

Beyond the Bottom

The Underclass

By Ken Auletta
Random House.
348 pp. \$17.50.

Reviewed by
Richard J. Margolis

KEN AULETTA has really written two books, and they keep getting in each other's way. In one, he introduces us to an unusual (now defunct) work-training program aimed at helping members of "the underclass" succeed in mainstream society. Since the author's sights are in focus here, his observations are first-rate. He has much to tell us about a significant, little-publicized social experiment that took place during the '70s. Especially useful are the sympathetic closeups of the trainees, many of whom led lives of desperation (some quiet, some noisy).

The group running the experiment was fathered by the Ford Foundation and, until Reaganomics set in, mothered by the U.S. Department of Labor. It called itself the Manpower Demonstration and Research Corporation (MDRC), and I will return to it in a moment.

Auletta's other book, which keeps interfering with the first like some obtrusive radio broadcast, is a near-total disaster. It rambles, it mumbles, it pontificates. Apparently hoping to extract a ton of meaning from a pound of ma-

terial, the writer falls into the very trap he says his editor at the *New Yorker*, Ted Shawn, cautioned him against: He has written "a sociological yak piece" about the underclass.

Precision too often eludes Auletta, and exaggeration not often enough. This is mostly because so many of his illusions are so stunningly inappropriate. At one point he assures us that the underclass is "the new American dilemma." At another he compares it to the Missouri Compromise: "I learned that the underclass, as Thomas Jefferson said of the Missouri Compromise, is 'like a firebell in the night.' It is both America's peril, and shame."

It is not possible to decipher such prose—and the deeper Auletta delves, the murkier his meditations grow. In the end, he calls anticlimactically for further discussion, and then presents us Henry Wheeler Shaw, that all-but-forgotten 19th-century aphorist, with an epigram poor Shaw must have produced on an off-day: "Silence is one of the hardest things to refute." Second only to firebells, one guesses.

The underclass, of course, has always been with us, but each generation of reformers has preferred its own nomenclature. Twenty years ago the underclass would have been called "the hard-core poor"; 80 years ago, "the dangerous classes" or "the dregs." Indeed, Auletta's up-to-date categories echo those older terms and their inherent "3-d" meanings of danger, despair and depravity.

"Members of the underclass," he writes, "seem to fall into four distinct

groups." (Actually, they do nothing of the kind, they overlap like crazy, but let it pass.) First, there are the "hostile street and career criminals"; second, "the hustlers"; third, "the passive, who have become dependent on welfare and government support"; and fourth, a catchment category made up of drunks, junkies, derelicts, crazies, bag ladies and—in case anyone feels left out—"sadistic slashers."

The question Auletta poses—Can society rescue these denizens of the lower depths?—was the question the MDRC attempted to answer. As Auletta notes, "its efforts were targeted on those hardest to reach—longterm welfare recipients, ex-convicts, ex-addicts, delinquent youths." On such unpromising material the MDRC lavished much special attention. On-the-job training was merely part of the generous project; also included were individual counseling, formal skills classes, and sessions in what our grandparents might have called "deportment." For those who completed the year-long instruction, a job placement service stood ready to come to the rescue.

Despite the richness of the effort, to an outsider the results might seem rather thin. Of the 10,000 who enrolled in one or another of MDRC's 15 programs between 1975-80, only 3,200 ever finished. The rest either dropped out or were kicked out. Still, as Auletta argues, society had written off those 10,000 long before the MDRC came along. To make it possible for even a third to enter the world of work was no small achievement.

Hoping to learn more about the underclass, Auletta sat in for seven months on Basic Typing 27 (BT-27), an MDRC course given at its West 37th Street training center in Manhattan. There trainees learned "not just English, math and typing, but how to use an alarm clock or telephone, follow dress codes, cash checks, say please and thank you, tell the truth about their pasts, write letters, conduct job interviews."

Eleven out of the 26 who entered BT-27 that year went on to graduate. Auletta's account of the graduation

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ceremony is touching, in part because we are already acquainted with the trainees and their trials, in part because the rhetoric is so ingenuous, hopeful and, well, commencement-like.

William Mason, a 37-year-old black man from Brooklyn who had spent the previous year in prison for possession of narcotics, gave the valedictory. "I'm glad I stuck it out," he said. "I had a lot of pushing and a lot of pulling. I now have a lot of education . . . I'm leaving with more confidence in myself. I'm overcharged with confidence. Look out, world, here I come!"

Economic Games

Minds, Markets and Money

By Shlomo Maital
Basic Books.
310 pp., \$14.95.

Reviewed by
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SHLOMO MAITAL is convinced that economics can be put right by incorporating discoveries from the field of psychology into its theoretical structure. His essential argument is the fadish one that macroeconomics as currently practiced is not valid; we must return to "micro-micro-economic" foundations and build up from there to macro generalizations. This means re-discovering "the basic roots of economics in the behavior of individual consumers, managers, workers and investors." Once that is done, the individuals may be assembled into groups, and the groups in turn into a whole economy. There is something touchingly naïve about all this.

In making his case for psychology, Maital first tries to prove that it is more of a "science" than economics, and less of a forum for ideological disputes. He fairly showers the reader with tedious summaries of "scientific" psychological experiments, some performed by himself and his wife, Sharone. The

revelations of numerous questionnaires and Gallup polls are presented, too.

Maital's true love, however, is game theory. If his conception of the capitalist marketplace relies largely on the outdated neoclassical theories of Alfred Marshall, who was Keynes' teacher at Cambridge, and Irving Fisher, his psychological overhaul of economics varies little from the findings that John von Neumann and Oskar Morgenstern initially advanced in *The Theory of Games and Economic Behavior* in 1944. Repeatedly we are beaten on the head with "The Prisoner's Dilemma" and "The Tragedy of the Commons"—the classic dramatizations of how individuals make choices that will maximize their advantage over others in a world of interdependence and scarcity. Life, to Shlomo Maital, is one huge "multiple choice exam."

Mathematics, he tells us, has revealed "the fundamental slogan of modern economics—everything depends on everything else"; its rigor and clarity have also added much to the "science" of the discipline. But Maital feels economists have concentrated too narrowly on "maximization mathematics," postulating optimal solutions that could only be applied in Never-Never Land.

Instead, he proposes approaching economic problems as "a game in which the human heart is in conflict with itself." Strategies take center stage as the players square off against each other in a world where personal greed runs counter to the common good, and the martyrdom of "solo altruism" is ruled out as inexpedient. The contestants will make their calculations according to the mathematical concept of expected value: "the expected value of an event as the probability it will happen, multiplied by its value if it does." To the author, it is a simple leap from the games of experimental psychology to those of economic risk and uncertainty. The elegance of game theory, he states, "not only reveals the inner workings of social conflict, but it points to social institutions that can solve them."

Maital tacks on a few abstract models—"Al" and "Burt" struggling over sharing the cost of building a road or

baking bread; eight Harvard students playing poker—and not much else. Turgid exegesis is followed by a ton of hope and an exhortation: The axioms of game theory "make strong bricks for reconstructing the economics of uncertainty. Let us put them to use."

After 280 pages of witticisms, observations and soufflé analysis, what we come away with is that our current economic ills can only be cured by restructuring the work process so as to get the most out of each individual worker. The key to doing this is understanding people's attitudes and motivations on the job. Thus the knowledge and methods of industrial psychology must be integrated into economics.

Maital would have done better to investigate the political and ideological reasons for the chronic gap between our actual output as a nation and our potential full-employment output. Rather than emphasizing the "psychological" money supply, he also would have been wiser to concentrate on the monetarist mythology that is today doing more than even the inanities of supply-side economics to wreck the economy. Finally, he would have been well advised to pay less attention to individual attitudes toward borrowing, and more to the macro-effects of monetary policy on real output and employment.

It is not the "sentiments of the consumer" that make capitalism go round. Nor are prices determined by supply and demand in competitive markets. Inflation, moreover, is hardly, as Maital would have it, a matter of people's willingness "to pay more than is currently being asked for some good or service." (Even more vividly, he writes: "Inflation is always and everywhere a social and psychological phenomenon, arising from interactions among people, both in supply and demand.") This analysis blithely ignores the ability of concentrated economic sectors to exercise their monopoly power and set prices at a markup over unit costs.

Time has passed Maital by both in his neoclassicism and in his insistence on micro-solutions based on individual psychology. Macroeconomics, meanwhile, lives on.