and more consumption are possible if we make better use of our productive capacity. You can get something for nothing if you stop wasting resources.

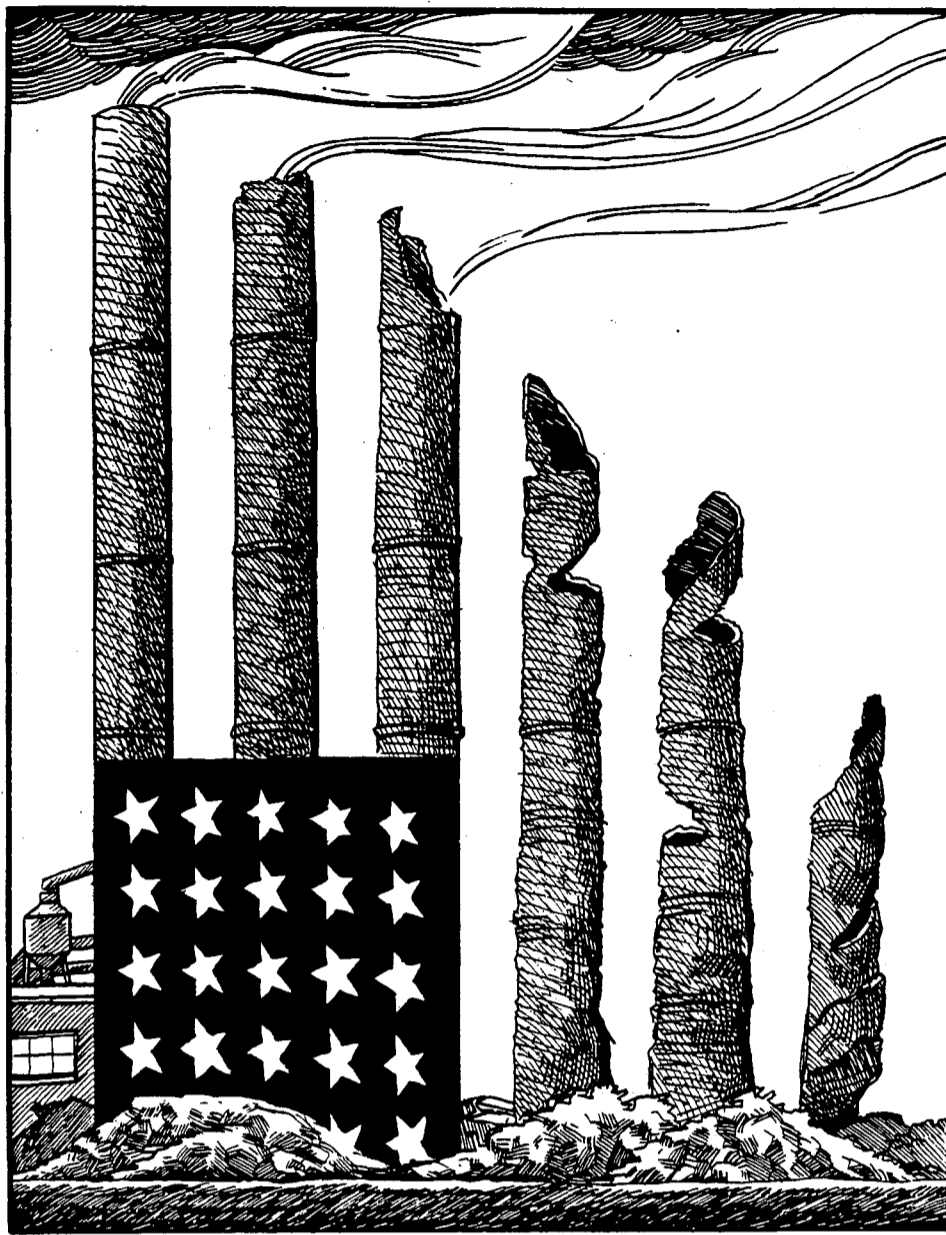
At present, waste is ubiquitous on both the "demand side" and the "supply side" of our economy.

Demand-side waste results from a failure to operate the economy at full employment and full capacity; resources that could be put to productive use lie idle. While the Great Depression of the '30s focused urgent attention on this source of waste, many mainstream economists are currently inclined to minimize the extent of involuntary unemployment—ascribing a "natural rate of unemployment" of 7 percent or more to the necessary frictions and discipline of a "free" labor market. They refuse to consider simple steps to make fuller use of our resources because they refuse to countenance the coordination and planning such steps would involve.

Supply-side waste results from inefficient use of the labor and resources that are employed. For example:

- Inefficient production results from labor-management conflict;
- Inefficient use of labor and wasted intellectual resources result from racial, sexual and other forms of discrimination and from inequality of educational opportunity;
- Environmental destruction and community decay result from the inability of our economy to value the things that money cannot buy; and
- Product waste results because some products are able to earn a profit even though they do not meet most people's needs.

We believe that such supply-side waste results from the imperatives of maintaining the postwar corporate system of private power and privilege. The effort to shore up that system—in the face of popular challenges in the '60s and '70s—has brought us more and more waste in the



## THE ECONOMY PART II

# There is no capital shortage, only supply-side waste

form of burgeoning costs of supervising and monitoring workers; growing corporate resources diverted to legal counsel, financial speculation and advertising; rising costs of environmental cleanup and occupational illness; and soaring expenses of a defense establishment nearly out of control.

Most economists and public officials claim that these are necessary (if regrettable) expenses. But they are necessary only because we continue to play by the prevailing rules of the game.

We base this argument on the venerable Marxian proposition that the social organization of a capitalist economy, far from leading to efficiency, is a barrier to the sensible use of time, effort and resources. If the capitalist rules of the game are not taken as given, then it may

be possible to eliminate a substantial amount of waste in the economy. As a result, it would be possible to escape—or at least to attenuate—the bitter trade-offs that often divide progressive groups and that weaken progressive forces in the face of capital.

We will propose an economic strategy that is designed to take advantage of just this possibility. Its crucial analytical proposition is that the economies of most of the advanced capitalist nations today are slack economies, not zero-sum economies. For this reason what is paid to Peter need not be robbed from Paul. Increases in investment do not require decreases in consumption. More pay for textile workers does not mean less for postal workers. The textbook world of inevitable trade-offs is a poor description

*The rules of capitalist economics, far from leading to great efficiency, are barriers to the sensible use of time, effort and resources. If capitalist principles are abrogated, then a substantial amount of waste can be eliminated.*

of our economic waste land. Quite the reverse: a "free lunch," declared nonexistent by the economic sages, is indeed possible if we find the right recipe.

To take full advantage of this possibility, however, we must challenge the capitalist rules of the game that are fundamentally responsible for so much of the waste in the American economy. Since there is not yet a socialist movement in the U.S. with sufficient power to mount this challenge frontally, we need to develop some kind of "transitional program" that will lead us in the right direction.

Historically, one of the Achilles' heels of such transitional programs has been economic; it often appears that almost any conceivable step toward socialism will result in at least a short-run deterioration of the economic situation of most people. But our analysis suggests that this need not be the case.

In the next article in this series we will develop the macroeconomic logic of part of a transitional program, based on what we call the "wage-led productivity growth" strategy. This strategy rejects the idea that prosperity down the road requires belt-tightening by workers and consumers in order to redistribute income toward the wealthy and the corporations. We believe, instead, that wage growth and wage equalization can benefit both workers and the economy as a whole.

Fairness and economic rationality can in fact form a surprisingly serendipitous combination. The reason is that economic domination is costly to police. A wage-led productivity growth strategy promises to attenuate at least some of the class and other conflicts that have led to the recent escalation of ineffectual and costly systems of control in the U.S.

From the perspective of conventional economic wisdom, the idea that high and growing wages may stimulate growth seems implausible. But consider the empirical evidence:

- Compared with their counterparts in many advanced industrial economies, American workers are not highly paid. The European nations whose average industrial wages overtook those of the U.S. since World War II also had higher savings and investment rates, productivity growth and overall increases in living standards than did the U.S.

- If we divide the recent history of the American economy into an early period (1948-1966) of rising profits, rising investment, stable prices and rapid growth, and a later period of cumulating economic difficulty, we find that average real hourly worker compensation rose at an average annual rate of 2.9 percent during the former period and at 0.8 percent during the latter.

By themselves, of course, these data neither define nor demonstrate the viability of a wage-led productivity growth strategy. It could well be that successful economic performance leads to higher wages rather than the other way around. Moreover, it may plausibly be argued that economic performance and high wages are mutually supporting aspects of the growth process. To unravel these connections we must understand the causal relationship between wages and productivity. We pursue these relationships in the next article in this series.

Until then, the lesson is clear: we must bow to the austere imperatives of the economic wisdom only if we accept the underlying logic of zero-sum thinking. And that would require the suspension of disbelief born both of our daily experience and a careful analysis of the waste that pervades the American economy.

We need instead to pursue the full and appealing implications of the opposite view of our capitalist economy—that irrationality and corporate power create pervasive and eradicable waste. A macroeconomic strategy based on wage-led productivity growth flows directly from that recognition. As we will argue in the next two articles in this series, more rapidly growing and more equal wages can stimulate economic growth and also provide the foundations for a long-run transition to socialist democracy.

Sam Bowles, David M. Gordon and Thomas E. Weisskopf co-authored *Beyond the Wasteland*, recently released in paperback by Anchor/Doubleday Press.

**The Unfinished Liberation of Chinese Women, 1949-1980**

By Phyllis Andors  
Indiana University Press,  
212 pp., \$22.50

**Women, the Family, and Peasant Revolution in China**

By Kay Anne Johnson  
University of Chicago Press  
282 pp., \$23.00

**Patriarchy and Socialist Revolution in China**

By Judith Stacey  
University of California Press,  
324 pp., \$28.50

By Deborah Davis-Friedmann

In the early years of the Cultural Revolution (1968-69), China exported to the U.S. a heroine of the Chinese Civil War—a country girl named Gold Flower. Sold by her parents as a child bride, she was first beaten by her husband and then by her father-in-law.

Only after the arrival of the Red Army and the Communist land-reform cadres did Gold Flower find the strength and help to attack her oppressors, rally other women to the cause of sexual equality and become a "backbone element" of village women.

In 1984 China is sending us different heroines. For young adults the ideal is Zhang Haidi, a paraplegic in her late 20s who, despite little formal education, has mastered acupuncture and six foreign languages, thereby helping others and contributing usefully to society. Zhang Haidi faces none of the "feudal" brutality that nearly killed Gold Flower, and she does not need new, revolutionary social organization. Her problems are fortuitously created by tragic infirmity. She teaches others to rely on Mao Tse-tung's advice to "avoid the wrong road of egoism."

In fiction, a popular heroine of the past year has been Dr. Lu Wenting, a mortally ill eye surgeon featured in the film *On Reaching Middle Age*. "A virtuous wife and mother," Dr. Lu breaks down from the physical and mental strain of her work, showing the urgent need for better institutional backing for professional women to carry the double burden of career and family.

The distance between the world of Gold Flower and these two heroines of the '80s is enormous. Should we then conclude that the Communist revolution has so radically reduced the institutionalized violence against women of pre-Communist years that Gold Flower's story has become irrelevant?

To an extent we can. China's post-1949 marriage law prohibits the sale of young girls as child brides, and these days the practice is virtually unknown. Wife beating is a criminal offense and a legitimate ground for divorce. Parents now expect teenage daughters and young mothers to work in the paid labor force. The number of women government cadres has increased 14-fold.

Yet marriage by purchase still prevails in the countryside. Even in the cities it is common for men and women to meet through a relative's introduction and then marry the first person they date. In the past two years the Chinese government has shocked its own citizens and those of other countries with official acknowledgment of the existence of female infanticide. In response to a national birth-control campaign that discourages more than one child per family, a few parents of

first-born daughters have killed the infants rather than accept son-less status. More compelling and horrifying proof of continuing violence against females is hard to find.

Yet the recent heroines—Dr. Lu and Zhang Haidi—seem oblivious to this violence against those who have the misfortune to be born female. Where are the advocates for the contemporary Gold Flower? Is their absence

that women could only be liberated through full-time employment in socialist modes of production. Insofar as the revolution eliminated exploitation of the proletariat and the poor peasantry, discrimination against women would also disappear.

But as the events of the '30s and '40s revealed, political expediency—not a principled philosophical decision—was the primary motivation for the "active

themselves. For these women, CCP advocacy of free marriage and radical attacks on Confucian morality were extremely threatening.

But it would be inaccurate to conclude that the pre-1949 alliance between the CCP and the poor male peasants went unchallenged. Immediately after liberation, the CCP drafted a new marriage law. Within one year a nationwide campaign for implementation had reached even remote villages. The efficacy of this drive was shown first by the rapid increase in divorces and then by the resistance of local male cadres unsympathetic to any diminution in the traditional prerogatives of male household heads.

In the cities, labor insurance regulations drafted in 1950 gave women workers paid maternity leave, free health care and retirement benefits equal to their male

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ically ill and indigent. Patrilocal marriage practices persisted, and norms for appropriate family behavior—especially between husband and wife and parents and children—remained essentially outside the arena of government reform.

In general, Andors, Stacey and Johnson agree. But on one issue—the significance of the Great Leap Forward and the Cultural Revolution—Phyllis Andors offers an alternative viewpoint. For Stacey, the Great Leap was an "unmitigated disaster" and the Cultural Revolution worthy of only minimal recognition. For Johnson, the Great Leap was an "uncritical effort" totally in line with a view of history "that disparages the work of women."

*The earlier Chinese revolutionary heroine was able and brave. More recent ones are emotionally or physically ill.*

## CHINA

# The low tides of socialism



from the public media merely one more sign of a post-Mao retreat from egalitarian ideals?

The authors of these three books unambiguously refute such an explanation. Instead, they blame the original Maoist leadership. Surveying the history of Chinese Communist Party (CCP) policy and programs toward women from the '20s to the '80s, all agree that as early as 1940 the party leadership had subordinated issues of gender to those of class. Requests for a separate feminist agenda and autonomous political organizations for women were attacked as a bourgeois critique that only addressed the individualistic concerns of an elite.

Thus in 1942, when the writer Ding Ling asked the Party in Yan'an to "talk less of meaningless theory and more of the actual problems" women faced in their everyday lives, she was severely criticized. The Party denounced her ideas as "harmful to unity." It dismissed her demand for more attention to women's practical problems in the "liberated areas" as "outdated," since "full sex equality had been achieved." Shortly after Ding Ling published these views, she was relieved of all political responsibilities.

The officially sanctioned strategy was the orthodox wisdom

suppression" of the earlier feminist commitment to political and social equality.

The CCP achieved victory over the Japanese and the Chinese Nationalists by allying with poor peasant men—particularly unmarried men, who accepted the misogynist gender hierarchy of Confucianism and resented their own inability to establish families according to these traditional ideals. In order to secure these peasant men's loyalty to the Red Army and the cause of Communism, the CCP gave preference to men's demands over women's. Socialist patriarchy replaced traditional patriarchy, and the CCP lost opportunities for change that would "not easily come again."

But as Johnson convincingly argues, "female conservatism" also obstructed radical change in family relationships. A young bride sent to live in her in-laws' home with a husband she neither chose nor knew before marriage had only one strategy for survival—to give birth to as many sons as possible and raise them to show first loyalty to their elderly parents and especially to their mother, who had favored and nurtured them in childhood.

In this way generations of Chinese women, powerless to alter their fundamental subordination, created a secure place for

peers'. Urban girls entered primary school in numbers equal to urban boys, and female university graduates gained managerial positions commensurate with their professional training. Yet in theory and practice the CCP refused to acknowledge a separate reform agenda for women.

Kay Johnson explains this hardline position as the CCP's failure, or even refusal, to formulate radical reform of the family. For Johnson the fundamental source of oppression, and therefore the basic block to real sexual equality at work and in politics, was the persistent subordination of females within their own "male-centered family" of origin.

But in each year after the civil war, accommodation to the existing gender hierarchy, once a temporary strategy, became more and more permanent. Collectivization of agriculture kept the household as an essential unit of production. Even in the cities, where collectivization of work and welfare functions were far more complete, the household—not the individual—was the basic unit of consumption and saving.

During "high tides of socialism," wages in rural areas continued to go to the (male) family heads. In both urban and rural areas the family was responsible for the primary care of the chron-

The Cultural Revolution continued along the same ideological lines, denied gender as a significant category of political debate and reactivated the attack against feminism as "bourgeois."

In contrast, Andors sees the Great Leap as a radical mobilization "on the right track" and the Cultural Revolution as a movement that "created ideology and institutional opportunities for a potentially more favorable climate for women's progress." To support her positive assessments Andors cites the leadership's new willingness to publish essays that discussed sexual equality and the public's new awareness of the importance of radical social change for the mass mobilization of women.

Andors' optimism about the Great Leap and the Cultural Revolution is balanced by clear awareness of how gender hierarchy and female inequality persist in all facets of private and public life. So it would be inaccurate to contrast the views of Andors and those of Stacey and Johnson too sharply.

Unlike Stacey and Johnson, Andors is particularly interested in the "vanguard experience" of urban women. Indeed, in the history of Chinese women, the Communist revolution marks a major break from the Confucian

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