An End to Affluence:

"The United States now experiences the same separation of the people from its land and resources as did Europe when this country was founded 200 years ago. That is, perhaps, the ultimate measure of the end of U.S. affluence. Things have come full circle."

The elections of 1974, despite the wiping out of Republicanism as an immediately operative force, were in reality not an expression of a new choice but a national evasion of decision. There was no discussion of the possibility that America had become permanently warped into something unfamiliar, nor of the need for the nation to accommodate itself to circumstances utterly different from its past experience. Instead, what was implicitly promised—by liberals and conservatives in concert—was that a pathway would be opened back to yesterday. The past, with its supposed innocence and stable prosperity, would be recaptured. The future would *be* the past, if only the right men were put in office.

There did seem to be basic differences in the ways proposed to escape the present. On the one hand, a period of reduced consumption, to be offset by increased productivity over the long term. On the other hand, increased consumption and increased federal spending to pay for it, with shifts of funds from some areas to more urgent ones to minimize the total increase in government deficits. Scylla or Charybdis—the obdurate granite of imposed poverty or the sucking whirlpool of heightened monetary inflation—each proposed as a magical doorway backwards in time. And, of course, as a palliative for this queasy return passage into what was, the nostrum of redistribution of the tax burden was offered as an act of "realism" by conservatives, of "morality" by the liberals. The problem, everyone implied, was essentially technical, of finding the fastest route to yesterday.

But there is no way back. The past cannot be recaptured. In the sense of its irretrievability, the American reality of even three years ago is by now as remote from us as the neolithic age. The distance is not marked by time but events. The quality of what was America has changed irreversibly because the world has changed. American politics as practiced are consequently irrelevant to today's realities, except that their evasions exacerbate the difficulties in which the nation is entangled.

by Terence McCarthy

"America may, in fact, be departing from its past abundance into a future of dearth, and of conflict not only between social classes but within classes, so that some shall be less deprived than others. In a word, America's age of affluence is over."

[TO A NEW WORLD]

Although we cannot return to the past, it is essential that we revisit it in mind if we are to understand today. Historically, and despite such grievous interruptions as the Civil War and the Great Depression, the American experience had been a rising continuum with a corresponding rise in personal expectations. Originally, the expectations were of parents with respect to their offspring. The people were poor but their poverty visibly diminished until any family—outside slavery and racial prejudice—could confidently say "We are doing what we are doing because we do not intend that our children shall carry the burden we are carrying." Events justified this confidence for most—and heightened it.

In the years since World War II, acceleration of the social increase was so extraordinary that the average family could expect—and did experience—an elevation from poverty into abundance, not for the next generation but in its own. Abundance, in fact, verged upon profligacy, upon waste so prodigious that Professor Abba P. Lerner could correctly comment that the average American had available more consumable wealth and more mechanical energy than the richest ruler of any ancient empire.

Nothing like it had been known before. It came to be interpreted as a personal quality of Americans. But what was continuous has become discontinuous; what was accelerating is decelerating. At best, what for so long was rising is now leveling off. At worst, the leveling is short-term, with a tendency towards decline, indefinite in duration and possibly quickening.

America may, in fact, be departing from its past abundance into a future of dearth, and of conflict not only between social classes but within classes—as to who shall be deprived, and of how much they shall be deprived – so that some shall be less deprived than others.

In a word, America's age of affluence is over.

What is affluence? Few have pondered this. Fewer still have grasped that affluence and abundance are not synonyms although the former may cause and magnify the latter.

Affluence is a "flowing towards" without expenditure of effort, exactly as rivers flow effortlessly towards the sea. In social terms, affluence is a conflux of riches without any associated sacrifice of labor, capital, or time.

Since the founding of the colonies, America has normally been characterized by affluence, though the colonists were at first in desperate poverty. There was, even before the Revolution, a swelling inflow of capital, technology, manpower, and—by the seizure of land from the Indians—seemingly unlimited natural resources for capital and labor jointly to exploit. There was a whole continent for the taking.

It is no coincidence that the founding of the Republic and publication of Adam Smith's *Wealth of Nations* each occurred in 1776. The time was ripe for Smith's synthesis

Photo by James Motlow/Jeroboam

of emerging capitalism, equally ripe for America to throw off its feudal imperial bonds and—a people of farmers and artisans—to embark upon the one undiluted capitalist experiment in all the history of mankind.

That experiment might have failed had it not been that capital was accumulating abroad in countries where feudatory landholding limited the ability of capital to vest itself in the earth and its resources, and where the laborer had no hope of ever owning the land he worked or of practicing a craft outside the monopolies of the craft guilds. Abroad was constriction and servitude; in America, openness and possible rewards for risks forbidden to be taken in the outside world. In other lands, the poor were confined not only by serfdom and poverty but also by the legal constraints of their service obligations, and by the limits of their village, town, county, or national boundaries. In America, horizon lay beyond horizon, boundless.

Reward followed upon risk—and risk was freely taken. Not all succeeded but the ratio of success to failure was high enough to attract still more risk takers—and risk capital—to these shores. Increase in population, swelled by immigration, insured growth in markets at home. Cultivation of free land not only fed Americans amply but created foreign markets for American wheat with which to feed the factory laborers of Europe, whose industrial output poured into this country to swell still further the American capacity to produce and to diversify its production. Capital multiplied, and population.

This triad of attractive forces—expanding agriculture, increasing population and markets, and high rewards to industrial capital—caused liquid capital and skilled labor to flow irresistibly from England, Germany, France, magnifying the growing abundance of America. *This* was America's classic age of affluence.

Note, however, that this affluence of America—this unrequited flow of capital and labor from abroad—mirrored not one but two realities. One was America itself, the land of opportunity. The second was the outside world where opportunity existed for the few, none for the masses. The special circumstances of America were undeniably a magnet. But had Europe been free of feudal vestiges—of monarchies, artificial boundaries, and constraints upon the occupational opportunities of its people—that magnet might have been of insufficient force. Above all, had land been free in Europe, the vast migration to the United States would not have occurred. Europe was not overcrowded. In fact, before the potato famine of the 1840s, Ireland was the only densely populated land of Europe, with 2.6 acres per person—almost twice the population density reached by Europe more than a century later.

American affluence was as much a consequence of the conditions of the outside world as of the circumstances of America itself. This affluence needed, in the thermodynamic sense, and underwent, repulsion from abroad as well as the attraction it itself could exercise. Both must coexist—and they did coexist—for what we call the American experience to be actualized.

[TREASURY OF THE WORLD]

This specific affluence of America's 18th and 19th centuries could not continue forever. The country filled up. Free land grew scarcer and less favorably situated. The corporations developed and excluded the people from the land's resources. Proportionately, the capital inflow slowed down. Rewards diminished in relation to risks, largely because foreign capital inflows met the obstacle of the, by then, enormous domestic capital accumulation, aggressively monopolistic of markets and raw materials. Foreign capital was denied the returns it had once secured with ease. And immigration began to be unwelcome, largely because, as organized labor expanded in the U.S. in response to monopolization by the growing corporations, there were fears that uninterrupted inflow of people jeop-

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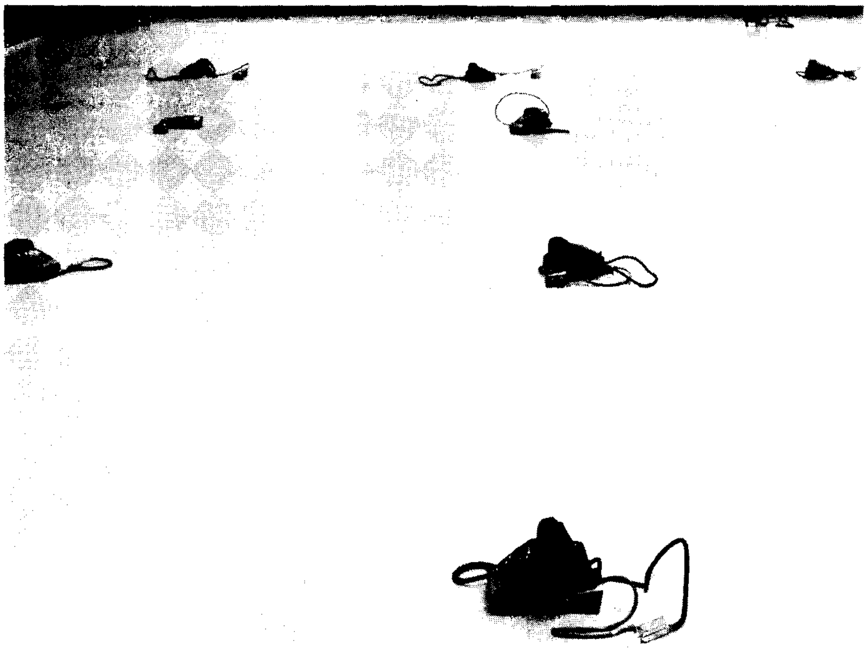

"U.S. affluence came to an end March 1, 1973, when Europe compelled the dollar to float. There was no longer a pretense that the dollar was the world's one reserve currency. Europe would no longer finance U.S. wars or the U.S. cost of living. The U.S. was on its own."

ardized established wage rates and denied their increase. In 1924 strict quantitative limits were imposed on immigration, subject to quotas based on national origins. American affluence, in its 150-year-old sense of the term, had come to its end.

This did not mean that affluence itself had ceased. Affluence changed its form but did so not under the double forces of repulsion and attraction but singularly, under the single pressure of events abroad. The U.S. role was of passive recipient, not aggressive seeker, of a renewed unstoppable inflow.

Hitler came to power in 1933. Japan had already embarked upon its Manchurian conquest. War and the threat of war drove a flood of capital from Europe and Asia to the United States, seeking not reward but safety. This was America's second-stage affluence, determined entirely by the circumstances of foreign countries.

This time, the inflow took on the specific form of gold. During the 20 years of 1914-1933, the U.S. gold stock had increased by only $4.4 billion (measured at $35 per troy ounce) even though domestic production of new-mined gold exceeded $1.9 billion in the period. In 20 years of commercial activities, the U.S. had earned only $2.5 billion of gold by world trade and capital movements, for an annual average of about $125 million. But in the seven years following 1934 (in which year the dollar was first devalued, to $35 per troy ounce) the U.S. gold stock grew by $14.5 billion (almost $2.1 billion per year) with no corresponding increase in exports of goods and services. In 1938, the year of most rapid decline in industrial production in U.S. history, gold flowed inwards in the amount of $1.7 billion.

This was a refugee influx of treasure, which alarmed the U.S. Treasury because of its potentially inflationary effects upon the money supply. The Treasury therefore isolated this gold inflow from the monetary stock, effectively sterilizing it—until war was declared upon the United States by the Axis Powers. Thereupon, and promptly, the refugee gold was incorporated into the nation's money reserves. It was made to serve—and did serve—as the cost-free base for credit financing of U.S. government expenditures during World War II. The gold inflow was treated, for credit purposes, as though it had all occurred overnight. It permitted, during 1942-1945, issues of three- to five-year U.S. government securities at an average annual yield of less than 1.33 percent and of three-month treasury bills at an average yield of 0.362 percent. *Affluence par excellence.*

By 1950, the U.S. gold stock had risen to more than $24.2 billion, almost 64 percent of the nation's total money stock and, although forbidden to be owned by private citizens, equal to 89 percent of the currency in circulation in that year. America's future—and its problems of today—were largely determined by this plethora of inward flowing gold. Its incorporation into the nation's money stock created so vast a liquidity that growth in public and private debt seemed, by comparison, meaningless. The na-

Photo by Ken Graves/Jeroboam

tion could wage war without appreciable domestic sacrifices by the people. America's part in World War II was paid for—measured in terms of its credit base—by the foreign gold which had sought haven here.

Simultaneously and as a consequence, the United States—undamaged by a war which ravaged all the world outside the Western Hemisphere—underwent an extraordinary multiplication of its productive capacity. Military-civilian planning during 1940-1945 increased productive capabilities in all directions, financed by refugee gold as the foundation of the needed monetary credits. What, in effect, had been an inadvertent inflow of wealth produced—and compressed extremely in time—the self-same effects which the historical inflows of labor and capital had produced gradually in protracted earlier periods.

This time, however, there was no movement towards the land. On the contrary, an internal migration occurred from the farms to the urban centers. Farm employment in 1940 had been about 11 million, including working children and wives of farm families. By 1945 it had declined some 700,000; by 1950 by more than a million. Between 1950 and 1969 the agricultural employed labor force of people 16 years of age and over declined by more than 4 million. This was because of technical changes in farming such that man-hours per acre in the growing of corn declined 79 percent in 1964-68 compared with 1935-49; in wheat, 67 percent; hay 50 percent; potatoes 35 percent; cotton 66 percent. Man-hours per hundred bushels in the same periods declined 93 percent for corn; 84 percent for wheat; 67 percent for hay; 80 percent for potatoes; 85 percent for cotton; 47 percent for tobacco.

The overall index of farm output per man-hour in 1969 compared with 1940 showed an increase of 120 percent in meat animals; 353 percent in milk cows; 645 percent in poultry; 975 percent in feed grains; 248 percent in hay and forage; 459 percent in human food grains; 159 percent in vegetables; 120 percent in fruit and nuts; 365 percent in sugar crops; 589 percent in cotton; 72 percent in tobacco; 539 percent in vegetable oil crops. For all U.S. agriculture during 1947-1970, output per man-hour rose 287 percent compared with 97 percent in manufacturing industry—an unbelievable increase.

Over and above the affluence of the pre-war inflow of gold, the United States experienced not only abundance but superfluity of agricultural output. Not only was there no question that it could feed its own people on a rising scale of food intake: it could feed much of the world besides.

[COMING FULL CIRCLE]

The error was made of assuming that these huge productivity gains in agriculture could continue indefinitely. They could not. Mechanization of agriculture, increase in the unit size of farms, and increase of output per acre and per man-hour through synthetic fertilization and the use of pesticides and herbicides encountered natural limits whose approach was discernible by as early as 1966. This astonishing growth in abundance—as with so many American industrial characteristics—was self-limiting. By now, we have reached those limits, or something close to them. This is why Earl Butz has brought more than 10 million additional acres into cultivation. What increase in rationalization of farm practices can no longer accomplish, increase in acreage might. But how many useable acres are there left? The limit here needs no mathematical skills to define.

There is no point to my recounting here what I wrote about in the June 1973 issue of RAMPARTS as to the effects which emptying the U.S. granaries, by massive grain shipments to Russia and China, must have upon domestic food prices, high farm productivity or not. We have all experienced these effects. Dog food is today a familiar item in the diet of hundreds of thousands of American families.

Photo by Roger Lubin/Jeroboam

LABOR-HOURS PER UNIT OF PRODUCTION	1935-39	1945-49	1964-68
CORN FOR GRAIN			
labor-hours per 100 bushels	108	53	8
WHEAT			
labor-hours per 100 bushels	67	34	11
HAY			
labor-hours per short ton	9	6	3
POTATOES			
labor-hours per short ton	20	12	4
COTTON			
labor-hours per bale	209	146	32
TOBACCO			
labor-hours per 100 lbs	47	39	25

INCREASE IN FARM OUTPUT PER LABOR-HOUR (1940 to 1969)	1969 (in percent) to 1940
Meat animals	220.0%
Milk cows	453.0
Poultry	745.0
Feed Grains	1075.0
Hay and Forage	348.0
Food grains (human)	559.0
Vegetables	259.2
Fruit and nuts	219.9
Sugar crops	465.0
Cotton	689.0
Tobacco	172.0
Oil Crops	639.0

As the examples indicate, gains in U.S. agricultural productivity have been prodigious, with an overall increase of 287.3% between 1947 and 1970. By contrast, manufacturing productivity during that period increased by 97.3%.

What needs to be discussed, however, is why people are going hungry in light of the vast productivity of U.S. agriculture. Weather and crop conditions have had some influence, it is true. But this influence is marginal. The reality is that America has ceased to be affluent.

The free net inflow has ended. Therefore farm export politics are designed to offset this cessation of affluence, to compensate for the abrupt halt to the free net inflow, by selling to other countries that part of American farm output needed at home, whatever the effects upon the American diet and food prices.

Actually, there is involved a concept much more brutal than this. It is intended, by artificially changing the physical supply/demand ratios of U.S. farm products in domestic markets, to bring about a reduction in domestic consumption versus domestic output, so that price increases will yield the same results of reducing consumption as rationing, the unconsumed balance to go to exports, to offset cessation of the free net inflow of gold.

The imperative question is why this is thought necessary. To answer it, we must again revisit the past—this time the recent past of the postwar period.

First, however, what must be clearly understood is the retrograde quality of the present agricultural policy. A century and more ago, growth in U.S. farm output beyond the consumption needs of its citizens permitted exchange of farm products for imported capital goods and even more for finished industrial items, textiles in particular. In fact, the wheat-cloth ratio which was the reality of U.S. foreign commerce in the early 19th century is still expounded *ad nauseam* in every professorial text on the theory of international trade. What Butz et al. are trying to make real is that those ancient terms of trade hold true today.

But there are differences, and these are critical. American wheat once found markets overseas at prices determined by the U.S. domestic price plus the costs of carriage, freight, insurance, and handling. This permitted cheap labor in Europe to supply cheap industrial products to the U.S. Today, instead, the domestic price of U.S. farm products is determined by the marginal demand price overseas, higher by far than the U.S. cost plus normal markups.

Also, farm output is a renewable, extensible resource capable of regeneration year after year and, in times past, was exchanged largely for foreign industrial products (cotton, woolens, silk cloths) whose raw materials were themselves renewable and extensible into the indefinite future; the foreign labor force used to produce imported goods was equally renewable by export of U.S. grains to sustain it.

Substantially, the essential exchange was of renewable and naturally extensible items of commerce for almost equally renewable items produced abroad. In cotton cloth, even the raw materials, worked up abroad and shipped to the U.S. as finished items, were grown—and were annually regrown—in the United States by the early years of the 20th century.

This has changed, inclusive of the development of petroleum-based synthetic fibers, and with it has changed America's place in the world. What the Department of Agriculture is now attempting is to create conditions such that the renewable farm products of America will be exchanged without interruption for the exhaustible material products of the world outside.

This is the fact behind the revolt of the OPEC nations, the quadrupling of prices of petroleum imports, and the nationalization of U.S. corporate-owned raw material resources in country after country. The world outside the United States would tolerate, however reluctantly, exchange of America's renewable resources for the at least partially renewable resources of other peoples. It would even accept, at fairly constant physical levels, exchange of its exhaustible resources for America's renewable resources. But it would not—and dared not—contemplate acceleration of U.S. demand for the exhaustible resources of others in

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Behavior Mod:

Is the Pigeon Always Right?

"Behavior mod evades as far as possible questions of guilt, sin, intent, or moral judgment. It makes no appeals to conscience and shows no punitive intent. . . . Thus a school in which children are strapped or drugged is about as far from behavior mod as it can get."

The use of psychotechnical procedures and devices to modify human behavior has become commonplace. Schools, prisons, mental hospitals, and increasingly—as the appalling disclosures of Amnesty International reveal—the national state itself, rely on such means to socialize and control those subject to them. Many of us feel both alarmed and confused by the extensive array of practices now used. The technical manipulation of human behavior and attitudes has become institutionalized in so many different ways that it is hard to be sure just what is taking place. And not all the objectionable practices are objectionable for the same reasons.

For example, people who object to the use of behavior modification programs in schools often go on to complain of the widespread use of mood-altering drugs like Ritalin to control the behavior of children teachers find disruptive, using the pretext that they are "hyperkinetic." The two practices thus tend to become linked. But the use of drugs to control disruptive behavior is utterly inconsistent with the doctrines of behavior mod, which would regard this as a very gross and not really psychological way of controlling human behavior, having nothing in common with operant conditioning. This does not, of course, mean that school personnel who are pragmatic and insensitive may not use both, but their effect on the person subjected to them, and the reason for condemning their use, is quite different.

Drugs are used, sometimes with fiendish cruelty, in aversive therapy, of which the most familiar example is the treatment portrayed in *A Clockwork Orange.* Aversive therapy is a form of behavior modification and an abhorrent one—and its use seems to be spreading. One proposed program which was to have been introduced into a prison in North Carolina last year was aborted by the courts on constitutional grounds; but others making use of forms of negative reinforcement that sound equally cruel are continually being developed.

Orthodox proponents of behavior mod, however, usually don't think too much of aversive therapy. The doctrine holds, on the basis of a great deal of evidence from animal experimentation, that positive reinforcement is a much more effective form of operant conditioning than negative reinforcement which if severe is likely to so disturb or antagonize the subject that he or she won't learn anything from it. Strict behaviorists prefer to "extinguish" behavior they regard as undesirable by ignoring it or isolating its practitioner, while rewarding each successive approximation of the behavior they are trying to foster.

This similarity to accepted social practice leads most behaviorists to insist that behavior modification is really nothing new; it's something all of us do every day in the course of ordinary social interaction. But this is false. Families, schools, prisons, and society itself do, of course, make use of rewards and punishments more or less systematically to train people to do what the authorities want; and they

by Edgar Z. Friedenberg