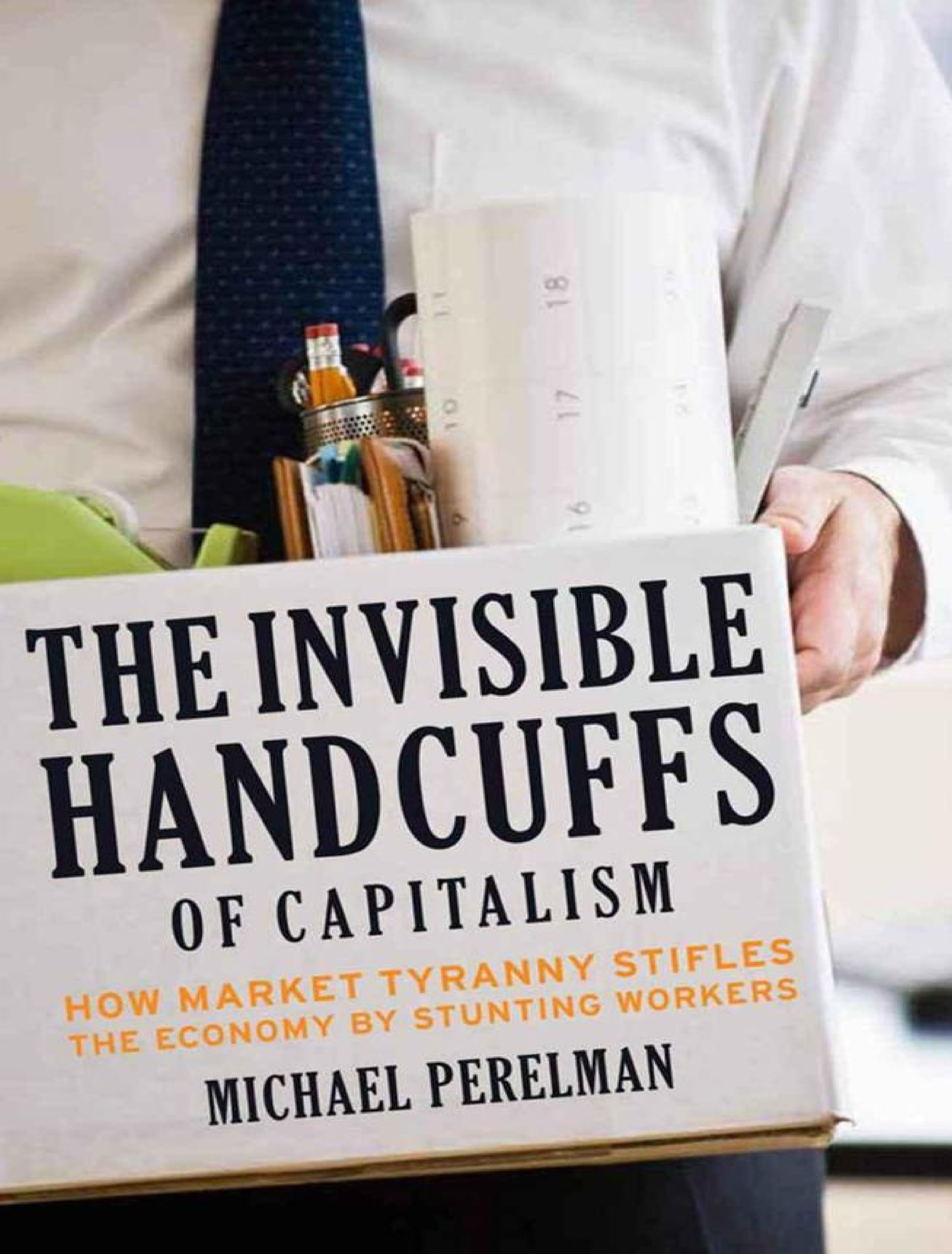
THE INVISIBLE
HANDCUFFS
OF CAPITALISM
HOW MARKET TYRANNY STIFLES
THE ECONOMY BY STUNTING WORKERS
MICHAEL PERELMAN

THE INVISIBLE HANDCUFFS OF CAPITALISM

How Market Tyranny Stifles the Economy by Stunting Workers

by Michael Perelman

MONTHLY REVIEW PRESS
New York

Library of Congress Cataloging-in-Publication Data
Perelman, Michael.
The invisible handcuffs : how market tyranny stifles the economy by stunting workers / by Micha
Perelman.
p. cm.
Includes bibliographical references and index.
ISBN 978-1-58367-229-7 (pbk. : alk. paper) – ISBN 978-1-58367-230-3 (cloth : alk. paper)
Labor. 2. Work. 3. Capitalism. I. Title.
HD4904.P386 2010
331.13–dc22

201005084

Monthly Review Press
146 West 29th Street, Suite 6W
New York, New York 10001

www.monthlyreview.org
www.MRzine.org

5 4 3 2 1

Contents

Acknowledgments

All books are collective, but I am fortunate in working with a wonderful collective, beginning wi Blanche Perelman, whose tolerance and support has let me obsess about the causes and consequenc of economics' neglect of work, workers, and working conditions. Next comes Michael Yates, who wa far more than an editor, relentlessly prodding me to think harder and more clearly. He deserves a fa share of any credit due to this book. Edward Roualdes gave up a vacation in Hawaii to work with m on the manuscript, catching me when I was insufficiently clear. David Ward also gave detaile editorial suggestions, as did my colleagues Richard Ponarul and Samir Nissan offered valuab suggestions. My first editor, Margo Crouppen, helped me during the early stages.

INTRODUCTION

Setting the Stage

The Invisible Handcuffs tells a unique story about the damage that capitalism inflicts on society. Mar authors have addressed the cultural, social, ecological, or ethical shortcomings of markets, such as th unequal distribution of income. Others have stressed the inherent instability of capitalism, which lea to recurrent economic crises.

This book does something different. It takes aim at capitalism in terms of its own basic rationale- the creation of an efficient method of organizing production. In particular, *The Invisible Handcuf* concentrates on a largely ignored dimension of market inefficiency: how the failure by economis and employers alike to adequately take work, workers, and working conditions into account has led actions that have stifled the economy.

The inattention of mainstream economists to work, workers, and working conditions has not bee accidental. It has been a key part of a centuries-long effort, beginning at least as far back as Ada Smith, to construct an ideology that would shield markets from criticism.

Some mainstream economists have dared to look in this direction, but they have been treate harshly. So most economists have practiced self-censorship and shied away from examining wor workers, and working conditions. There have been sharp disagreements about minor points, but the have only helped to obscure the virtual unanimity about larger issues.

There have been times, especially during economic crises, when the usually closed ranks economists have opened a bit. During the recent “Great Recession” for example, many people saw at least suspected that the fanciful economic theories had helped to bring about the economic crisi However, we shall see how similar “awakenings” have accompanied past crises, but once these passe the old ideology, again masquerading as science and as always buttressed by imposing mathematic models, reasserted itself. Ironically, this return to orthodoxy made the economy even more vulnerab to crisis.

The approach of this book is historical, because this is especially useful in understanding th continuing hold of mainstream economic theory. As William Faulkner wrote in *Requiem for a Nu* “The past is never dead. It’s not even past.”

An Ideological Fairy Tale

Almost 250 years ago, Adam Smith, often described as the father of modern economics, introduce the idea of the invisible hand, which has since become a popular metaphor for expressing unbounde faith in capitalism. He proposed that the market coordinated people’s activities in such a benefice way that one might well imagine that an invisible hand was at work creating an economy that was bo fair and efficient.

Smith maintained that within the rules of the market, people were free to do as they pleased. H recognized that the market did impose discipline, but he insisted that it did so fairly, in the sense th the market did not favor any persons or groups.

Smith’s argument has a certain power and persuasiveness, and, because he was skilled in rhetoric, subject he taught at his university, he was able to convincingly present the economy as a voluntar system, carefully excluding dramatic economic changes that were already under way, literally in h own ~~neighborhood. But as we will see, Smith's idea of an invisible hand guiding the economy~~ towa a desirable social outcome took hold because it fit the needs of those powerful persons who owned t land, raw materials, and capital upon which everyone else depends.

Building upon Smith, later economists created a more sophisticated theory, while still maintaini the basic ingredients of Smithian economics, especially his emphasis on individual commerc transactions (buying and selling) as the central feature of capitalist economies. Production itse which is always a social and not an individual process, was excluded.

The dogmatic insistence on framing the economy this way obscures any consideration fundamental questions about work, workers, and working conditions. For example, economists m look at workers in terms of the level of wages or the extent of unemployment (the absence of a buye seller transaction in the job market), but the actual content of people's existence as workers on the j passes unnoticed. Even where economists take note of workers' skills, they reduce it to the level of commodity—identifying skill as "human capital, "to be sold to a willing buyer.

Within this narrow market perspective, social relations become invisible. Workers are not ju creatures that inhabit the workplace. They live within families, a class, and a society. If the relationships are ignored, the potential for substantial progress in grasping the economy is virtua nil.

An Ideology Comes Unglued

Although the ideological victory of mainstream economics has been effective in staving off critique it has been a mixed blessing for employers and their allies in government. While economics h helped shield them from criticism as well, it also has mesmerized them into believing things that a not true. They, too, have neglected work, workers, and working conditions, and this has made for b management and bad policy. People in power became lulled into ignoring the importance of t productive activities that form the foundation of a strong economy.

The subject of conflicts between ideological and productive needs runs through this book. T ideology of economics intersected with the personal needs of the people who run the economy. The "captains of industry" enjoyed believing that their authority was the result of their own talents a hard work. Measures that could make workers more productive might threaten to undermine either t rationale for or the authority of the capitalists. So when they had to choose between justifying the position and improving workers' productive potential, they opted for the former.

Instead of Adam Smith's imagined harmonious economy, the real world is one in which t interests of employers and workers are sharply at odds. Ideology may be able to partially cover up t nature of this conflict, but ideology cannot eradicate it. Instead, hidden from view, the conflict feste poisoning all aspects of society. This corrosive aspect of capitalist social relations compels busine and public agencies to take strong measures to impose their will on recalcitrant workers; however, t effort to control labor increases hostility within the workplace. At the same time, such measur create an atmosphere that destroys respect, as well as the free flow of information, both of which a essential in an efficient modern economy. They also force the system's apologists to construct st more elaborate rationalizations for its goodness.

In contrast, a rational economy would offer workers a helping hand, not just in terms of providing higher standard of living, but even more important, making sure that workers have every opportun to develop their potential.

This neglect of workers' potential, both at the workplace and in society at large, represents a ~~enormous loss—both social and economic. One problem in moving forward is the opposite of~~ Ada Smith's invisible hand. What we might call "invisible handcuffs" blind workers from realizing ho capitalism both constrains their potential and degrades their quality of life.

The more technologically advanced an economy becomes, the more destructive the invisib handcuffs become. Both the economy and society suffer because of the tragic neglect of wor workers, and working conditions. Modest political reforms and a more humanistic scheme management might seem to be able to remedy this problem, but such efforts will, at best, mal modest improvements. These invisible handcuffs will continue to undermine society by stuntir workers and thereby stifling the economy. Nonetheless, these handcuffs are an integral part of market economy.

For the most part, this book concentrates on the United States, where the market economy h perhaps evolved the furthest. Certainly, the current U.S. economy falls short on an infuriating array counts. Here is the most powerful economy in the world, yet it seems powerless to meet the mo pressing needs of its people. The list of pervasive problems includes obscene poverty, inadequa health care, climate change, and environmental damage.

Policymakers do not pay sufficient attention to such problems. When they do address them, th end up going to great lengths to nurture the market rather than people; yet to their surprise, t relative economic strength of the U.S. economy still seems to be eroding. In this context, t importance of looking at the economy from the perspective of workers should be undeniable. Toda when the world faces such difficult threats, society cannot afford to waste a resource as valuable human potential. This book is intended to highlight the urgent need to cast off the handcuffs in ord to benefit from previously unutilized human potential.

The Bearded Slave

Mainstream economics represents a barrier to meeting the urgent challenges that we face. Breakin through the solid front of the discipline is a difficult but urgent task.

Economists have been trained to resist such efforts. Their education promotes a maddenin uniformity. Heated debates do occur, but almost always within a narrow framework. A fe marginalized schools of economics exist at the fringes of academia, but they exert little influence o the discipline as a whole. For example, for decades no Ivy League economics department has hir anybody who deviates significantly, much less radically, from mainstream thought.

Some individual economists dissent from market fundamentalism on specific issues, such as glob warming. Others even accept a role for government spending, especially in the midst of a crisis, increase the quantity of commercial transactions in order to generate more employment. But for th most part, even when the economy is in obvious disarray, the economics profession presents a sol phalanx, insisting on the primacy of market transactions at the expense of the process of productio As a result, matters of work, workers, and working conditions fall from view.

One purpose of emphasizing commercial transactions is to ensure that the "handcuffs" rema invisible, but this choice has unintended consequences. By excluding the study of work, workers, an working conditions, economists lose sight of the productive system on which the economy depend This not only leaves them unable to recognize destructive economic tendencies, but it also encourag business and political leaders to take measures that undermine the economy by limiting people potential.

Although the dogmatism of economics seems as hard as a rock, the situation is not hopeless. Jaco Riis, ~~a posthumously celebrated social reformer, recalled his therapy to avoid discouragement:~~

> I would go out and look at a stone-mason hammering away at his rock perhaps a hundre times without as much as a crack showing in it. Yet at the hundred-and-first blow, it will split i two, and I know it was not that blow that did it, but all that had gone before.[1]

This book is intended as one among many blows that will ultimately crack the prevailing dogn that prevents the development of an economy that can nurture and tap in to people's potential. It doe not describe how this kind of economy will work. Developing the details of the future organization far more challenging than helping to make way for the transition; however, awareness of the curre wasted potential must precede the transformation of the present system of social relations.

Michelangelo's wonderfully evocative, half-finished sculptures, known as *The Slaves*, made a dee impression on me when I saw them in Florence forty years ago. These works do not display th uniform delicacy and detail of his *David* or the frescoes of the Sistine Chapel, but the ve incompleteness of these four massive statues, intended for the tomb of Pope Julius, is a major sourc of strength. The *Awakening Slave* depicts a powerful body, seemingly waking, while still encased i stone. The effect of the *Bearded Slave*, struggling to free himself from his marble boulder, which ha once completely engulfed him, is even more dramatic.

Everybody irritated by a boss's foolish command or a corporation's ridiculous bureaucrat demands has taken a first step toward an awakening. These annoyances are symptomatic of a muc larger problem associated with an outdated system of command and control at the workplace. On that realization kicks in, you can sense your inner *Bearded Slave*. I like to think that many economis are also like the *Bearded Slave*, deep down struggling to emerge from the self-censorship that engul the discipline.

Capitalist society also has something in common with the *Bearded Slave*, except that what cove its inner potential is man-made. It is capitalist control that encrusts society with unsightly layers waste and inefficiency. This book includes many such examples. Hammering away at this crud mig make the system more productive, but more often than not the waste and inefficiency serve a purpo —to maintain the existing system of control.

With enough blows, the irrationality of this system will be exposed. An irresistible vision of humane system with rich social relations—something more beautiful than Michelangelo's statues- will first come into view and then replace capitalism.

A Brief Note on the Characterization of Economics

This book describes economists as if they were an entirely homogeneous group, which is not entire accurate. A tiny minority of marginalized economists remain critical of the capitalist system. A large number of more conventional economists, some of whom have won Nobel Prizes, have been able recognize particular shortcomings, though without understanding the systemic nature of the invisib handcuffs.

For example, the work of behavioral economists and neuroeconomists is generating interest for th development of a more realistic analysis of how people actually make decisions. This research shov why the fundamental assumptions of human behavior that economists use are thoroughly unrealisti Although one of these scholars, the psychologist Daniel Kahneman, won the Nobel Prize economics, the critical insights of these groups have been no more able to budge the mass of th ~~economics profession than the generations of institutionalist economists (the progeny of Thorste~~ Veblen) who preceded them.

The stubborn resistance of economics to adapt to scientific evidence reflects a long-standin solidarity on the part of the discipline. Even in macroeconomics, which generates contentiou economic debates, Paul Krugman's textbook acknowledges, "the clean little secret of moder macroeconomics is how much consensus economists have reached over the past 70 years."[2]

For this reason, this book will treat economics and economists as if they were homogeneou despite the existence of a small number who do not completely fit the stereotype.

Overview

The first chapter, "The Anti-Worker Theology of Markets," begins with a discussion of the theologic defense of markets by sources as far apart in time and in stature as Edmund Burke and George W Bush. According to such people, market relations ensure not only efficiency but also higher qualitie such as freedom and justice. For the true believers, questioning markets is akin to blasphem However, a more appropriate theology of markets might come from Greek mythology, from th legend of the sadistic Procrustes, whose story is introduced in this chapter.

The second chapter, "Disciplining Workers in the Procrustean Bed," begins to moves away fro theology toward reality, by examining a less attractive aspect of the market (and one that th ideologues refuse to attribute to the market): disciplining workers. The chapter describes both dire discipline in the workplace and obvious forms of control, such as the Federal Reserve's intention creation of unemployment to make labor fearful of being fired—what Alan Greenspan, then chairma of the Federal Reserve Board, referred to as the traumatization of labor. Such policies are ironi considering that policymakers pretend that all social objectives—whether higher wages, bett working conditions, environmental protections, or even the quality of life—must give way to th promise of job creation. The two concluding sections of the chapter offer quantitative estimates some of the human and economic costs of labor discipline.

The third chapter, "How Economics Marginalized Workers," analyzes the development of econom theory's justification of its inattention to work, workers, and working conditions. It explains wh economics chooses to treat work as nothing more than the absence of leisure and how economic theo reduces workers to an abstract input—labor—comparable to coal or steel. This perspective especially destructive because the abstractions of economics block its practitioners and those who vision is shaped by economists from recognizing the potential of real people.

Chapter 4, "Everyday Life in a Procrustean World," discusses the impact of the narrow mark perspective on everyday life. It examines the enormous amount of time that jobs consume, as well the extension of controls on people's behavior outside the workplace. These controls are als counterproductive, because they interfere with people's opportunity to improve their own abilities an capacities. This chapter shows how mainstream economics has tried to convince working peop themselves to adopt the same perspective as economists, instructing them to identify themselves individual consumers while seeing their own work as nothing more than a loss of leisure. In effec workers are supposed to ignore work and their relationships with other workers.

The fifth chapter, "International Procrusteanism," briefly extends the analysis to the internation economy, showing how much of the rest of the world must comply with the demands of the Unite States for market-friendly policies.

Chapters 6 and 7 put the subject in historical perspective by looking back at the economic visio ~~bequeathed by Adam Smith. “Adam Smith’s Historical Vision” looks at Smith’s analysis based~~ o how he thought that societies evolved until they reached the ultimate form of market organization. this intensely ideological work, Smith cast markets in a highly favorable light. Markets a harmonious, fair, efficient, and give everybody an opportunity to succeed. In this way, Smith provide the ideological foundation for the defense of markets.

Chapter 7, “The Dark Side of Adam Smith,” shows how Smith realized that his vision of harmonious society depended upon the prior existence of a successful coercion of labor to accept th discipline of the workplace. In his time, violent measures were often required to leave people with n other option than to accept the new conditions of wage labor. Even after people became corralled in wage labor, Smith realized that controls had to reach deeper into people’s lives, even including sta regulation of religion. In short, for all his positive rhetoric about freedom, Smith’s ultimate concer was to control people in order to make them obedient workers. This reading of Smith lends furth support to chapter 2’s emphasis on the role of discipline.

This chapter also explains why Smith had to distort his work by excluding any discussion of mode industry. He did this in order to allow him to offer his vision of marketplace freedom and liberty, an later, accounts for how economists simplified Smith’s writings. They removed its uncomfortab ideological implications, leaving an effective, but unrealistic, propagandistic shell.

Chapter 8, “Keeping Score,” looks at the concept of the Gross Domestic Product, a seeming straightforward measure of the progress of an economy. We review the evolution of this concep showing how, just as with Adam Smith’s theory, the Gross Domestic Product focused on convenien matters that put the market in the best possible light. Just as is the case in economic theory, Gro Domestic Product accounting sweeps work, workers, and working conditions under the rug, along wi any notion of the importance of social relationships. By using such a measure to gauge econom success, the concept of Gross Domestic Product served to strengthen the case for destructive, marke friendly policies.

The chapter ends by contrasting the Gross Domestic Product with the results of a recent field “happiness studies,” in which social scientists, including some economists, recognize the disconne between the GDP and a satisfying quality of life.

Chapter 9, “The Destructive Nature of Procrusteanism,” is the capstone of the book, surveying son of the innumerable ways in which capitalist discipline proves to be counterproductive, even in term of its narrowly conceived objective of increasing the quantity of commercial transactions included the Gross Domestic Product. For example, unwieldy bureaucracies driven by purely financial motiv are incapable of efficiently organizing, let alone inspiring, people. These bureaucracies are not mere a managerial mistake but, as will be shown, a natural outgrowth of an advanced market economy.

These shortcomings of the great corporations that dominate the modern market economy fall in two classes. The first class consists of the destructive effects of efforts to control labor, natural to th present capitalist system. The more interesting, second set of defects represents the ways in which th present organization of production does not just waste labor but also stunts workers’ potential.

The final chapter, “Where Do We Go from Here?” offers some hints about the future possibilities people working together to create a better life. These propositions fly in the face of prevailing opinio However, if we continue with the obsessive efforts to control labor, we will harm the interests o society as well as the interests of those who seem to be benefiting from current practices.

CHAPTER ONE

The Anti-Worker Theology of Markets

The Theological Defense of Markets

Academic economists present a great mystery. How can they muster so much brilliance an intelligence to deny any suggestion of market imperfections? These dogmatic defenders of marke warn that any measures to address economic deficiencies—other than the knee-jerk remedy expanding market powers even further—are certain to disrupt economic efficiency. Others ma acknowledge market problems, but they insist that the root cause must be people's person shortcomings. The proper response is to demand more from the people, not the system.

This blind devotion to the market is a kind of religion. Like the adherents of many other religion economists can be intolerant of those who do not accept their worldview. As Margaret Thatcher, th ultra-conservative British prime minister, popularly known as the "Iron Lady," once explaine "Economics are the method. The object is to change the soul."[1] This call for spiritual uplift inspire neoliberalism, an extremist mindset in which public policy must give way to the interests of th market.

However, when markets implode, and eventually they always do, many fundamentalists temporari throw aside their faith in markets. They call on the government for support—never for selfish reason of course, but only to return the market to health once more. Once the crisis has passed, their absolu faith in the market is restored. As Charles Darwin once observed, "ignorance more frequently bege confidence than does knowledge."[2] The stubbornness of market fundamentalism reflects a theologic view that markets are an end in themselves rather than merely a means to an end. Even the milde challenge to the market reeks of heresy. Edmund Burke, perhaps the most famous British statesman the eighteenth century, set the tone for this theological defense of markets, confidently declarin "The laws of commerce … are the laws of nature, and consequently the laws of God."[3] The *Journal Markets and Morality* continues to promote this theological tradition.

From a less elevated perspective, business and political leaders commonly join the familiar litan of praise for the market, bandying about lofty terms: freedom, democracy, and justice, not to mentio efficiency and prosperity. When first running for president in 1999, George W. Bush offered a simple formulation, simply declaring that "trade and markets are freedom."[4]

Surely, nobody could object to allowing people to enjoy freedom, democracy, or any other positiv quality attributed to the market. Fundamentalists ask why anyone would be foolish enough challenge the existing economic system, one that presumably represents the pinnacle of soci organization—or at least it would, if ill-considered taxes and regulations did not interfere with wh President Ronald Reagan called "the magic of the marketplace?"

But adults should not believe in magic. Despite Reagan's fanciful rhetoric, the market is a hars taskmaster. Frederick Winslow Taylor, the father of scientific management, famous for devoting hi life to using a stopwatch to cut split seconds from workers' tasks, gave a more realistic verdict of th modern situation, observing, "In the past the man has been first; in the future the system must b first."[5] Does this system really serve people's essential needs? I do not think that it does. Let us beg to see why.

A Different Theology

Consider a different theology—an ancient Greek legend. A bandit named Damastes terrorized peop near Eleusis in Attica. People called him Procrustes, or “The Stretcher,” because he compelled unwar travelers who fell into his hands to spend the night on an iron bed. He sadistically murdered his gues by stretching short men to fit the dimensions of the bed, or, if they were tall, cutting off as much their limbs as necessary to fit them into the bed. His sadism supposedly turned the surroundi countryside into a desert. Procrustes’ reign of terror was eventually cut short when Theseus, a hero figure who became king of Athens, subjected Procrustes to his own bed treatment.

Mythological references might seem out of place in a book on the economy, but economic langua has become so perverted that reframing it in an unfamiliar context seems appropriate. After a Taylor’s expression—“the system must be first”—suggested that the modern economy requires th people conform to its dictates. In effect, his stopwatch tightened the screws on the Procrustean bed.

German sociologist Max Weber, hardly a radical, vividly captured this harsh spirit of th Procrustean world, observing, “The market is the most impersonal relationship of practical life in which humans can enter…. Such absolute depersonalization is contrary to all the elementary forms human relationship.”[6] One of Weber’s most famous expressions is his metaphor of the iron cag (actually a mistranslation of a less poetic “shell as hard as steel”):

> Today’s capitalist economic order is a monstrous cosmos, into which the individual is bor and which in practice is for him, at least as an individual, simply a given, an immutable shell, which he is obliged to live. It forces on the individual, to the extent that he is caught up in th relationships of the “market,” the norms of its economic activity.[7]

Contemporary rhetoric offers an excellent example of this market imperative. The word *reform* h become synonymous with the elimination of protections against unfavorable market outcomes. effect, people must learn to adjust to the market rather than make any attempt to have the mark adjust to people’s needs. Procrusteanism is the set of practices intended to force people to acce market discipline.

The Procrustean Heritage of Economics

Associating Procrusteanism with the market might seem jarring to many readers, but it has actual been part of a subtext of economics for centuries. Many early economists believed that because peop are driven by potentially dangerous passions, the market offered a socially beneficial outlet for the urges.[8] For example, Adam Smith, whose first book was about psychology, introduced his famou description of the invisible hand thusly: “It is not from the benevolence of the butcher, the brewer, the baker that we expect our dinner, but from their regard to their own interest.”[9] In the same vei John Maynard Keynes wrote, “It is better that a man should tyrannise over his bank balance than ov his fellow-citizens; and whilst the former is sometimes denounced as being but a means to the latte sometimes at least it is an alternative.”[10]

Francis Ysidro Edgeworth, an influential Oxford economist, expanded upon the association betwe the ~~passions and the market. Although he was less clear than Smith or Keynes about the marke~~t as a alternative to antisocial behavior, his basic message was unmistakable:

> The first principle of economics is that every agent is actuated only by self-interest. Th workings of this principle may be viewed under two aspects, according as the agent acts witho or with the consent of others affected by his actions. In wide senses, the first species of actio may be called war; the second, contract.[11]

Economists in the eighteenth and early nineteenth centuries clearly understood that people wou naturally resist employment as wage laborers if they could maintain themselves outside of the marke They proposed strong measures to deny people alternative means of support, including th confiscation of the land upon which people had traditionally provided for their own needs.[12] Th intention was to make people so destitute they would be desperate to work for wages. Then, once wag labor became sufficiently common, people would begin to think of it as normal and take it for grante

Once workers became habituated to wage labor, economists could ignore the coercive side of th market and treat it as a purely voluntary system. In the process, they banished any suggestion of eith coercion or irrational behavior, except on the part of those who might be foolish enough to resist tot engagement with the market. Here is how the Reverend Thomas Robert Malthus described th egalitarian relationship between workers and their employers:

> The man who does a day's work for me, confers full as great an obligation upon me, as I d upon him. I possess what he wants; he possesses what I want. We make an amicable exchang The poor man walks erect in conscious independence; and the mind of his employer is n vitiated by a sense of power.[13]

Nonetheless, Malthus was not above recommending harsh measures to ensure that workers wou be so destitute that they would have no choice but to accept the amicable bargains that would awa them.

The brutal measures that were required to transform society to the point that people took wage lab for granted did obvious damage. However, once people accept market life as the norm, the Procruste bed begins to fall from view. The ongoing negative consequences of markets became less noticeabl Even the people the system harms most directly come to accept it as natural, almost as if they we voluntarily donning a pair of invisible handcuffs.

These handcuffs, and their unintentional consequences, remain invisible, but that does not mea their damage is insignificant. As we shall see, so long as the causes of the alienation, insecurity, an powerlessness that go along with capitalism remain invisible, free-floating anger becomes commo Procrusteans have mastered the art of diverting this anger into a powerful reinforcement of th system.

There is another kind of damage. The Procrustean project of squeezing more profits out of peop ultimately turns out to be self-defeating, so much so that it threatens the health and vitality of societ along with the very economy it is intended to promote.

Beyond the Procrustean Economy

In the spirit of Weber—at least the mistranslated Weber—the market functions as a Procrustean be
~~Why would anybody willingly lie down in such a bed? Those who accommodate themselves~~ to t
system often suffer a cruel fate, as the discussion of workplace deaths and diseases in chapter 3 w
demonstrate. However, the system punishes those who refuse to adjust themselves voluntarily to i
This helps people to come to see this world as natural and allows overt Procrustean control to b
largely replaced by the invisible handcuffs.

At times, however, when Procrusteans overplay their hands or the system malfunctions, t
handcuffs become visible once again. As was true before capitalism was firmly established, som
elements of society stand up against the demands of the market and others may appear ready to do s
In response, the Procrusteans stand ready to impose their will, unleashing violent repression wh
necessary. For example, in Uruguay, when such repression was in full force, the journalist Eduar
Galeano observed, "People were in prison so that prices could be free."[14]

Unlike the irrational sadist Procrustes—a parasite that destroyed its victim with no appare
purpose—those who control the capitalist economy are rational, singelmindedly devoted to t
making of money. Toward this end, the Procrusteans routinely call upon the state to use its monopo
of force to keep everybody in line, while loudly proclaiming that the modern economy is the height
freedom as well as rationality. After all, people can freely choose to work where they want and b
what they want—and nobody commands anybody (except on the job).

Business leaders, politicians, and economists are quick to explain that the logic of the system
immutable. They come down hard on anyone who dares to question Procrustean rationality, eve
though they themselves are generally immune from the harsh demands of Procrusteanism. Th
posture helps to make the boundary between the realm of Procrustes and the invisible handcuffs eve
fuzzier. How can anyone rationalize why hours of work have not radically decreased despite t
proliferation of modern, labor-saving technology? How can anyone reconcile increasing job insecuri
and stagnating wages with market efficiency? Are these conditions the natural functioning of the lab
market or the intentional manipulation of Procrusteans?

We will make the case that ultimately the market is Procrustean and, like Procrustes, destroys i
surroundings. Viable alternatives do exist. They might seem impossibly utopian, but only because t
gate-keepers of the Procrustean economy stubbornly refuse to accept any dialogue or even t
possibility of a dialogue. As Margaret Thatcher adamantly proclaimed, "There is no alternative." T
iron bed must remain in place. Everyone must learn to accept the dictates of the Procrustean econom
—to voluntarily don the invisible handcuffs. There is no choice in the matter. To defy the logic of t
market would be suicidal—at least in an economic sense.

As we shall see, the truth is otherwise. The Procrustean ideology is as absurd as it is inhuman. L
us begin now to see how. First, let us critically evaluate the market. Then let us point ourselves in
more positive direction. Only after people get beyond the idea that the system must be first c
society tap into people's potential and create a more fulfilling way of life. With sufficie
intelligence, courage, and imagination, we can get the kind of economy we deserve—an ant
Procrustean one in which the productive system will finally adjust to meet society's most pressi
needs.

CHAPTER TWO

Disciplining Workers in the Procrustean Bed

Jobs! Jobs! Jobs!

The most compelling defense of the inverted priorities of Procrusteanism concerns jobs: any poli that dares to give people's pressing needs priority over the rigid imperative of the market will sure result in a loss of jobs. In fact, the promise of job creation drives the rhetoric of almost all econom policies. Business demands tax breaks, relief from environmental protection, and a host of oth special treatments, while the rich demand tax cuts for themselves, all in the name of creating job even when the evidence for the job creation is weak or nonexistent.[1]

For all their talk about job creation, the largest corporations—the businesses that win disproportionate share of the benefits from playing the job card—actually create few jobs. Accordi to a report published in 2000, toward the end of a period of unusually vigorous job growth, the top 2 corporations worldwide employed a mere 0.78 percent of the world's workforce, even though the sales accounted for 27.5 percent of world economic activity.[2] That business is not particularly good creating jobs—especially good jobs—should come as no surprise. Wall Street rewards corporatio for eliminating jobs, not creating them. Profits rather than jobs are the highest priority for busine leaders. However, big business is exceptionally skillful in collecting subsidies based on the false ho of job creation—often in amounts in excess of $100,000 per job, even when the jobs are short-lived nonexistent.[3] For example, when Northwest Airlines threatened to move from Minnesota, the sta granted the company $828 million for a repair facility with 1,500 jobs. Once the agreement was place, the company accepted an immediate loan of $270 million as part of the deal. Not long after, announced that the facility and the jobs were on hold.[4] After the company went bankrupt in 2005, showed its compassionate side. Management supplied its laid-off workers with a handbook f surviving during hard times, offering valuable tips, such as not being "shy about pulling somethi you like out of the trash."[5]

Even when jobs are created, the quality of the jobs is poor, something ignored by policymake Many of the jobs in the giant corporations do not provide health care or a living wage. The CEO Wal-Mart, the world's largest private employer, confessed that a full-time worker might not be able support a family on a Wal-Mart paycheck.[6] As a result, millions of its employees must rely government assistance. In July 2003, California assemblywoman Sandy Lieber released copies employee handouts from Wal-Mart explaining how to use an employment verification service whe applying for Medicaid, food stamps, and other public services. According to the Democratic Staff the Committee on Education and the Workforce, one 200-person Wal-Mart store may result in a co to federal taxpayers of $420,750 per year—about $2,103 per employee over and above the co imposed on state and local governments.[7]

Despite the poor record of large corporations in providing good jobs, business attacks a legislation intended to raise wages or improve working conditions as a "job killer." The use of su clever terms effectively cuts off any discussion with those who might be foolish enough to advoca such policies. In light of the absence of effective regulations to prevent workplace fatalities, mo attention should be given to killer jobs rather than job killers. Such alternative phrasing cannot ga ~~traction in the present political climate, because those who dare to question the wisdom~~ of th Procrustean economy seldom manage to get a public hearing.

Although employment in the United States has increased during the last three decades, hour wages corrected for inflation peaked in 1972 at $8.99, measured in 1982 dollars. By 2007, hour wages had fallen to $8.32. Well-paying blue-collar jobs had been disappearing for years.[8] The decent white-collar employment suffered the same fate. Both trends helped to give us a unprecedented stretch of thirty-five years without an increase in real wages.

In addition, jobs have become more insecure. A few decades ago, many people had long-lastin careers. They could feel reasonably certain that as long as they performed their job well, they cou continue with the same employer and probably also advance to better positions.

Today, businesses now openly regard workers as disposable commodities. Downsizing, outsourcin and plant closings have become routine events. The *Wall Street Journal* casually noted that "man management theorists" maintain that "the whole concept of a job—steady work at steady pay from th same employer—must be discarded."[9] Just after AT&T announced the layoff of 40,000 worker James Meadows, vice president for human resources and responsible for administering the job cut explained corporate thinking about job mobility:

> In AT&T, we have to promote the whole concept of the workforce being contingent, thoug most of our contingent workers are inside our walls. "Jobs" are being replaced by "projects" an "fields of work" are giving rise to a society that is increasingly "jobless but not workless." . People need to look at themselves as self-employed, as vendors who come to this company to se their skills.[10]

Meadows's honesty points to the shallowness of business's professed interest in job creation. Fo people like him, business supplies plenty of opportunities. If people cannot take advantage of thes something is wrong with them. If not enough opportunities are available, some interference upsetting the smooth functioning of the market. Masters of Procrusteanism never apologize for th way the system treats ordinary people.

Work! Work! Work!

Although jobs are at the forefront of economic policy dialogues, the nature of the work itself gets litt consideration. After all, work raises troubling questions. With all of the advances in technology, wh do people still have to work so hard? Although the physical demands of most modern labor are lig compared to those who worked in William Blake's "dark Satanic mills, "work in pre-capitali societies had certain advantages over labor today. Before markets became dominant, people worke relatively few yearly hours. During harvest times, work was long and hard, but during much of th year, free time was abundant. Joan Thirsk estimated that in sixteenth- and early seventeenth-centur England, about one-third of the working days, including Sundays, were spent in leisure.[11] Innumerab religious holidays punctuated the tempo of work throughout Europe. Karl Kautsky estimated that the were 204 annual holidays in medieval Lower Bavaria.[12] In short, modern technology has not so muc been used to relieve people of the burdens of work as to extract more work from people.

Modern technology has eliminated many awful jobs. Relatively few people in the United Stat work in dangerous, subterranean coal mines. Yet many modern jobs put workers at risk for mor subtle but equally lethal conditions. In so-called “clean rooms” for semiconductor production, worke lack ~~adequate protection from the toxic chemicals that surround them, while they wear “bunny~~ suit to protect the silicon from the workers’ bodily impurities.

The contrast between jobs and work is striking. Many people work long hours in poor condition while millions of people are left looking for jobs. Shouldn’t a successful economy emphasize t development of technology that makes work easier, rather than creating technology intended to mal a smaller number of people work more intensively? Why wouldn’t a successful economy app modern technology to make work less stressful? Such questions are rarely raised in polite society.

As I will explain later, modern economics frames the world in a way that precludes questions abo the nature of work by adding its own Procrustean twist. Economics devalues work by reducing peop to one-dimensional consumers who maximize their “utility”—economists’ strange term for enjoyme —by using their budgets (however limited) to select bundles of goods suitable to their personal taste Within this framework, work represents nothing more than the loss of utility that people experien because they choose to sacrifice leisure to get utility from consumption. In effect, the clock becom the sole indicator of working conditions.

When Workplace Procrusteanism Subsides

Ironically, despite the constant drumbeat of business advocates calling for tax cuts and subsidies aid corporations in their holy quest to create jobs, employers actually need a large pool of unemploy workers. When unemployment is low and the fear of getting fired subsides, workers’ bargaining pow increases. Employers recognize pools of unemployed workers as a valuable tool for increasing the bargaining power.

Because most people do not enjoy taking orders and have a natural tendency to assert son independence, workers can become rebellious when workplace authorities do not treat them wi respect, especially when they feel confident that comparable jobs are readily available.

In the late 1960s, when unemployment was unusually low, Procrustean authority was far le effective. For example, in 1968, Bill Watson, a sociologist, spent a year working in a Detro automobile factory, where he witnessed several dramatic examples of the lengths to which worke went to challenge management. In one case, workers revolted against the production of a poor designed six-cylinder model car. After management rejected employee suggestions for improvemen in the production and design, the workers initiated a “counterplan,” beginning with acts of deliberate misassembling or omitting parts. Workers in the inspection section made alliances with workers several assembly areas to ensure a high rate of defective motors.

In the process, workers and foremen argued over particular motors. Tension escalated. Worke went ahead and installed defective motors in cars, thereby forcing management to remove them late The conflict ended only when a layoff allowed management to move the entire six-cylinder assemb and inspection operation to another end of the plant.[13]

In a second instance, the company attempted to save money by building engines with parts that h already been rejected during the year. Workers in the motor-test area lodged a protest, bu management hounded inspectors to accept the defective motors. After the motor-test me communicated their grievances to other workers, they began to collaborate in intentional sabota Inspectors agreed to reject three of every four motors. Stacks of motors piled up at an accelerati pace until the entire plant shut down, costing the company more than ten hours of production time deal with the problem. When management summoned inspectors to the head supervisor’s office, t inspectors slyly protested that they were only acting in the interest of management.

~~Watson's third example is the most telling of all. During a model changeover period, managemen~~ scheduled a six-week inventory buildup, keeping only fifty people on the job. These workers wou have earned 90 percent of their pay if they had been laid off. Workers reacted to the opportunity ar attempted to finish the inventory buildup in three or four days instead of six weeks. They trained eac other in particular skills, circumventing the established ranking and job classification system to slic through the required time.

Management responded harshly, forcing workers to halt, claiming that they had violated th legitimate channels of authority, training, and communication. If workers had been given th opportunity to organize their own work, Watson claims that they could have completed the task i one-tenth the scheduled time. Management, however, was determined to stop workers from organizin their own work, even when it would have been finished more quickly and management would hav saved money because of the speed-up.[14] So much for the idea that market forces lead to efficie choices!

Watson also described how workers engaged in hose fights at the workplace and organized contes to explode rods from engines. These incidents illustrate the enormous costs associated with conflictive system of labor relations. One might argue that the particular managers that Watso described were unusually shortsighted, but something else was at stake. To admit that workers hav something to contribute beyond blindly carrying out the demands of management undermines th ultimate rationale for management's domination. As a result, managers often instinctively resist a encroachments on their authority, no matter how much this authority impedes productivity.

Watson's story communicates a sense of the intense joy and exhilaration that workers felt fror having the opportunity to organize their own activity. He applauded the industrial sabotage as "th forcing of more free time into existence." He explained:

> The seizing of quantities of time for getting together with friends and the amusement activities ranging from card games to reading or walking around the plant to see what other are are doing is an important achievement for the laborers. Not only does it demonstrate the feelin that much of the time should be organized by the workers themselves, but it also demonstrates a existing animosity….

While this organization is a reaction to the need for common action in getting the work don relationships like these also function to carry out sabotage, to make collections, or even to organi games and contests which serve to turn the working day into an enjoyable event.[15]

Watson's experience may not have been particularly unique. In the 1980s, the United State automobile industry had to dedicate an estimated 20 percent of its plant area and 25 percent of i workers' hours to fixing mistakes.[16] The industry had two options available. It could intensify i supervision over workers or it could actively engage its employees by giving them more control ov their jobs. The first option is not only expensive, it further alienates the workers, perhaps encouragin other forms of sabotage. The choice made, that of more intensive supervision, suggests that th automobile industry seems to have adopted the attitude Watson experienced.

One could argue that the behavior Watson described was evidence of the need for a firm hand t control rebellious workers. That rebellion, however, may have been less a product of outrageous ar unacceptable behavior by these workers than a natural response to the Procrustean response to th conflict inherent in the relationship between labor and capital.

Imagine how much the company lost just because management stubbornly refused to tal advantage of the workers' on-the-spot knowledge of the business. But to do so would have weakene the dysfunctional Procrustean hierarchy that allows managers the privilege of seeing themselves superior to their underlings.

In fact, management's perception is less relevant than that of the workers. Once you get beyond th theology of capitalism, the ultimate justification for this mode of production is that the efficiency markets can offer the best possible life for people. Part of the illusion of efficiency is that capitalis is a meritocracy—that the best people rise to positions of authority. Consequently, maintaining th legitimacy of authority is crucial for capitalism.

The proper maintenance of authority is an old question. Machiavelli's *The Prince* may be th classic text on the subject. His chapter 17 asks whether it be better to be loved than feared. H concluded "it is safer to be feared than loved."[17] Machiavelli's conclusion is just as applicable fo capitalist management as for a medieval prince. In this sense, a certain amount of Procrusteanism is necessary requirement for the capitalist workplace.

The key insight from Watson's experience is the degree to which the workers were able to organiz themselves in spite of management. Had their objective been to earn profits, their efforts would hav qualified as entrepreneurial—and far more so than is usually expected from workers who lacked th formal qualifications usually associated with leadership.

The Federal Reserve to the Rescue

Business leaders understood why workers, such as Watson and his colleagues, openly challenge management. They had little fear of getting fired because unemployment rates were very lo Although they would never admit to such crass motives, business leaders know that maintaining substantial level of unemployment gives them a strategic advantage. Losing a job posed few risks f Watson's colleagues since many equally attractive jobs were available at the time. Where jobs ar harder to find, workers are less likely to behave in ways that displease management, includin demanding higher wages.

Since the end of the Second World War, the responsibility for creating the "appropriate" level o unemployment has fallen to the Federal Reserve. Officially, the Federal Reserve has a dual mandate prevent inflation and to maintain full employment. In reality, the Fed concentrates on fightin inflation by vigorously preventing full employment.

A board of seven governors, appointed by the president and approved by the Senate, theoretical runs the system, but the Fed is actually quite Byzantine. "Constitutionally, the Federal Reserve is pretty queer duck" was the verdict of the populist Texas congressman Wright Patman. Martin Maye author of *The Bankers* and other excellent books on finance, went further, observing that "the Feder Reserve would be a queer duck even without any Constitution, for a more awkward and complicat mixture of private and public, executive and legislative, national and regional could not possibly b imagined."[18]

In addition to the Federal Reserve Board, each of the twelve regional banks has a president, select by bankers. These regional presidents, directly representing the interests of the banking sector, wie enormous power.

The chief policymaking arm of the Federal Reserve, known as the Federal Open Market Committe consists of a rotating pool of seven of the governors and four of the regional bank presidents plus th president of the New York Federal Reserve Bank. This committee makes the key decision regardin monetary policy—whether to make credit scarce or abundant.

The decisions of the Open Market Committee have a powerful effect on the economy. When th committee makes credit tight by restricting the supply of money, interest rates increase, which the ~~discourages businesses from borrowing to finance spending on building, plants, equipment,~~ and th like. In addition, higher interest rates depress consumers' purchases of cars or houses on credi because their monthly payments depend on the rate of interest.

Shrinking consumer purchases, together with the higher cost of borrowing, further discourag business from investing. As a result, the economy slows down, replenishing the pool of unemploye workers.

In effect, then, the Fed represents a collaboration between the bankers and government, free make policy without congressional oversight. The only requirement placed on the Federal Reserve that the chairman has to appear twice a year before the House and Senate. Just imagine the uproar anyone suggested that labor unions have the power to determine the course of the economy wi virtually no oversight.

In addition, all other things equal, high interest rates tend to redistribute wealth from the poor to th rich, because the rich as a whole are net lenders, while the poor are net borrowers. Even during th 1990s, a time when interest rates were low, over one-seventh of wage earners' salaries went to pa interest on their loans.[19]

Business does not want the economy to slow down too much, since economic growth is ultimate necessary for a sustained expansion of profits. Therefore, when the Open Market Committee deems appropriate, it once again expands the money supply in an attempt to increase the pace of econom growth, at least until the economy begins to run short of unemployment.

Ideally, the Federal Reserve would like to maintain a Goldilocks economy, in which econom growth is just right—strong enough to increase profits, but slow enough to keep workers in chec When business is pleased with economic performance, the press portrays the chairman of the Feder Reserve Board as a hero. For example, the journalist Bob Woodward titled his book on Ala Greenspan, *Maestro*, as if the economy were his symphony orchestra.[20] After the economy fell apa on his watch, Greenspan's reputation withered.

The Hidden Procrusteanism of the Fed

One thing is fairly certain: when business fears that the economy is beginning to grow fast enough th workers might feel confident in demanding better wages or working conditions, the Federal Reserve sure to step in and tighten the money supply.

Restrictive monetary policy does not operate in the open. One of the beauties of the moneta weapon is that few people make the connection between what the Open Market Committee decid and their own situation. Nobody seems to be responsible for the resulting hard economic times. Ho could the economy seem Procrustean when Procrustes is nowhere to be found? When the econom slows down, the boss can tell the workers, "Sorry, guys, but there's nothing I can do. I would love be able to comply with your demands, but business is not good."

Workers are likely to resent people who directly discipline them, such as a supervisor or even th boss of the whole operation. Few workers, however, will ever think to vent their anger at the facele president of a branch of the Federal Reserve Bank or one of the equally unknown members of th Board of Governors. No wonder that conservatives often regard the Federal Reserve's fight again inflation as one of the nation's highest economic priorities.

Insofar as discipline is concerned, the system works like a charm—at least for business interest This game becomes even more effective because the Federal Reserve projects an image of standi above the political fray. The Fed speaks in terms of its mandated responsibility to maintain long-ru ~~growth, minimize inflation, and promote price stability—all of which sounds reasonable—whi~~ ignoring that part of its mandate to create full employment.

The Federal Reserve uses price stability as a code word for holding wages in check. Paul Volcke former chairman of the Federal Reserve Board, was clear about this relationship: "In an economy lil ours, with wages and salaries accounting for two-thirds of all costs, sustaining progress [in reducin inflation] will need to be reflected in the moderation of growth of nominal wages."[21]

The targets of restrictive monetary policy do not include rising prices for assets, such as houses stocks. Instead, rising asset prices are interpreted as signs of economic health, even though the prices may be the result of speculative excesses that will ultimately destabilize the economy. Nor a the multimillion-dollar salaries of executives a concern.

When Richard Nixon was running for president in 1968, he insisted that inflation was the country number one problem. After his election, he enlisted his Council of Economic Advisors to identif those adversely impacted by inflation. According to the council's chairman, Herbert Stein, "If anyon was being severely hurt, the available statistics were too crude to reveal it."[22]

Of course, Dr. Stein understood as well as anybody what David Ricardo, the most importa economist of the early nineteenth century, wrote about the harm of inflation:

> The depreciation of the circulating medium (meaning inflation) has been more injurious monied men … It may be laid down as a principle of universal application, that every ma injured or benefited by the variation of the value of the circulating medium in proportion as h property consists of money.[23]

As later research has shown, a modest level of inflation is beneficial for the economy because allows business more flexibility in dealing with workers. Employees are resentful when busine demands wage cuts. Inflation allows business a back door for reducing wages—at least what wag can buy. In this way, management can alter the wage structure, rewarding some workers, with highe wages while letting the real wages of less-favored workers erode.[24] In addition, a number of studi indicate that inflation does no damage to the middle or lower classes as a whole. Although inflatio does harm those on fixed incomes, inflation (within limits) is associated with higher econom growth, bringing more prosperity, especially to unskilled workers. Inflation, however, does have detrimental effect on the rich, because it erodes the value of their financial assets.[25]

Creating Unemployment

Economist Edwin Dickens has written a series of significant articles analyzing the minutes of th meetings of the Open Market Committee of the Federal Reserve Board, dating back to the 1950 Dickens's research shows convincingly that the Federal Reserve's partisan behavior is designed to ti the economy in the direction of the wealthy by making workers more compliant. Dickens reporte numerous occasions when participants voted to tighten the money supply just before major unio contracts were about to expire. The minutes indicate that the specific intent was to force employers be less generous with their wage offers during contract negotiations.[26]

A recent study formalized Dickens's work by attempting to distinguish whether the policy actio of the Federal Reserve were a response to inflation or to low unemployment. The study concluded th "a baseless fear of full employment" rather than the prevention of inflation was the guiding princip of the Federal Reserve.[27] The conclusion of this study should come as little surprise to people famili with the Federal Reserve's obsession with the danger of high wages.

Defenders of such policies justify the temporary restriction of job creation, contending that t Federal Reserve is merely trying to curb excessive growth. According to this school of thought, t Federal Reserve is simply preventing the kind of excesses that lead to severe recessions depressions. Slowing down growth today may be necessary to provide for a higher, sustainable grow rate in the future. Most economists argue that the cumulative effect of even a fairly small increase growth rate can be substantial, more than enough to compensate for a temporary slowdown.

The periodic slowdowns that the Federal Reserve engineered to undermine wage growth a unlikely to stimulate economic growth. According to a study by the Bank for Internation Settlements, slowdowns actually seem to diminish rather than promote long-term growth.[28] Over ar above the dramatic effects of intentionally engineered slowdowns, the more steady effort to kee wages in check also probably reduces the rate of growth. As economists continually warn, t cumulative effect of a reduced rate of economic growth can be substantial. This loss must count another cost of Procrusteanism.

In the 1920s, John Maynard Keynes described the effect of this sort of monetary policy on workers

> The object of credit restriction … is to withdraw from employers the financial means employ labour at the existing level of wages and prices. The policy can only attain its end b intensifying unemployment without limit, until the workers are ready to accept the necessa reduction of money wages under the pressure of hard facts.[29]

Keynes's description of this policy seemed to frame it as a form of Procrustean class warfare:

> Those who are attacked first are faced with a depression of their standard of life, because t cost of living will not fall until all the others have been successfully attacked too; and, therefor they are justified in defending themselves…. They are bound to resist so long as they can; and must be war, until those who are economically weakest are beaten to the ground. [30]

Keynes concluded: "It is a policy, nevertheless, from which any humane or judicious person mu shrink."[31]

Sado-Monetarism

The Federal Reserve's fight against wages can be intense. In 1979, shortly after taking the reins at t Federal Reserve, Paul Volcker announced new operating procedures and a determination to hol inflation in check.

At first, many powerful people doubted whether Volcker would be willing to follow through wit his plans, which were sure to create enormous casualties. A front-page story in the *Wall Stre Journal*, "Monetary Medicine: Fed's 'Cure' Is Likely to Hurt in Short Run by Depressing Econom Analysts Say," expressed this sentiment. The paper noted:

> Among those who are skeptical that the Fed will really stick to an aggregate target is Ala Greenspan … who questions whether, if unemployment begins to climb significantly, moneta authorities will have the fortitude to "stick to the new policy."[32]