THE UNDERGROUND ECONOMY

- John Jackson has been a licensed carpenter for 19 years and is regularly employed by a high-rise construction company. Because of the frequent slumps in the industry, he began doing carpentry work for individuals "on the side" and is paid strictly on a cash basis. The income from this work is not reported for tax purposes and is thus a sizable supplement to his regular wage. He enjoys being his own boss, working at his own pace, and setting his own schedule.

- Linda Geary is 25 years old, has a young daughter, and is getting a divorce from her second husband. She receives welfare payments from the government and lives with relatives, for whom she does housework in exchange for her rent. She earns additional income--not reported to the government--by caring for several neighborhood children. She is also trying to get government vocational training funds to study writing. Her goal is to work part-time as a journalist, something she hopes to do at home with no fixed hours.

- David Boone quit his factory job because the dust from the foundries aggravated his chronic sinus condition. His unemployment insurance expired over two years ago and he now receives no public assistance other than food stamps. His income derives from a wide variety of odd jobs. For his landlord he mows the lawn, collects the rent, and does other jobs for cash and reductions in his own rent. For his neighbors he serves as television and radio repairman, electrician, and automobile mechanic. Occasionally he buys an old car, fixes it, and resells it at a profit. He has no desire to return to his old job, which he refers to as "virtual enslavement."

These three people are part of a significant transformation that is taking place within the U.S. labor force. More and more people are rejecting dependence on a workplace job and the wage in favor of a variety of new arrangements. Within the conventional labor market this has been reflected in the rapid increase of part-time, temporary, and variable occupations. But even more dramatic has been the mushrooming of a sphere of activities outside the institutional structure of work that has developed since the beginning of the century. These activities, which are not reported to the government for tax purposes and not covered by trade union contracts or state regulation, have come to be known as the underground economy.

Over the past year the extent of this phenomenon has suddenly been realized by the press, the academic community, and the government. The discussion was sparked by the publication of a short article in a fairly obscure business magazine (Financial Analysts Journal, November-December 1977) by Peter Guttman of Baruch College of the City Uni-
versity of New York. He argued that the sharp increase in the relative amount of cash in circulation implied the rapid growth of an underground economy, since the illegal nature of such transactions requires that only cash be used. On this basis he claimed that the underground economy amounts to about $200 billion a year, equal to some ten percent of the entire legitimate gross national product. Gutmann's number was widely publicized, and although his methodology was later subjected to a barrage of criticism, almost no one has denied that the underground economy is large and rapidly growing.

The furor over Gutmann's work also helped to bring to wider attention the research of Louis Ferman of the Univ. of Michigan (Ann Arbor). Ferman's work began 20 years ago, when he was asked by the Michigan labor department to study what the long-term unemployed do with their time. Contrary to popular mythology, he found that they were not "idle": rather they were quite busy in "off the books" employment (black work) and hustling of various kinds. Last March Ferman and his associates released a more extensive study of the underground economy in Detroit. They put together case studies of individuals (a few of which were summarized at the beginning of this article) and conducted a survey of households which found that 25 percent of the services people bought were from underground sources and another 15 percent were from what Ferman calls the social economy: friends, relatives, and neighbors doing things for one another for free.

But more important than the numbers were the conclusions that the underground economy was no longer confined to the ghetto and that the income from such activities was a supplement to wages from regular jobs and various government benefit programs.

More recent research by the press, including articles in Business Week and Fortune, has uncovered further evidence of the size and the rate of expansion of the underground economy. In terms of aggregate figures, there has indeed been a sharp increase in the relative amount of currency in circulation, despite the great rise in the use of credit cards and checking accounts. The Internal Revenue Service admits that individuals and small businesses each year pay a smaller percentage of the taxes they should be paying (the U.S. has a "voluntary compliance" system in which people compute their own tax liability, but the I.R.S. audits a sample of tax returns to check for cheating). The Bureau of Labor Statistics acknowledges the existence of "off the books" work but confesses that it does not know how even to begin measuring its extent.

Yet a more crucial issue than measurement is the relationship of the underground economy to attempts by capital to reorganize the labor force. On the one hand it seems to represent a setback for the working class, since underground workers are deprived of hard-won protections such as the minimum wage and health benefits. In this sense it is an extension to the U.S. of the widespread European phenomenon of the diffused factory; and thus its clearest expression here is in the garment industry in the New York area, where many undocumented alien workers are doing sewing work in their homes at miserable piece work wages with no regulation.

On the other hand, the underground economy is the beginning of a self-initiated restructuring of one's working day and life. By getting the means of survival from a variety of sources and finding ways to work less, people are taking greater command over their lives. The break with the traditional workplace helps to dissolve the separation between work and leisure and allows for greater integration among one's activities.

The danger in these new developments is that what may appear to be autonomous satisfaction of needs may in fact be a deceptive form of self-management that ultimately contributes to capitalist accumulation. However, so far in the U.S., the underground economy seems to oppose capital by giving people more control over their time and undermining the form of social organization based on the job.
Ever since the Supreme Court ruled in 1973 that women have a right to obtain abortions during the first three months of pregnancy, the opponents of abortion have been on the warpath. Across the country, the so-called Right To Life movement has employed all possible tactics, from the legislative to the criminal, in an effort to reverse and nullify the Court's decision. Religious groups have drafted a constitutional amendment to outlaw abortion. Demonstrators regularly picket outside hospitals and abortion clinics, and many women who have received abortions are harassed and threatened over the telephone. Within the last two years, more than 350 abortion clinics have been firebombed.

These groups have also forged ties with sympathetic, and mainly right-wing organizations, raising millions of dollars used to contact people through the mail and lobby politicians to pass anti-abortion legislation. On account of this formidable display of organizational and financial might, the feminist movement has been forced to direct most of its energy to holding onto gains already won—instead of moving ahead with demands put forward in the early 1970's, such as for higher welfare benefits, better day care centers, and equal pay. Even with this, there have been serious defeats.

Unable to get abortion outlawed entirely, "Right to Lifers" have concentrated their efforts on eliminating the funding of abortions for women on public assistance. After persistent lobbying in Congress, in 1976 these forces succeeded in pushing through the Hyde Amendment, which cut off federal Medicaid (welfare) funding except where the mother's life was in danger. Subsequently, another Supreme Court decision, one which reflected the growing strength of anti-feminist forces, ruled that individual States did not have to use any of their welfare funds to pay for abortions. Following this 1977 Court decision, 40 States have enacted legislation cutting off such funding.

The significance of such legislation can be seen in the fact that one-third of the abortions performed each year had been paid for with Medicaid funds. By denying an estimated 100,000 women each year the $150. needed to pay for an abortion, the State actions have, in effect, nullified the 1973 Court ruling and outlawed abortion for poor women, since the abstract right to something is meaningless if one is denied the resources with which to obtain it.

Women on welfare are thus being returned to the situation of all women prior to the legalization of abortion, when thousands died or were permanently injured by abortion-butcher's or a desperate resort to home remedies. State governments are now forcing women to choose among these dangerous alternatives.

Even worse, in some parts of the country, Medicaid abortions are permitted only if the woman submits to sterilization. The contradictory policies of the government here are as obvious as they are vicious: by denying abortion funds it forces women to reproduce against their will, but at the same time, it bribes women to surrender their reproductive capability.

This increasing effort to further subordinate the rights of women to the demands of the state is posing a grave challenge to the entire feminist movement. The Right To Life groups, operating behind the mask of a moral crusade, have in fact been enlisted in a campaign of a quite political nature. Business interests, which are desperately searching for ways to deal with the crisis of the family and the effects of the massive migration of women into the waged labor force, are
using the abortion issue as one way to limit the power of women and to restore the family as an institution of social stabilization.

Moreover, in seizing on the religious undertones of the anti-abortion crusade, right-wing politicians are stepping up their attacks on the new social freedoms that arose out of the struggles of the past 15 years. The assault against the gay community has already reached a feverish pitch, and some Right To Life organizers have begun to speak of contraception as another form of abortion which must be attacked.

There is little likelihood that the combined forces of business and the conservative religious groups can succeed in restoring the family or even in outlawing abortion entirely. But they have succeeded in putting the women's and the gay movements on the defensive and in intensifying the struggle all of us face in regaining control of our bodies and our lives.

BOOK REVIEW: POOR PEOPLE'S MOVEMENTS by F. Piven & R. Cloward

Piven and Cloward, authors of Regulating the Poor, have produced one of the most important works on the development of U.S. class relations. They formulate a bold theory of the structure of organized protest and then illustrate it by examining the movements of the unemployed and industrial workers in the 1930's and the civil rights and welfare rights movements of the 1960's.

The theoretical discussion at the start presents a devastating critique of leftist organizers and academic analysts of social protest. P&C argue that the analysts, in equating movements with formal organizations, divert attention away from forms of struggle such as massive school truancy and worker absenteeism. They argue that organizers have repeatedly put their own goals of building permanent organizations ahead of the need to strengthen the immediate struggle.

However, a serious inconsistency arises in P&C's analysis. After implying that struggle is very much a part of daily life, they go on to insist that in the normal course of events people are "fatalistic": they only rebel in times of "social dislocations such as the Depression. Consequently P&C fall prey to their own criticism of the narrow notion of struggle. In fact they end up arguing that organized protest inevitably wanes, and that the only lasting gains are those that are compatible with the aims of "dominant interest groups." It is thus not surprising that P&C adopt a very pessimistic view of the possibilities for lasting social change.

The vital political question which P&C raise and then somehow evade is that of what will replace the organizational forms that have failed to advance the working class struggle. Once the Party, the union, etc. have become obsolete, of what does revolutionary politics consist? Here we can only raise this question, but what is clear is the pressing need to carry forward the analysis initiated by Piven and Cloward regarding the organizational question in the current context of class relations.