'WHY ARE WE POOR?'

A Speech by
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Up and Out of Poverty Now!

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An economic analysis of the root causes of poverty, hunger
and homelessness in the richest country in the world.
Why Are We Poor?

As was said last night, we are here to talk about the truth. There are some 100,000 people in the United States who call themselves economists. There are very few of my colleagues, I am sorry to say, who speak very much about the truth. I want to get down to a little bit about truth today. I am no root doctor, but I do want to get down to the roots. I have a very heavy responsibility here this morning, because I am also striving to be as dangerous as Wendell Paris says I am.

Economics is called the dismal science. I agree with Mayor Goode: everything I see says that things are going to get worse. But I am here today to bring a very positive message. I am not here just to show how bad the economy is and how bad it’s going to get. I also want to talk about what we all know we have to do about it, about preparedness and the opportunities the economy presents for the first time in history to really solve some of these problems.

Many people have said this Survival Summit is a historic meeting. I do not think we will determine that this is a historic meeting. But I do believe that history’s judgment will be that this meeting is historic and I want to show why.

Vernon Bellecourt covered the first 500 years of U.S. history yesterday. You will pardon me if I deal with more recent history of the last 40 years or so. I want to talk about “Why we are poor.” I think that is a question that has to be answered and addressed.

There are only two things that any society has to do. No single individual has to do these things. Anybody can stand aside from them, but the society must do them. One is that society must propagate itself. It must have kids. It must raise those kids to continue society. The second thing a society must do is to feed, clothe, and house its population and provide the basic services necessary for survival.

Now that second thing is, at base, economics and brings us to economics as the basis of what society is doing. In order to provide food, clothing and housing and other basic services, of course, the society must produce those things. Therefore, when we analyze what is going on in this society—the social decay and degeneration on the one hand and this summit on the other—we have to go back and work with the basic elements of society. We have to look at how we produce what we have.
Today, production is done with electronic technology. Computer, robots and all the other kinds of technology—biogenetic engineering, all the modern chemical breakthrough, plastic metals—all those things wouldn’t exist without and are based on electronics. We are producing with a fundamentally new technology. We have to look at the effect that changes have on our lives. How do the tools that we use, the implementation of computers and robots affect us? That is what I am going to speak about.

The question before us is, “Why are we poor?” Now, my colleagues might go into a one-hour speech on the political, economic, and sociological ramification of poverty and those factors complicating why we are poor.

The fact is, we are poor because we don’t have any money. The question then is, “How come we don’t have any money?” This is a very simple thing to explain. We don’t have any money because we don’t have any jobs. So, we have to look at why we are not being allowed to work and what the ramifications of that are.

Please excuse me if I go back and look at a little bit of history. I don’t believe that we can understand what is going on now without going back over the last several decades. At least a few of us in this room lived through them.

In the 1950s and the 1960s the economy was expanding. I want to be very clear about what I mean by expanding. I think this is crucial. In the 1950’s and 1960’s, capital, that is business—and not just specific businesses, but the entire system of business—was moving outward. I am referring to the U.S. economy, but I want everybody to be clear. Everything I am saying is also true of Western Europe and Japan. I am taking about the world economy, but I am concentrating on the U.S. economy.

In the 1950s and the 1960s the entire banking system lent money to Latin American, African and Asian countries for them to build roads, telephone systems, ports and other needed infrastructure. Right behind those loans came companies looking for profit, setting up plants and using the roads, telephone systems, ports and other things. They hired workers, paid them a few cents and hour or a few dollars a day. These businesses took the wealth from those workers and took the wealth from those countries and brought it back to the United States. The United States investment was primarily in Latin America. Europe went primarily into Africa and Asia. Of course, there was a lot of overlap. I do no want to simplify this process.

This expansion—continually moving outward, going into new areas, building plants, hiring workers, and exploiting them for peanuts—created an entirely integrated world economy. I use “integrated” to mean economically integrated, and not socially integrated.

It is impossible today to make the simplest commodity in one country. A nail cannot be made today without the cooperation of hundreds of thousands or millions of workers all over the world. Nails are made in steel mills. The coking coal for steel mills may come from West Virginia. The ore may come from Latin America. The technology may come from Europe. The workers come from Latin America, Mexico, the United States, Europe, Africa, Asia and everywhere else. All of this is tied together with telephone systems and computer systems that are run by satellites. Satellites are controlled by ground stations all over the globe. So, it is impossible to make the simplest thing in the world without the cooperation of workers all over the world. In that sense this economy is a fully integrated world economy that is no longer separable into little, national pieces.

The companies that moved into Latin America and other parts of the neocolonial world made great profits. They brought these large profits back to the United States. These companies were awash in profits. There was a lot of money.

They were able to take a little bit of those profits and buy some social peace in the United States with high wages and rising fringe benefits. Highly paid workers and companies had enough money to pay some taxes. So we saw the government with a lot of money. There was never a solution to poverty, but the government was able to throw a lot of money at it. In the 1950s and 1960s, the government put money into public housing and was able to increase public assistance payments. It was able to throw money into education and to start to deal with problems of poverty and education. There was a rising standard of living throughout the decades of the 1950s and 1960s. I am not saying they solved any problems. I am saying they were throwing money at the problems and the country was awash in money.

Something happened. About 1970 they ran out of geography. Every non-socialist country in the world had capitalist production with wage labor and exploitation. There were not any new areas to go into and seize their wealth. This began the contraction of the world economy.

I explained what I meant about expansion; I want to take a minute to explain what I mean by contraction. This is not a contraction back into the
United States or a geographic retrenchment. It's like a squeezing. The capitalists cannot find any new workers in new, untapped regions to exploit in order to maintain or maximize their profits. The capitalist must therefore exploit the workers they have more. The capitalist must squeeze more wealth out of the workers in order to maximize profits. We have seen this contraction squeezing more wealth out of the workers of the world for the last two decades. It is in that sense the economy began and is now continuing its contraction for nearly two decades.

Notice that since there is no new geography on the globe; this process is not a reversible process. One of the biggest myths that we have in this country—I'd say the majority of the country believes it—is that, "The economy goes up and the economy goes down. Maybe it is down right now, but a little bit down the road it's going to come back up." I repeat, the process of contraction is not reversible and is going to continue. It may not continue smoothly but the general direction is going to be down.

The expansion that took place in the 1950s and 1960s did not take place according to any plan. There was not someone who said, "Oh, people here need some food. People there need an auto plant." No, each individual company took a look and said, "I can make a profit there," and moved its plant and exploited that market in order to make its profit.

Once again, I want to be very clear. I did not say "too many plants to produce what people need." There are so many auto plants that can produce so many automobiles that it is not possible to sell all of the cars at a profit. Everybody knows that we need a car to get to work. And that hundreds of millions of people around the world need automobiles just to do the ordinary things of life. This same is true for food and other goods that you can think of.

The result was a world-wide glut of commodities in every single market. Take the steel industry. You have seen the contraction in the steel industry in the last ten years. You know there is a glut of steel all over the world. It is not a glut relative to need. We do need steel. But private steel mills can produce so much that they cannot sell it all at a profit. There is a glut of cars. There is a glut of food. The situation we are actually facing is that there is so much food that hundreds of millions of people are starving to death because it cannot all be sold for a profit. Even the computer industry is in glut. I remind you that Apple computer was invented in 1977—a mere 12 years ago. The entire computer industry has gone through the process of building too many factories and now having to shut them down.

Let's take a look at this glut situation from the point of view of the company that produced these goods. Let's use cars as an example; everybody knows what a car is. I'd like all the auto workers in this room to excuse me and not point out any mistakes I make. Let's take a look at this from the view of an auto company.

There are about 15 automobile companies making all the cars. Each one of them has 100,000 or more cars sitting on its lots that it can't sell. These companies are looking at this huge glut of commodities and each company is saying, "I don't care about these other 14 companies, I am going to sell mine. I am going to get rid of my cars so that I can keep producing." Each company is saying that.

How is a company going to out-sell the competition? It's going to cut prices. It's going to sell cars of a given quality at a lower price that the other companies.

There are two ways to cut the cost of production. One is to make the goods cheaper. You start replacing the steel with plastic in automobiles. Cars used to be 90 percent steel. Now they are plastic; they melt in the sun. Also, car companies are rolling the steel thinner. If you put your finger on the fender to today's cars, you have a dent. So, they have been making commodities cheaper by using cheaper materials.
I had the opportunity to look at the production of the vans after this renovation took place. The undercarriage—the chassis—still came down the line. The body of the van was actually on a second-story line that came right above the chassis. It was lowered down on the chassis and then the two would proceed and won the line farther. There was this large spider-like thing hanging above. It came down over the van and clamped itself underneath. In 30 seconds it did 137 spot welds. It disengaged, picked back up, and the car went down the line. Now the question is, “Where were those workers who used to be welding the body of the car onto the chassis?” The answer is that they were out in the street because a computer replaced them.

With workers in the street because they have been replaced by a robot, the company is free to implement the second way of cutting their labor costs. The boss can come down to the worker and say, “You say you will work for me for $15 an hour? That man over there will work for me for $12 an hour. That woman over there will work for me for $10 an hour. That person over there will work for me for $8 an hour. So I am not paying you $15 an hour anymore.” They severely cut wages and fringe benefits. Of course, working conditions deteriorated in the plants.

Companies used both of the two ways of cutting costs—replacing workers and cutting the wages of those still employed.

There is a problem with this process. In this society if you want something to eat, you need to work for it. You must have a job to get some money so that you can then buy food. If you don’t have a job, then you can’t buy the basics of life that are being produced. Workers are the ones who buy the back all these things that companies are producing. If companies start cutting workers out of jobs, putting them out into the streets, and reducing their standard of living, workers no longer have the money to repurchase all the goods that have been produced.

Furthermore, although work forces have been slashed, this technology is so productive that we aren’t producing less, we are producing more with fewer workers. So as soon as this process got going—throwing workers out of work, cutting their wages, implementing new electronic technology—the glut of commodities, the problem they were trying to solve, reappears because workers can’t buy back what these computers spit out of the other end of the plant. The capitalists’ solution is to again implement more technology, throw more workers out of work, and reduce the wages further. And again the glut reappears.

This is what we have seen for the last 10 years in every industry: the
reappearance of glut and the inability to solve it, on the one hand, and the inability of worker to repurchases—to buy—the basic necessities of life, on the other. Workers aren't allowed to work because business does not need them to make their profit.

This begins the stages of development of unemployment. [The first is] from unemployment to public assistance benefits, if there are any today. Benefits are being cut off. Everybody in this room knows that particularly a male or a woman without children cannot get public assistance. The next stop is to sell your car, sell your house. Pretty soon you're homeless. Unemployment is the beginning of the process of generating homelessness. Ten years ago there were homeless people. Everybody knows that. But nobody was talking about it. Now it is front page international news. That is how far this process has gone.

On the cuts in social programs: Reagan might have been elected into office by business in order to carry a program of cuts out, but they all started before him. The capitalists just put him in there thinking he could effectually do it. And he did it. He cut social programs of every type from public housing to public assistance, education, and health care.

It is like the foundation of a house. If the foundation of a house crumbles, the house crumbles. Wages and the standard of living in the United States are that house. They have crumbled. Social programs—the foundation—are taken away, and that forces down the standard of living of the workers.

Workers who work for less maximize the profit of the business. This process is going very deep. The government also hands money to the capitalists and the businesses. The government is going trillions of dollars in to keep this glut of commodities actually moving—to keep these commodities selling.

The military budget is $300 billion a year plus an entire slush fund of hundreds of billions of dollars. This is the single biggest public pool of money that is available. People yesterday were talking about priorities. Here is a priority that needs to be changed. Cut the military and use that money to build homes and provide food and the other basics!

It is very important that I announce that it is now official. As a result of this process that I have been describing, it is official. What everybody in this room has known for years, the United States government has finally discovered. This process has gone so far that the rich are getting richer and the poor are getting poorer. I don't know what took the government so long, but I am very pleased that this is now official U.S. government data.

But what does that mean, "The rich are getting richer and the poor are getting poorer?" The economy is polarizing this society into two classes. It is making those who own businesses and those who manage those businesses for them much richer. It is making the majority of the country, the working class, poorer and poorer. It is splitting society apart. On the one side is the capitalist class and on the other side is the working class.

The working class takes in all workers, whether they are working or not, and all the homeless, and welfare rights recipients.

We should not be naïve. There is a section of workers with very stable, high-paying jobs who have never done better than they are doing today, but the majority of people are getting poorer and this is splitting society in two.

Let's take a look at these two classes. Where do they stand politically? What are their relative political strengths and weaknesses? We should look at these two groupings. The capitalist class is the most organized, educated, strategic and powerful class in history. It is well financed. The capitalists are completely organized. They have their own communication systems. They own all the factories, the plants, and all the businesses. They control all of the newspapers. They control all of the media. They control the federal government, the state government, and the local government.
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<th>Workers</th>
<th>Percent of Employment at or below the Poverty Wage</th>
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They control the military. They control the police. And this class is on the attack.

On the other side we have the working class. The working class is led today by more than 60 million people in poverty. Those are 60 million who day to day, week to week, from month to month, are dependent on the government—in some way, shape, or form—for the necessities of life. They are dependent on government for survival whether it be for food, whether it be for a place to lay their heads, whether it be for medical care or social security. One out of every four (and this is a minimum, a very conservative count—the number is much higher)—one out of every four Americans is in poverty and dependent for help to make it through. This is the leading section of the working class that is being created.

I was in Vietnam. In Vietnam there was some poor guy walking through the jungle in front of everybody else and he is called the point man. Behind him is point squad. Behind them is point platoon and then the rest is the main body of the organization.

We should look at these 60 million people, the working class, as an army. Sixty million people is bigger than any army ever fielded in the history of humanity, in any war, in any country. And the point people are the homeless people who are in direct combat for a place to lay their head. Behind them stand those who are struggling to feed their children off of public assistance and to keep their families together. Behind them are the underemployed who are working and still cannot feed their families. This grouping, the 60 million, is leading the entire working class.

Let's take a look at this army, at this class. How does it stack up against the highly organized and powerful capitalist class? Well, the working class does not even know it is a class. It is completely divided. The capitalist have half the working class pointing at the other half of the class saying, "They are the problem." That half of the class is pointing back at the first half saying, "They are the problem." Some of them are pointing at Japan and saying, "They are the problem." Some of them are pointing to Latin America saying, "They are the problem." And so on, blaming everything else; But most of all, they have us pointing at ourselves and saying, "I am the problem." We had better start pointing the finger at where the real problem is.

Not only does this class not know it is a class, but it also does not know it is in a war. And it doesn't know who its enemy is. Can you imagine an army going to battle and the generals of that army are on the other side? Because that is the condition that our working class is in. For the most part, the people who are leading the class are on the other side.

If that is the condition our class is in, it sounds very, very uneven. The most powerful class in the world versus a class that doesn't even know it is a class or in a war. However, I did leave out one factor. It may sound a little uneven now, but that factor is this: history.

History is a very, very powerful force. I am not afraid because I know that we are living in Rome. Social decay precedes every reorganization of society. A society that can no longer provide the basics of life to its population is one that must change. The social decay that comes with it is the death throes of that society.

This system is used up. Electronics has passed this system by. We can produce enough food it is—my understanding is that the state of California by itself can produce enough food—or feed the entire world. Yet hundreds of millions of people in this world go to bed hungry every night. That isn't a problem of production. This technology means the end of want in any sense of the word. The only thing that is keeping us from producing using this technology is that we cannot produce with this technology and assure profits to the owners of these companies.
The only way that you can produce with computers is to provide the goods that are produced to those people who need them. This is because when computers put people out of work, people don’t have money to buy back those goods. Then you have to provide them with the food and the basic necessities of life that will give us a decent life. That, of course, puts before us the challenge of changing this society into one where everyone has all the components that make for a wonderful life for all of us. They are all within our grasp for the first time in history. Electronics could allow us to work a few hours a day and produce everything we need for the 5 [now 6] billion people on this planet. But in order to do that a system that allows our children to die in the gutters has to go.

We must therefore, begin to recognize that we are a class. The role of everyone in this room and the role of this Summit is to begin this process of tying this 60 million person army into what it is: the baddest fighting force this world has ever seen!

Do I believe this is a historic meeting? Yes I do, because I believe that in this room stand the people who can weld this mass into that fighting force and carry out what it has to carry out. That’s what this meeting is about. That’s what we have to do.

Thank you very much.