



Baudy tales and byting yarns

**The Cult of Information:
The Folklore of Computers
and the True Art of Thinking**
By Theodore Roszak
Pantheon, 238 pp., \$7.95

By John Magney

THE COMPUTER REVOLUTION HAS lost some of its media magic during the past couple of years. A prolonged sales slump, even for the mighty IBM (though IBM has tried to regain marketplace momentum with a new line of microcomputers; see *In These Times*, April 15), has cut into the value of most computer stocks. Dozens of companies have gone belly-up or been swallowed. And the effort to build an ever-expanding home market for computers has been largely abandoned.

Along with the slowdown in sales has come a growing recognition of the problems associated with computer technology. Contrary to its "clean" image, manufacture of the technology involves the generation of highly toxic wastes. The computerization of work systems often results in degraded job skills and the displacement of workers. And these systems may or may not function as intended; breakdowns caused by software flaws occur with troublesome regularity.

The popular press has given us bits and pieces of the story. But to get a fuller picture of what computer technology is doing to us (as well as for us), one has to turn to trade and academic publications. Or to studies using these specialized sources, such as Theodore Roszak's *The Cult of Information*.

Roszak covers a broad range of issues. He examines the unique intellectual perspectives of information theory and artificial intelligence, considers predictions of futurologists about our movement toward an "information economy" and probes the uses and misuses of computers in politics, schools and the

military. He also includes many interesting snippets on the history of modern computing.

Simple-minded futurists: Roszak's criticisms are often right on the mark. He dismisses the views of Alvin Toffler, John Naisbitt and other contemporary futurologists for their simple-minded concept of social change. And this is as it should be. Our future as a society is not an open book. Although it's probably safe to say that information technology will play an increasingly dominant role in our lives, how this takes place will depend on developments within the technology as well as political choices and a host of other factors.

Perhaps the hottest current issue in the computing community is artificial intelligence. The idea, of course, is an old one. For years science fiction writers have been creating machines encompassing human thought processes. And now many computer researchers are trying to do the same thing. But, as Roszak points out, their accomplishments have been rather limited. They have successfully modeled the diagnostic work of medical doctors and experts in other fields. But that's about it. There's little indication we'll see any truly artificial intelligence for the foreseeable future.

The work on artificial intelligence, as with much earlier research in computing, has been strongly supported by military funding agencies. Over the years, computer scientists have accepted the defense dollars without much questioning, though, as Roszak notes, there have been some notable exceptions. Norbert Wiener, the famed MIT mathematician and popularizer of computer cybernetics, staunchly opposed military exploitation of the new technology. More recently, a number of top academic computing professionals have roundly criticized the planned Strategic Defense Initiative.

Although the military and its corporate partners have generally dominated the development of com-

puter technology, a few important breakthroughs have occurred elsewhere. The invention of the microcomputer, of course, is the classic case. Here the creative force was a curious assemblage of electronic hobbyists, hippie hackers and sharp-eyed entrepreneurs. Roszak's account of this development glosses over the entrepreneurs' role, but it's not a major omission, since their part of the story has been repeated *ad nauseum* in the business press.

School systems analysis: The incredibly rapid diffusion of microcomputer technology through the country in the early '80s created a raft of adjustment problems, especially for our educational institu-

tions. All of a sudden, school systems were confronted with a massive demand for training and education in the new technology. Roszak's discussion of how the schools have responded is one of the book's weaker points. Although he correctly criticizes the value of much educational software, he appears to be totally unfamiliar with the extensive research on the cognitive effects of computerized education. He also shows little understanding of why the schools are working with the new technology.

As with other critics on the left, Roszak expresses considerable fear and loathing about the potential threats to civil liberties inherent in computer technology. It's certainly an appropriate fear. Computer-based surveillance systems can be frighteningly effective. But, as MIT social scientist Gary Marx and com-

puter security consultant Sanford Sherizen pointed out in a recent article in *Technology Review*, electronic surveillance can also create serious administrative problems, especially when used to monitor work conduct. There are cases where it has been abandoned because of these problems.

The Cult of Information covers a lot of ground, and should be read by anyone wanting an insightful analysis of the problem-side of the new computer technology. Although it touches on some of the same points dealt with in other recent studies, most notably Lenny Siegel's and John Markoff's *The High Cost of High Tech*, it is a valuable contribution to the growing critical literature on high-tech. ■

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Ethics take a back seat when inside dopes like Boesky rule the street

**The Insiders: The Truth
Behind the Scandal Rocking
Wall Street**

By Mark Stevens
G.P. Putnam, 256 pp., \$18.95

By G. Pascal Zachary

ONE OF THE MOST STRIKING aspects of the insider stock trading scandal is how small an effect this unfolding story has had on the investment habits of stockholders. Ivan Boesky, one of the top traders on Wall Street, has been nailed by the government for trading on illegal inside information, yet stock prices continue their upward march as investors plow billions into U.S. stock markets. If, as Mark Stevens believes, the markets are "more like rigged casinos," why haven't investors grown tired of playing a one-sided game?

Stevens doesn't attempt to answer this conundrum in *The Insiders: the Truth Behind the Scandal Rocking Wall Street*. A veteran business writer, Stevens has a less ambitious agenda for his book, which chronicles several of the more notorious insider scandals of recent years.

While short on analysis, Stevens goes further than most commentators who use the "bad apple" theory to explain the seeming surge of stock trading based on insider information. He asserts that insider trading is the rule on Wall Street, where traders at big-time investment firms are part of "a lawless culture willing to pay a hefty bounty for confidential data."

Inside dope has always been valuable to stock traders. But in our era of unprecedented corporate takeovers, this information is more valuable than ever. "Gaining ad-

vance news here," writes Stevens, referring to tips about impending but still unannounced acquisition offers, "can mean almost instant profits—tens of millions of dollars in a matter of days or hours." These offers, when publicly disclosed, invariably drive up the stock price of the hunted company, benefitting insider traders who bought stock on the hush-hush.

The ethical slide: In Stevens' view, the failure of Wall Street's top investment firms to police their

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own ranks marks "a new low in American capitalism. The decline of ethics and morality and gentlemanly business practices—which once had their place in the premier investment banks—coincided with the shift of power in the corporate world from the Fortune 500 chief executives to the takeover sharks who prey on them."

This ascendant class of sharks lacks even the rudiments of ethics. Boesky voiced their credo in a 1985 speech to graduates of Cal Berkeley's business school: "I think greed is healthy," he said reassuringly. "You can be greedy and still

Essayists tilting at the Cold War windmills of reality

Before the Point of No Return
 Edited by Leon Wofsy
 Monthly Review Press, 160 pp.,
 \$8.00

By James Weinstein

VIEWED NARROWLY, CONTRAGATE is a crisis of the Reagan administration. Viewed historically, it is but the latest in a series of crises of the Cold War that have caused suffering and misery to subject populations and promoted the destabilization of the major protagonists.

The most important of these on the American side have been the Korean War, which helped defeat the Democrats in 1952, the war in Vietnam, which culminated with Watergate and President Nixon's downfall and intervention against Nicaragua, which may well do in President Reagan.

On the Soviet side, these crises have been matched by the invasion of Hungary and Poland in 1956, the invasion of Czechoslovakia in 1968 and, more recently, the Polish Solidarity movement and the Soviet invasion of Afghanistan, which helped create the conditions for Gorbachov's ascendancy.

Both in the U.S. and the Soviet Union, the Cold War has skewed domestic development, by diverting resources from socially useful and desirable purposes and by creating atmospheres in which

creativity has been stifled—though differently in each society. And, of course, the continuation of the Cold War has always entailed a danger, however remote, that it could become a hot war of mutual nuclear annihilation.

Concern about all these problems led Leon Wofsy, a professor emeritus of immunology at the Uni-

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versity of California, and several colleagues at Berkeley, to organize conferences, seminars and correspondence on the prospects for ending the Cold War in 1983-84. Material from these provided the basis for *Before the Point of No Return*, a book offering "an exchange of views on the Cold War, the Reagan doctrine, and what's to come."

Edited by Wofsy, the book consists of short pieces by 25 participants in this dialogue. Views range from those of Flora Lewis of the *New York Times*, who believes that nothing short of "drastic changes in the internal structure of the Soviet Union" can end American hostility, to those of Noam Chomsky, who believes that the Cold War is a state of equilibrium between two great powers that need each other as enemies, to those of *Monthly Review* editor Paul Sweezy, who writes that "the Cold War could be peacefully terminated tomorrow if the U.S. so willed

it," but who doubts this is likely to happen.

Backing away from Cold War: Wofsy, who contributes his own essay and a summary at the end, is neither as one-sided as Lewis and Sweezy, nor as pessimistic as Chomsky. Approaching the Cold War more historically, Wofsy argues that the "process of backing away from the Cold War does not need to await fundamental alterations in the structure of Soviet or U.S. society," but only an understanding that "the interests and purposes it serves are clearly outweighed by its failures."

And he is optimistic in the sense that he sees continuation of the Cold War mode of international relations as increasingly ineffective, even from the point of view of its most passionate proponents. In recent years, he argues, "a remarkable gap" has developed "between military power and its effective expression as political power." This, he asserts, is clearly reflected in the foreign policy failures of the Reagan administration, which may offer a historic paradox: its "very effort to gain a decisive victory in the Cold War and...to quell all the 'hot spots' in the Third World," may finally compel a change of course. "If the most militant and militaristic Cold Warrior," Wofsy asks, cannot "overcome the windmills of reality," who can?

If, for example, "Nicaragua re-

mains standing after Reagan has made so absolute a commitment to its downfall, it will be proof indeed that the Cold War formula is no longer effective."

As for the Soviet side, Wofsy sees no indication that they believe it possible to "establish military or technological superiority over the United States, that they bank on being able to pressure or subvert the United States into collapse," or

that they believe it possible to "exclude U.S. interests from the Third World."

Implicit in this view is a belief that the Soviets are not only in greater need of ending the Cold War, in order to get on with their own development, but also that the Gorbachov regime is considerably more flexible and serious about reducing tensions than is the Reagan administration. This view is shared by many of the other participants in *Before the Point of No Return*. And implicit in that view is the idea that ending the Cold War is, in large part, dependent on a new politics outside the bipartisan Cold War consensus that has existed in the U.S. since the late '40s.

Unfortunately, this latter point remains implicit in the book, which otherwise is an interesting and stimulating introduction to the meaning of the Cold War and the prospects for changing the framework within which social policy decisions are made, both at home and in the Soviet sphere. ■

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feel good about yourself."

Besides citing a decline in morals, however, Stevens fails to offer an explanation for the seeming surge in illegal stock trading. Instead he laboriously describes the many ways a determined illegal trader can obtain inside dope.

Had Stevens spent less time creating a "how-to" guide for would-be illegal traders, he might have unearthed the root causes of such illegalities—and even offered some new ideas on the old problem of policing financial markets.

Surveying Wall Street's moral wreckage, Stevens does his subject no justice by throwing up his hands and bemoaning the "lack of meaningful controls" to thwart insiders. Despite the slew of well-publicized recent cases against insider traders, he concludes that illegal trading will likely continue, "perhaps stronger than ever as the securities markets grow more complex, more multinational."

That may be so. The "real truth" about the insider scandals, however, is not that Wall Street has been unable to keep its own watch. Rather, deregulation of the nation's financial markets has failed. In its zeal to keep its hands off the "free

market," the Securities and Exchange Commission (SEC), Wall Street's putative watchdog, has created the climate in which illegal trading occurs routinely.

Leaving the barn door open: While it gains favorable publicity and an aura of aggressiveness by clamping down on individual scofflaws, the SEC continues to leave the proverbial barn door wide open. Significantly, the SEC was a major factor in sparking increased insider trading by helping trigger the takeover boom. Refusing to

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limit the sale of risky, low-quality notes called junk bonds, the agency gave raiders a means to finance their speculative acquisitions. With so many takeovers in the works,

illegal insider trading was inevitable.

Much neglected by critics of corporate raiders, the SEC holds the key to cleaning up Wall Street's murky trading practices. The agency also could reverse a dangerous trend in American business management, which lately has reaped big rewards for shuffling old assets but shown less enthusiasm for capturing new markets. Because it lacks the will to enforce the nation's securities laws, the SEC has encouraged the "paper entrepreneurs" who are eroding American industry. While the SEC looked the other way, top managers of stagnating companies gave themselves huge bonuses in the form of "golden parachutes," or pillaged shareholders by purchasing their own companies in "leveraged buy-outs" at bargain prices.

The truth behind the scandal on Wall Street? To find it, look no farther than a federal agency that has abandoned its responsibilities to the public and, with pathetic irony, has injured American business as well. ■

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