

Wj = f N1M1-α0LO γj-1γ-1 = INEQUALITY

03-31-17

"Is it advisable for one who is not an expert on economic and social issues to express views on the subject of socialism? I believe for a number of reasons that it is.

"Let us first consider the question from the point of view of scientific knowledge. It might appear that there are no essential methodological differences between astronomy and economics: scientists in both fields attempt to discover laws of general acceptability for a circumscribed group of phenomena in order to make the interconnection of these phenomena as clearly understandable as possible. But in reality such methodological differences do exist. The discovery of general laws in the field of economics is made difficult by the circumstance that observed economic phenomena are often affected by many factors which are very hard to evaluate separately. In addition, the experience which has accumulated since the beginning of the so-called civilized period of human history has—as is well known—been largely influenced and limited by causes which are by no means exclusively economic in nature." From "Why Socialism" by Albert Einstein, Monthly Review May 1949.

Adrian Bejan, a professor of mechanical engineering and material sciences at Duke, and Brazilian associate M. R. Errera, do not agree with Einstein. In what is hopefully just a nasty joke played on the Journal of Applied Physics, they had published a paper entitled *Wealth Inequality: The Physics Basis [or, a better title, The Physics of Sociobiology]* in which they declare the natural world and the social world where humans live their lives all a single entity governed by the laws of evolution.

First we have movement which of course requires fuel, and then the assumption that all movement is hierarchical. Thus – *"If movement is hierarchical, naturally, then so is the wealth..."* Analogical evidence is provided – on highways we have small vehicles and large vehicles, but the larger the vehicles (busses and semis) the fewer they are compared to autos. [Hint: those busses and semis are rich capitalists] Even in the animal world the bigger the animal the fewer they are compared to smaller life. [Didn't know we had more than 6 billion chimps.]

As civilization advanced movement increased, and so did wealth, and so did inequality. They acknowledge that humans are not passive creatures. Inequality upsets the masses and they will strive to sort things out. But to no avail. *"This phenomenon [inequality] is a natural law of physics, and as such it cannot be avoided."*

Then this exercise in ignorance that is illustrative of Einstein's warning – *"Indeed, some governments have tried to impose equality overnight, leading to tragic results," Bejan said. "Just look at the Bolshevik Revolution. Within days of trying to install universal equality, there were already government insiders and party leaders who had enormous power and wealth. Today in Russia oligarchs have the wealth. Physics always wins."*

As the great social scientist Karl Marx noted, the laws of human historical development are in fact tendencies. Because humans have a limited range of free will, in conflicts between groups or classes (such as an attempt by workers to overthrow their capitalist exploiters) success or failure has nothing to do with the righteousness or possibility of future success. Revolutions are not scientific experiments.

Take the case cited by Bejan. Marx agrees that as human society created the means to advance beyond primitive communism class divisions developed because it was no longer a necessity for all to work together for a social group to survive, or for individuals to survive by going it alone. Improved conditions meant that a small powerful sector could live much better than the masses should they attain power. Such it must be until material conditions advance to the point where the entire population can live under optimal conditions and thereby raise their cultural level to the point that humans can live in a society that deserves the name civilization.

The prospects for such an occurrence are best when there is a revolution in the most developed societies. They can also happen in backward countries like tsarist Russia, but only if the revolution is immediately brought to advanced nations. The best opportunities for that to happen were in Germany, Austria, Czechoslovakia which were on the verge of defeat in WW I, but Lenin insisted on surrendering to the Central Powers, feeling that it was more important to buy some time (which didn't happen following the surrender). Trotsky, Luxemburg and many others opposed the surrender. In the Central Executive Committee vote, counting those that abstained as opposed but abstaining in deference to Lenin, the surrender passed by a single vote.

We certainly do not know what would have happened had Lenin lost the vote. The prospects for expanding the revolution would have likely improved, but then Lenin may have resigned if he lost the vote worsening conditions in Russia (not likely with the equally competent Trotsky on the scene). But what is crystal clear is the arrogant stupidity of physical scientists like Bejan and Errera who imagine that their simplistic, one-sided, science of things can be applied to the infinitely more complex conditions of a human created social system.

As long as there are disparities in wealth and power there will be attempts by the mass of humanity to even the score. In the French Revolution an oppressed class (capitalist) overthrew their aristocratic masters. There is nothing that makes it impossible for the same to happen to the current ruling class.

Conservatives in Congress often illustrate government wastefulness by citing what they consider to be silly scientific research. Well, this idiotic 'analysis' by Bejan and Errera was financed by National Science Foundation, and we feel certain that our right wing politicians will eat up its conclusion.

The third reading of Q4 GDP was raised to 2.1% from 1.9%. Most of the improvement was due to a higher inventory buildup.

Corporate profits were up 22% in the 4th Quarter compared to 2015. That was presented as great news, but profits in the 4th Quarter of 2015 were 20% below the same period of 2014.

The Eurozone was so thrilled to finally achieve their 2.0% inflation rate goal in February. A short-lived thrill because it fell to 1.5% in March. More evidence that the rise and fall of inflation tracks the rise and fall of energy costs. European inflation reports are a month ahead of those in the US, so we should be expecting something similar.

The folks in the UK seem to be exercising their end of times privileges. The most recent report on savings rate shows it to be at its lowest point since the measurement began in 1963. To top it off, the borrowing rate is the highest its been in 30 years.

In the US disposable per capita income was reported to be 3.73% year to year. But in real terms it's only a miserable 1.57%. That is why we have a 'robust' economy with growth at a crawl.

<http://unrealeconomy.org>