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A Citizen's Guide to the American Economy

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This year the gross national product of the United States will exceed one trillion dollars, while the economy will fail to meet a great many urgent human needs. This contrast between the statistics of growth and the fact of economic deprivation in America has become more and more evident to the public during the past decade—especially in such dramatic cases as that of the medical care industry, which has received vastly higher payments from both the government and patients, while the quality of medical care itself remains unchanged or has become worse. Indeed, the quality of life is deteriorating in so many ways that the traditional statistical measurements of the "standard of living" according to personal income, housing, ownership of cars and appliances, etc., have come to sound increasingly phony.

Nevertheless the methods used to understand the economic system have remained rigid ones. The current analyses of and arguments about "national income levels," "inflation," and "government spending" do little to trace the precise ways in which the operations of the economy affect the life of the consumer. Nor do such analyses make political judgments or assign responsibilities so as to effectively change the consumer's situation. We have all heard arguments about the need to change national priorities in allocating public funds for defense, health, education, welfare, pollution control, etc. But such proposals have so far failed to take account of the ways in which portions of reallocated public funds may be siphoned off or misused before any are used for the purposes originally intended.

Meanwhile, the impact on our lives of the largest economic force of all, the corporate economy, has been badly neglected. Most formal inquiries into a more just and efficient use of national wealth have failed to measure how the citizen's dollars are being wasted and depreciated in the market place and his taxes converted into corporate property and income. Instead these studies focus mainly on "aggregate consumer spending" without asking specifically what consumers receive in return.

What are needed now are analyses of the corporate economy that will do what economists for the most part have failed to do: show how corporations, by their control of both the market and government, have been able to divert scarce resources to uses that have little human benefit or are positively harmful. Such studies will have to take account of facts that economists now tend to ignore because they find them untidy or because they cannot fit them into prevailing economic theory. But as they are carried out, they will show the folly of pouring more dollars into the sieve of an irresponsible corporate system.

To encourage more inquiry into the institutionalized abuses of unchecked corporate power, I would like to outline some of the major categories in which the abuses fall and to give a few of the many possible examples of how they work. I call these categories "sub-economies." In each case, the consumer's dollars are inexcusably wasted or his taxes misused. To some extent these categories have been arranged so that they overlap or converge in order to avoid isolating phenomena artificially and to emphasize the economic realities underlying policy questions. As economic measurements become more precise, new categories will evolve, and these in turn will be replaced by others.

1. *The involuntary sub-economy*. By this I mean the billions that consumers would not have paid if they knew or could control what they were getting, or if corporations observed elementary standards of honesty, safety, and utility in producing and selling the things that are bought. Consumers are now spending billions of dollars for products sold under false pretenses: meat and poultry that are adulterated with fat and water; patent medicines, mouthwashes, and "aids" to beauty and diet that do far less than they are said to do or nothing at all. Both the Food and Drug Administration and the National Academy of Sciences have compiled lists of drugs, patent medicines, and mouthwashes that are valueless for the purposes they advertise and often harmful as well, as in the case of certain antibiotics.

Worthless drugs alone cost consumers one billion dollars a year. The Federal Trade Commission estimates that another billion is wasted on fraudulently sold home improvements or repairs. Last February, Senator Philip Hart of Michigan had this to say about worthless auto repairs:

> American consumers spend 25 to 30 billion dollars a year on auto repair. Various studies on the quality of the work were presented to us. They rated the poor, unneeded, or not done work at amounts ranging from 36 per cent to 99 per cent. Even taking the low figure, that means consumers are wasting 8 to 10 billion dollars that they lay out for auto repair yearly.

Equally flagrant is the short-weighting, short-counting, and short-measuring of consumer purchases that were the subject of a report in the *Wall Street Journal* last month. "The pennies add up fast enough," the *Journal* said, "that estimates by state officials of the total US loss from short-weighting start at $1.5 billion a year and rise to as high as $10 billion a year."

All these expenses—and I could list many more—were clearly involuntary: the consumers did not get what they thought they were paying for.

Quite as serious are what might be called "secondary consumer expenditures": the consumer may get something he wants, such as a car, but its defects are such as to force him to incur more costs. The fragile recessed bumpers of most automobiles are a case in point. Collisions at under ten miles per hour have been costing $2 billion a year for damages that could easily have been avoided if these cars had had effective bumpers.

What might be called the "accident-injury industry," composed of companies and professionals providing insurance and medical, legal, and repair services, is now being paid about $12 billion a year. When emergencies occur these services are of course needed; but in fact many of them would not have to be paid for at all if cars were sensibly and safely designed, as could be done without increasing the over-all cost of making cars. Nor would a large proportion of auto repair costs be as expensive or even necessary if key parts were not so inaccessible and fragile, or so constructed that a small defect requires replacement of an entire large unit of the car.

By now some of these involuntary expenditures imposed by the auto industry have become fairly familiar. Less well understood is the way in which many different products, including packaged food, soft drinks, and gasoline, are sold through incredibly expensive advertising of their brand names for which the consumer must bear the cost, but for which he receives nothing of additional value. The staff of Senator Hart's anti-trust committee estimates, moreover, that deceptive packaging and promotion in the food industry alone are causing consumers to lose $14 billion a year, for example, by pushing the large "economy" sized boxes of food that in fact cost more per unit than medium sized boxes. Of course such expenses would not be involuntary for consumers who could set up their own experimental kitchens and prowl the supermarkets with scales and slide rules. But most families are simply duped.

Until recently the involuntary sub-economy I have been describing has been the main concern of the consumer movement. The movement has had some limited success in improving regulatory action against deceptive sales practices and the safety standards of some products, notably cars, and in encouraging private litigation. Its main achievement has been to create an awareness among consumers that they are being gypped and endangered. But it has yet to devise the economic and political machinery that will counter-balance or deplete the power of corporations to impose involuntary expenditures.

Meanwhile, however, the drive for consumer justice is extending its emphasis to less visible parts of the corporate economy where political influence, corporate backscratching, and the structure of industry itself all work to victimize the public, as we shall see by examining other sub-economies.

2. It is in the *transfer sub-economy*, for example, that the prices for goods and services may rise unconscionably as they move from the supplier of raw materials to the manufacturer, and then to the wholesaler, the retailer, and the consumer. The announcement of a price increase by the steel, aluminum, and copper industries concerns the White House economists far more than would a sudden increase in retail prices. It is not simply that a rise in the price of steel will cause a rise in the price of steel products. The economists know that such increases will escalate sharply as they pass from one shared monopoly or oligopoly of steel buyers and sellers to another, until they reach the consumer who may well have to buy his car or stove from an "exclusive dealer." To the extent that such price rises are unchecked by effective competition, consumer bargaining, public exposure, or government anti-trust standards at each stage of the economic process, it becomes easier to transfer costs all along the line.

At the moment, to take another example, air, rail, and truck cargo thefts are rising to epidemic proportions, causing losses of hundreds of millions of dollars each year. Most of these losses are being passed on to consumers who do not realize that they are paying for the cost of such pilferage and yet would be unable to challenge it in the courts or anywhere else if they did. Thus there is little pressure on the corporations to increase efforts to stop pilferage, instead of transferring the costs to the consumer.

Sometimes pressures can be mounted to stop transfers of costs to the consumer. For years the insurance industry failed to encourage programs for fire and auto safety, preventive medicine, and pollution control, which would have helped to prevent huge losses from taking place. It preferred to pass on these costs to its unorganized and generally uncomplaining policy holders in the form of higher premiums.

Recently, however, premiums for car insurance have become so high that many people cannot pay them, and those who can are becoming angry. At the same time, the public generally has been made more aware of auto safety. The insurance companies, more eager now to lower the damage claims for minor crashes, have decided at last to change their policies. They have lately been sharply critical of the auto industry for making overpowered engines and useless bumpers—and the auto manufactures are beginning to respond. It now looks as if more functional bumpers may soon be replacing the ones I mentioned earlier; and by adding a surcharge to the insurance rates for high-powered "muscle cars," the insurance companies are driving down the sales of these absurd machines.

The lesson of this story is that we can no longer depend, as classical market theory held, on consumer response alone to encourage efficiency and competition that will result in higher quality. In a complex multilayered economy it is necessary that countervailing economic power be brought to bear at each level of the buying and selling process, however remote from the consumer. This is the only way to prevent excessive transfers of costs and to encourage efficiency and innovation.

We are very far from such a situation now. When railroad and trucking groups obtain rate increases from the all too compliant ICC, the large supermarkets and other retail chains rarely say a word; they calmly transfer the new costs on to the consumer. Since most of the railroads and truckers raise their rates uniformly, the supermarkets have no choice among competing transport services; and so the consumer is forced to pay the bill.

3. Both sub-economies I have mentioned so far are facilitated by the *controlled market sub-economy*. By this I mean the thousands of arrangements that make it possible for corporations to avoid competition over the price, quantity, and quality of things made and sold, so that the value of what buyers receive is often out-rageously distorted, by comparison with what the value would be if the market was not controlled.

Many of the practices in this sub-economy are violations of the anti-trust laws that have become both familiar and tolerated: price fixing, product fixing—for example the auto industry's entrenchment of the internal combustion engine—shared monopolies, etc. They also include other barriers to entry into the market such as excessive restrictions on occupational licenses, oil import quotas, the tying up of patents, and other devices that blatantly serve special economic interests while causing consumers and workers to suffer losses.

How much do they lose? The Federal Trade Commission has estimated that if highly concentrated industries were broken up by the anti-trust laws into more competitive companies so that the four largest firms in any industry would not control more than 40 percent of that industry's sales, prices would fall *by 25 percent or more*. This estimate applies to such major industries as autos, steel, copper, aluminum, containers, chemicals, detergents, canned soups, cereals. Nevertheless the figure represents only a small proportion of the unjustifiable costs to the consumer that result from the controlled market.

It is not just a question of price fixing. Concentrated industries can for years resist the innovations that would make them more efficient. The basic oxygen furnace was not used by the big steel firms until 1963, thirteen years after it was developed by a small Austrian steel company. The controlled market, moreover, blocks the individual or small business inventors who are still the source of so many of the really new techniques in our society.

Such inventors find that their chances of entering the market or selling their work to established companies are dim when their ideas would not only serve the consumer but also disturb existing capital commitments or ways of doing business: thus we cannot have a humane and efficient transportation system, nor can we buy engines that cause less pollution, can openers that prevent tiny metal fragments from falling into the can's contents, safer power lawn mowers, and countless other inventions that exist but are not produced. Think of the benefits to the consumer if the computer industry vigorously developed a computerized consumer information system to make more intelligent choices possible in the market place. Or of the uses to which Comsat might be put if it were freed from the heavy hands of the AT&T monopoly complex that controls it.

But the major corporations will go to fantastic lengths to avoid competition over value. The merchandising in the supermarkets attempts to substitute elaborate games of chance, trading stamps, coupons, and other gimmicks—for all of which the consumer finally pays—for decisions based on the price and quality of the goods themselves.

The price and quality of goods and services are also distorted by what might be called "mini-monopolies." Millions of consumers throughout the country have little choice except to use the only bank or finance company or pharmacy in their town. In company towns they must use the company store. Many specialty markets, such as hospital equipment or drugs, are monopolized by one or a few firms, making competition all the more impossible. Even the legally sanctioned monopolies, such as public utilities, usually manage to regulate the public agencies that are supposed to regulate them. The effect on the consumer is the same as if these businesses were private monopolies illegally controlling the market.

Another example of the controlled economy that we all live with—and for the most part tolerate—is the manipulation of zoning by corporations so as to control the use of land. Zoning boards were originally supposed to bring the exploitation of land under democratic control. In most cases, in fact, large corporations and other powerful real estate interests are able to pressure zoning authorities into granting land restrictions, or obtaining "variances" from existing regulations, that are profitable to them. One frequent result is "snob" zoning designed to exclude people who would depress land values or inhibit speculation.

4. Such an example brings us to the *corporate socialism sub-economy* which includes both a) corporate pressure on government to unjustifiably transfer public funds and privileges to corporate control and b) withholding of proper payments and other obligations from the government by the corporations that owe them.

The tax system has become, to a disgraceful degree, an indirect subsidy to corporations and other privileged groups. Many of the glaring tax loopholes that slip through Congress each year are in effect huge payments by the government of money it would otherwise have received: for example the depletion allowances for oil and minerals, the tax dodges allowed to the real estate, timber, and cattle industries, the uses of the capital gains tax that favor the very rich. Thanks to the oil depletion allowance, among other loopholes, the Atlantic Richfield Oil Company, to take an extreme example, had a net income of $797 million, while paying no federal tax whatever, from 1962 until 1968, when it paid at the rate of 1.2 percent.

These "tax expenditures" by the federal government have their local counterparts in the gross under-payment of property taxes by mineral companies, real estate developers, and commercial and industrial property owners. A preliminary estimate shows that local taxpayers are paying a subsidy of at least $7 billion a year to such interests when they allow them to evade property taxes. Of course municipal and county services such as schools, roads, hospitals, and garbage disposal also suffer as a result.

As we might expect, Texas provides excellent examples of such under-payment of property taxes. A recent survey by University of Texas Law School students shows that under-assessment of the value of oil and gas properties belonging to Texaco, Shell, and Atlantic Richfield in one part of west Texas caused county taxes for homeowners and small businessmen to be 33 percent higher than they should have been. Over a period of seven years, a county school board in the region lost $7 million in taxes that it should have collected. Another inquiry by law students showed that in Houston, Texas, industrial and commercial properties are assessed at about 13 percent of fair market value, while residential property is assessed at 31.94 percent.

In Gary, Indiana, the tax situation is shocking. Mayor Hatcher, in an attempt to meet the city's financial crisis, has ordered all city agencies to cut their budgets, including the budget for education. The big company in Gary is US Steel. Between 1961 and 1971 its property assessment only rose from $107 million to $117 million, although during that period the company installed $1.2 billion worth of capital improvements. US Steel refuses to allow the city authorities to examine its books and it refuses to apply for building permits, as required by city law, because this would reveal the size of its taxable investment.

US Steel is able to get away with all this because it exerts raw corporate power in a company town. It is not in any way unusual. Timber companies in Maine, mine owners in Appalachia, paper mills and chemical plants in cities and towns that depend on them for employment—all flagrantly evade the constitutional provisions in their states for equal treatment under property taxes.

Before national priorities can even be determined, it is crucial that Congress and the public know how much money is being spent by the government through the tax system. Tax expenditures now amount to roughly $45 billion a year but there is no systematic way of knowing precisely how much is being spent for what purposes. Some tax expenditures have worthy aims, such as the deduction for contribution to pensions, but it is rarely considered whether such deductions are the most desirable or easy ways to achieve these aims. Others, such as deductions for medical expenses, seem useful but are in fact regressive, allowing the same percentage of deduction to rich and poor alike. Others, as we have seen, are merely subsidies for the rich, particularly the capital gains tax and the allowances for accelerated depreciation of property.

What is needed, first of all, is an annual federal tax expenditure budget which will show exactly how much money the government loses for each tax privilege that is granted and just where that money goes instead. Recently there has been bipartisan support for such an analysis. Senators Javits and Percy have sponsored a bill to include a tax expenditure analysis in the annual budget report. Senator Chiles has introduced a similar bill. The Joint Economic Committee is now making its own analysis of tax expenditures and is publishing its findings. There is some hope that an annual tax expenditure budget may become a reality during this session of Congress.

But a tax expenditure budget will be only a beginning of a reform of the tax system, for the pressures from private interests and from the executive itself to increase tax subsidies are bound to continue. Under the Constitution Congress supposedly has the power to control priorities through the tax system, but this power is being eroded. Recently, for example, the Treasury Department without any Congressional authorization issued its new proposals —the “ADR system”—for allowing depreciations for tax purposes. This system would allow fast write-offs of business equipment without any relation to the useful life of such equipment—the traditionally accepted measure of depreciation for tax purposes.

ADR would mean a tax subsidy to business of over $3 billion a year—more than Nixon’s welfare reform proposals (which would cost $2.1 billion). More than a dozen tax authorities, including the former Commissioner of Internal Revenue and experts from the Harvard, Yale, and Pennsylvania law schools, have stated that this multi-billion-dollar tax break is an illegal use of Presidential power. It remains to be seen whether the Congress or the courts will declare it invalid.

The direct subsidies paid for agriculture, shipping, business promotion, and “research” are quite as important—and as much neglected by Congress—as the indirect subsidies paid by the tax system. The Department of Agriculture, for example, is now spending over $4 billion each year for its subsidy programs. Who evaluates these payments and the reasons for making them? As it happens, big corporate farms receive the lion's share and Congress does not question the inequities that result.

Agriculture is only one sector of this sub-economy where hard questions must be asked if the public usefulness |of *existing* tax dollars is to be improved. The inflated contract and procurement practices of the government are another. Thanks to Senator Proxmire and others, the public has at least begun to learn of the waste and mismanagement in defense contracting, and the consequent multi-billion-dollar "cost-overruns" that have become commonplace—e.g., the $2 billion over-run paid Lockheed for the C5A. But who is looking into the waste in other government contracting—from the leasing of buildings at inordinate cost to the billions of dollars paid for research in "think tanks" and advice from private consulting firms such as A. D. Little, Booz Allen, and hundreds of lesser known outfits, not to mention the hundreds of studies done for HUD, HEW, DOT? Many of these studies are worthless, expensive, used mainly to delay policy decisions and to get the agencies who commission them off the hook. Others are wholly ignored.

If only the grossest forms of waste and corruption in federal, state, and local procurement practices were investigated and eliminated many billions of dollars would be saved and political life itself would get a badly needed shake-up, especially in local politics where procurement procedures are generally antiquated and enmeshed in the spoils system. Over a decade ago the Blatnik Subcommittee of Congress uncovered extensive corruption in highway building programs in states throughout the country; during the last two years officials in New Jersey were arrested for receiving kickbacks from construction contracts and the purchase of supplies. It would be hard to find a state in which similar (if sometimes less egregious) procurement practices involving bribery, campaign contributions, wasteful patronage, and corruption of officials are not costing millions to the taxpayers.

Some idea of how much money is being wasted in local procurement can be gained from a recommendation made to the states two years ago by the General Services Administration, the purchasing and housekeeping agency of the federal government. The GSA suggested that state and local governments cooperate in setting up systems of centralized purchasing direct from manufacturers, thus bypassing the 20 to 30 percent mark-up of the wholesalers. If they did this, they would save between $6 and $7 billion a year.

This recommendation was not followed, nor did the GSA pursue it. The wholesalers' trade association immediately launched a campaign against it in Congress, and the Bureau of the Budget suppressed this somewhat unexpected display of good sense by the GSA. The wholesalers' association has plenty of political muscle and uses it on all levels of government.

The great illusion of the public is that it is protected by the conscience of public officials, when in fact aggressive monitoring of these officials and those they deal with is constantly needed. Even tax funds used directly for medical care are funneled unscrupulously to prosperous doctors and drug companies, or to hospitals that use them for unauthorized purposes. Herbert S. Dennenberg, the Insurance Commissioner of Pennsylvania, stated recently that the "Medicare Program is resulting in the American people being overcharged billions of dollars a year"—a conclusion that has been confirmed by Congressional inquiries and independent studies.

5. Unlike the other aspects of the economy that have been discussed here, the *compulsory consumption sub-economy* is not part of any recognized system of economic exchange—but it has grave economic effects. I am referring to the compulsory consumption of environmental pollution and compulsory exposure to occupational health and safety hazards. These reduce the *quality* of the gross national product and thus diminish the value of the citizen's dollar, even when they do not directly compel people to pay for medical treatment, for example. We are just beginning to calculate the billions of dollars that pollution costs in damages to health, in cleaning costs, and in damage to property, resources, and agricultural crops. Air and water pollution are each costing at least $14 billion a year. (The yearly damage to California crops alone from air pollution runs to $45 million a year.) The costs to the unborn, or to the environment in the future, have not even been estimated.

Safety and health hazards on jobs in factories, foundries, mines, and other work places are also a form of compulsory consumption. They now cause three times as many injuries as street crime: 15,000 sudden deaths last year, uncounted thousands of deaths resulting from occupational disease, 2.5 million disabling injuries, several million cases of less serious injuries and illness. (These figures are necessarily inadequate—how does one estimate when a case of black lung disease becomes bad enough to be included in the statistics of a given year?)

Clearly the forced comsumption of pollution—gases, chemicals, coal and cotton dust—is a silent and sometimes invisible form of violence which compels people to pay insurance, medical, and other costs, including the loss of wages. The polluting corporations inflict these burdens on workers when, for only a fraction of the money they force others to pay, they could have prevented much of the pollution in the first place. (This is patently true in the case of dust control in coal mines, textile mills, and foundries, for example, where a small investment would prevent brutal physical damage to workers.)

The power of corporations to pollute, in short, is far too great for them to exercise responsibly. General Motors, by virtue of the engines it designs and the plants it operates, has been responsible for over 30 percent of the estimated tonnage of US air pollution. Is there any city street where the citizen can escape the pollution of GM engineering when he breathes? Between 1967 and 1969 GM spent $250 million to change its slogan on billboards, dealers' signs, and other promotional material to read "GM Mark of Excellence." With the same funds it could have easily developed a workable non-polluting engine.

We may expect two developments to occur if certain industries in both the compulsory and the controlled sub-economies are successfully challenged in the market and by public protest. First, many industries would be displaced or diminished as superior technologies are invented and sold on their merits. Cleaner and cheaper sources of energy for cars and power plants, for example, will increasingly pose the threat of displacement to large industries. So will safer and more effective non-chemical methods of pest control eventually diminish the chemical pesticides industry.

Second, new services are already emerging to show businesses how to reduce telephone, utility, and insurance bills, for example. These services give advice that the big companies should be providing themselves. They also show how to avoid dealing with middlemen who now stand between the producer and seller of a product or service, thus reducing costs now passed on to the consumer. Recently a small company was started to give advice to users of Xerox machines on how to save money by buying ink, paper, and other items independently, rather than through the Xerox company; and on how to obtain the most efficient service with the best combination of reproduction machines, something the Xerox company itself fails to point out.

These, it should be said, are just the kinds of changes that are called for by the theory of capitalism; they are what Joseph Schumpeter, perhaps the leading theoretician of the capitalist economy, had in mind when he wrote of the "creative destruction" of inferior or obsolete industries under capitalism. But in fact, such developments are being discouraged and suppressed by politically entrenched corporate institutions.

6. The *expendable sub-economy* is composed mostly of poor people who are being excluded from the services of the economy at large. It is not simply that the poor pay more: they are not being allowed to buy. In Washington, Baltimore, New York, in fact in every large city, insurance and banking firms commonly "red line"—or refuse to do business with—people in the poor districts. What has happened is that *Fortune's* Five Hundred largest corporations have decided that they have less and less need for the business of the poor. But by cutting off the funds needed for housing, for financing small business, and for municipal bonds in the low income areas of the cities, the banks and other lenders are causing the deterioration of the urban economy and injuring the well-being of millions of people.

The government, moreover, has become a willing partner in such discrimination. It provides fast tax write-offs for airplanes, computers, bulldozers, and trucks, causing loan money to flow in these directions and not toward loans to the poor and those who have more urgent needs. It provides tax inducements for slum landlords who are allowed to depreciate slum property at an accelerated rate and to pay capital gains taxes on profits from sales—a process which is quickly repeated by the next slum landlord.

The federal government artificially restricts the money supply in order to control inflation. It should ensure that all segments of the borrowing public be given equitable treatment so far as restrictions on borrowing are concerned. Several methods are available to accomplish this. One is to provide for different Federal Reserve Board requirements for different kinds of loans. Such reserve requirements specify the percentage of their demand deposits which banks must set aside at the District Federal Reserve banks. For example, the FRB could require a reserve requirement of 5 percent against residential loans and one of 20 percent against nonproductive corporate loans, such as loans to conglomerates to acquire yet another company. Reserve requirements can be used in this way to encourage loans to sectors of the economy badly in need of funds.

Another method would be to link certain kinds of deposits to certain kinds of loans. For example, savings and loan association deposits are now required by law to be used heavily for housing loans. Banks have similar deposits—so-called "time deposits" by individuals. In return for the benefits they receive from the federal ceilings on interest rates, as well as from other government programs, the banks could be required to make time deposits available when there is a shortage of funds for home mortgages and home construction.

Like so many of the other economic forces I have dealt with here, the banking system needs systematic surveillance and is not getting it. Banks in New York City, for example, often encourage industrial mergers which result in deposits being transferred to New York from regional or local banks all over the country. These regions find their local banks drained of funds, unable to extend credit, and the local economies suffer as a result.

Not long ago the large New York conglomerate called Teledyne Inc., a customer of the First National City Bank, bought up the Monarch Rubber Co. in Hartville, Ohio. The banks in Canton, Ohio, lost Monarch's deposits and its $2.5 million pension fund to National City. Money that should have been available for local borrowing was siphoned off to New York. The usual solution in such cases is for the local businessmen to appeal to Washington to come to the rescue—at the tax-payer's expense.

Apologists for the present corporate system will argue that the sub-economies I have described so generally here are justified because they support industries, create jobs, generate income. But it should be clear that their operations and the kinds of needs they satisfy are, to a great extent, neither desirable nor socially responsible; in many cases they are not legal. A safer traffic system would no doubt weaken the accident-injury industry, and that is as it should be. For most of this century there has been declared a national consensus in favor of competition, as well as numerous laws designed to encourage it, but both have been for the most part betrayed. When they have not, the benefits for the citizen have been dramatic.[*] Indeed each of the sub-economies I have described subverts values that are deeply rooted in American life.

What has been tragic is the general failure to understand how this has occurred. Fundamentally new ways must be found to make both government and corporations accountable. We should pursue the suggestion already made by some social critics for a “social accounts system” which would enable government and citizens to evaluate whether programs of education, medicine, and transportation, for example, were improving or deteriorating in quality. (The current inclusion of such activities in the gross national product has nothing whatever to say about their quality.)

Similarly computers should be made directly available to the citizen, and should be accessible both at shopping centers and by telephone. Such a cheap and simple source of information, which would give advice on the quality of products and of government and private services, could do much to squeeze the waste and deception out of the economy and give value to the dollar.

Senator Philip Hart has estimated that of the $780 billion spent by consumers in 1969, about $200 billion purchased *nothing* of value. By nothing of value he meant just that: over $45 billion was drained away by monopolistic pricing, for example, and over $6 billion by oil import quotas which drive up the prices of fuel oil and gasoline. His estimate, and it is only a preliminary one, shows how crucial is the need to evaluate how corporate and government wealth is being used—or misused—for individual and social purposes.

Such evaluations simply have not been made in our corporate political economy—not by our blinkered economists, certainly, and not by the government or the corporations themselves. Indeed the corporations have effectively blocked both the government and independent researchers from collecting and analyzing such information. Even the data on pollution must be fought for if it is to be extracted from corporations by government agencies and individuals bringing law suits. The task of the consumer movement now is to gather and analyze and disseminate this type of information by demanding it from the three branches of government and by mounting private actions by consumer groups to publicize it. Such information is the currency of economic democracy, the first tool for changing the perception of citizens and society itself.

* Last year a new supermarket chain broke into the complacent food market of Washington, D.C., long dominated by three major chains. This episode and a detailed FTC report on monopolization of food prices in the Washington, D.C., area, according to an FTC report, saved Washington consumers $40 million in reduced prices in one year. ↩