

Special issue for DEMOCRATIC AGENDA

Full Employment Conference Nov. 11-13

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Edited by MICHAEL HARRINGTON

Steel industry woes: the problem is structural

by DAVID BENSMAN and LUTHER CARPENTER

American steel companies have laid off nearly 20,000 employees in the past five months, and more cutbacks are on the way. In aging, steel-dependent towns like Johnstown, Pennsylvania, Lackawanna, New York, and Youngstown, Ohio, the impact of the permanent cutbacks and plant closings is devastating; the steel industry's "streamlining" operation is brutal.

In Campbell, Ohio, a suburb of Youngstown dominated by the Youngstown Sheet and Tube division of the Lykes conglomerate, the plant's 8500 steelworkers were assured that their jobs were safe on Friday, Sept. 16. Three days later the corporation announced permanent layoffs of 5,000 employees, 900 of which were to begin immediately.

Many of those discharged will never find comparable jobs. Their home, the Mahoning River Valley, once proudly known as America's Ruhr, is in decline. Rumors abound that 5,000 employees of U.S. Steel's Ohio Works and McDonald Mills will be next to go. How towns like Campbell can maintain services such as garbage collection or public education is a depressing question.

(Continued on page 8)



Carter economics: lots of love and no jobs

by ROBERT LEKACHMAN

When a Presidential candidate promises to balance the budget, reform welfare ("a disgrace to the human race"), promulgate full employment, conserve energy, stimulate growth, reduce inflation, and never tell a lie; he either can't add, failed college economics, or plans to decide shortly after Inauguration Day which of these objectives he intends seriously to pursue. Initial reliance upon the departed Bert Lance as his major economic consultant does hint at certain arithmetic and economic deficiencies in Mr. Carter's intellectual armory, but it is the third hypothesis which best explains the waverings, hesitations, and all-around feebleness of the Administration record to date. The President does want all things bright and beautiful, wise and wonderful, but some more than others.

Corporate conscience

Are corporations more socially concerned now than a generation ago? Maybe—maybe not. But can you imagine today's capitalists uttering the following, as they did in 1945?

"Full employment would be incompatible with the free enterprise system, which carries with it the right to a normal float of unemployed." John F. Finnely, executive director of the Committee for Economic Development, speaking to a 1945 meeting of the Investment Bankers Association.

"If the people living in slums don't like them, let them move out. Some people like to live in one-room shacks. There is no solution to this problem. Certainly industry doesn't intend to attempt the impossible." — John W. Scoville, Chrysler Corporation economist, at a 1945 conference on post-war problems.

The heart of his dilemma is the relative priorities to be assigned to inflation and unemployment. Last January the White House sent Congress an economic stimulation package whose centerpiece was a \$50 per person tax rebate. Although the program was only two thirds of the well conceived \$30 billion combination of public jobs and public works presented by the AFL-CIO, it did at least recognize a need, however conservatively, to create some jobs somewhere. Under business and Congressional pressure, abetted within the White House by Bert Lance, the President withdrew the rebate, on the ostensible ground that the economy was recovering nicely of its own accord. As another winter approaches, that nicely recovering economy is marked by general unemployment of 7 percent, black unemployment of twice that figure, and black teenage idleness of proportions so horrifying that even statisticians flinch to guess the truth.

No wonder in October the Administration showed

signs of concern. After a session with the Congressional Black Caucus, the President uttered distressed sounds and the word circulated that the White House was willing to endorse a still further watered-down version of the Humphrey-Hawkins full employment bill. Nevertheless, "sound" business opinion continues far more worried about inflation than unemployment. Exiting from a session between the Business Round Table (a gaggle of corporate presidents) and Mr. Carter, DuPont's Irving Shapiro firmly asserted that 3½ percent annual growth was an appropriate, noninflationary rate and that the Administration's 5 percent target was certain to set prices soaring. Since 4 percent growth generates barely enough new employment to accommodate newcomers to the job market, a still lower figure guarantees even higher unemployment than the country is now experiencing.

Here is the heart of Presidential difficulty: the quiet detestation of full employment by business leaders. Among friends, corporate executives openly celebrate the merits of moderately high unemployment. Unions are less demanding because their members' attention turns to fear of unemployment. Factory discipline tightens and productivity rises. On the campuses, a new quiet generation fiercely concentrates on vocational or professional preparation and lets the world fend for itself. The miserable jobs in laundries, restaurants, cotton mills, and allied enterprises which are reserved for the economic losers are easily filled. Senator Long's shirts are laundered without a hassle.

An appropriately socialized business magnate learns to clothe these amiable sentiments in seemly guise, the dreary cliches of the Phillips curve—the allegedly inexorable tradeoff between unemployment and inflation which condemns us to 5½-6 percent unemployment for ever and ever. This canard was exploded years ago by Leon Keyserling. It has been demolished more recently by Leslie Nulty whose paper for the Exploratory Project on Economic Alternatives sensibly identified the sources of inflation in energy monopoly, the medical cartel, the concentrated market power of food proces-

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sors and their Congressional allies, and the state of the housing market.

A President and a Congress assault inflation by getting a handle on these assorted monopolists and oligopolists. Mr. Carter has defaulted. After huffing and puffing about breaking up Exxon and its playmates, the President in his energy message decided to leave them alone and allow them to widen their control of coal, solar energy, shale, and other energy sources. The Administration's agricultural policy is designed to raise food prices. HEW's single attempt to slow the sickening 15 percent annual increase in health charges is an easily evaded proposal to clap a 9 percent lid on hospital reimbursements. The new inflation, it is apparent, is a source of vast business profit. Since the Administration continues almost pitifully to crave the confidence of the business community, the President can do nothing to check these profitable price escalations.

Carter's yearning for corporate approval goes far to explain the inadequacy of the Administration's job creation efforts. The new welfare plan, not to be implemented until 1981, includes a job component which is both humiliating and coercive. Up to 1,400,000 training and job slots are to be opened, but the public positions are created deliberately unequal. With a few exceptions, no more than the minimum wage will be paid. There will be no collective bargaining or civil service status, and no promotions. At the end of a year in his/her public job, the holder will be forced to make another stab at locating private employment. A man or woman who finds private work is guaranteed an income 20 percent above the poverty line. That margin is meanly reduced to 13 percent in public jobs as one more signal that any private job is better than the best of public jobs.

As I write, the outcome of the Hawkins-Humphrey negotiations is unknown but according to the usual authoritative sources the President is vigorously resisting numerical targets, timetables for their attainment, and commitments on the part of the feds to act as employer of last resort. What would be left of a full employment statute after these vital organs are excised is a topic for metaphysicians.

In sum there is no mystery about the futility of Carter economic initiatives. There is no way to control inflation without confronting important corporations and their political friends. At a minimum, health and housing must be socialized and concentrated industries in manufacturing subjected to price controls. Horizontal and vertical divestiture is the appropriate medicine for the energy monsters. Full employment implies restructuring labor markets, redesigning routine jobs, and introducing a measure of industrial democracy in the workplace. Such notions strike our primitive businessmen as akin to bolshevism, even though more sophisticated Scandinavian entrepreneurs have flourished in similar circumstances.

The irony of it all is that Jimmy Carter is unlikely either to balance his budget or win the stony hearts of the Business Round Table. Businessmen like moderate unemployment, not a deep recession. An economy now subsiding into the first Carter recession will pour less

Special issue

At the November 11-13 DEMOCRATIC AGENDA conference, hundreds of activists will gather. We will represent the trade unions, a substantial portion of the liberal organizations and the minority communities. It is promising and significant that in the DEMOCRATIC AGENDA and in other efforts, this powerful coalition is working together around a common set of demands for the first time since the divisions of the Vietnam escalation fragmented them. Adding to their strength will be the energy of new or newly revitalized organizations of feminists, environmentalists, senior citizens, religious activists, community organizers and democratic socialists, all of whom are well represented in the DEMOCRATIC AGENDA coalition.

This special issue of the NEWSLETTER OF THE DEMOCRATIC LEFT is directed toward the activists from all of these constituencies. In it we seek to evaluate the Administration of Jimmy Carter a year after the efforts and the votes of numerous liberal-left activists elected him. We also offer an analysis of the state of the Democratic Party under Carter and relate the current crisis in the steel industry to the DEMOCRATIC AGENDA demand for social priorities over corporate priorities in government policy.

As Michael Harrington's article makes clear, the conference can only be a beginning, and the DEMOCRATIC AGENDA will be most successful if it motivates the activists who come to spread its demands for full employment planning, redistribution of wealth and income, greater weight to social over corporate priorities in government policy and reduced military spending. The Sunday sessions of the conference will be specifically devoted to plans for follow-up. Those interested in receiving more information should write directly to the DEMOCRATIC AGENDA, 853 Broadway, Suite 617, New York, N.Y. 10003

—The Editors

revenue into the Treasury and increase expenditures upon welfare, unemployment compensation, food stamps, and other flimsy shelters against the cold blasts of economic adversity.

The moral is plain and painful. Our capitalists are too ideologically befuddled to accept the degree of national economic planning presided over by their own agents which is best calculated to preserve undamaged existing corporate dominion over our society. No doubt it is a pity, but certainly no departure from the way of the world, that ordinary Americans will bear the brunt of adversity that the business ethos seems certain to inflict upon the country. □

Full employment movement takes shape

by MICHAEL HARRINGTON

The bitter battle against the highest unemployment rates in a generation made progress this fall.

The "Full Employment Week" demonstrations, sponsored by the Full Employment Action Council, had an impact in early September. So did Vernon Jordan's speech to the NAACP in August, focusing on the plight of minority workers who are living under Depression, not recession, conditions. In mid-September, the Joint Economic Committee said that "stimulative measures that go well beyond the budget for fiscal year 1978 . . . are very likely to be needed in the near future." In October, Charles Schultze, the chair of the Council of Economic Advisors, hinted that more tax cuts would be forthcoming if the economy continued to function as dismally as it does now.

And the widespread support for THE DEMOCRATIC AGENDA program and November mobilization is a significant sign that constituencies which have not always understood how central the full employment demand is — environmentalists, peace activists, Democratic Party reformers—are coming together with the unions and the minorities in a common struggle. All of these developments point to the fact that there is an enormous potential for building a majority movement in America to pressure President Carter to redeem the crucial campaign pledge of the 1976 election, the promise of a job for every citizen.

But if there are hopeful signs of more and more people taking the full employment demand seriously, there are also grim portents on the other side. America's steel workers are, as another article in this issue documents, suffering enormous job losses, and entire communities are threatened in the process. Public sector employees

Capital quotes

Senate Banking Committee Chairman William Proxmire, in a comment appended to the Joint Economic Committee report, may have spoken for many in Washington when he said, 'Personally, I would be somewhat more humble than the report in its certitude that there is answer to the present problem of both excessively high unemployment and excessively high inflation . . . Perhaps there is no answer.'

—October 3, 1977, *Wall Street Journal*

remain under the gun as politicians try to make them the scapegoats for the structural failures of the American system as a whole. *Business Week* suggests that the auto industry is near "saturation" and has a gloomy view of job prospects in that key sector. Meanwhile, the corporate elite leaks story after story that it will lose "confidence" in America and call a strike of investment capital if the President acts in even a moderately liberal way. And the Senator from the Empire of Oil,

Russell Long, busies himself developing an energy policy for the nation.

So there are, in this November, 1977, reasons for hope and reasons for fear. Or, more precisely, there is every reason to mount an even more vigorous campaign for full employment, building on the excellent beginnings that have been made.

The question is, how?

Program

First, we have to be clear on what we are for. One of the reasons why more people have not protested the outrageous economic performance of recent years is that they are puzzled and bewildered by contradictions which the academic economists themselves can't explain within the framework of their status quo assumptions. Is the road to full employment the route to ruinous inflation? Is chronic, high joblessness the only means to price stability? There seems to be no way out of these cruel trade-offs and a great many Americans simply feel helpless in the face of them.

There is no way out if one assumes that a giant corporation like General Motors can raise the sticker price of its cars by \$1000 in the midst of a recession, as it did in 1974. There is no non-inflationary way to finance many desperately needed programs if one holds that a federal tax system with tens of billions of welfare for the corporate rich can't be touched. There is no answer if Washington's public programs continue to follow business priorities, providing subsidies to companies that run out on depressed regions in search of cheap labor elsewhere.

We must have structural change. That is why it is so significant that so many mainstream forces of the democratic Left have agreed to THE DEMOCRATIC AGENDA program which says just that. There has to be the real tax reform which candidate Carter promised in Madison Square Garden, for that would free up funds to put people to work meeting the nation's needs. There have to be social priorities underlying government policy—denying, for example, any federal support or subsidy to a steel corporation which simply locks up a plant without any care or consideration for the social consequences. If we did these things we could achieve the central, and critical, demand of the Humphrey-Hawkins bill: the right to a job for every citizen.

The program exists and there is a remarkable consensus around it. If it can be communicated to the mass of Americans who would gain if it were put into effect, we could move toward full employment. How, then, do we translate these ideas into serious political pressure?

Action

There is one action that is immediate and should be on the top of the agenda: labor law reform. That demand, as we have pointed out in the NEWSLETTER before, is not simply a proposal to give justice to workers in America who want to join a union. It is that, of course. But it is also a prime instrument of making America one nation. The existence of low-wage, anti-

union areas is a threat, not only to the people who are exploited within them, but to the rest of the nation as well. From the point of view of New York or Detroit, the solution to their crisis is not to *lower* the standard of living in the Southeast, but to *raise* it. Only then does a rational labor market policy become possible. And giving the unions the basic civil right to organize is a way of making the country whole again, of ending the disastrous geographic competition between the have-nots and the have-littles.

Secondly. 1978 is a political year. We will elect a Congress—and the delegates to a mid-term Democratic Party Convention. In anticipation of these events, all of the forces which have participated in the full employment movement should agree on a basic program that all of them will back in common. Each component of the coalition will obviously have its own demands. The women's movement, for instance, has to carry on the battle for ERA and deserves all the support it can get; environmentalists will have their own, specific program; and so on. But each component can also realize that without full employment, *no* progressive gains are possible for *anyone*: not for labor, for minorities, for women, for the environment, for peace or for our international obligations in general. Therefore *all* of us should come into this political year with a common program as well as with our own particular issue.

I obviously think that THE DEMOCRATIC AGENDA has worked out the best statement of that basic minimum program. But those of us who worked on this mobilization have no pride of authorship; we certainly don't want to argue over details. What is important is that every wing of the movement agree on the fundamental demand for a full employment America.

Third. If that programmatic consensus can be achieved, then we should ask every candidate for the House and Senate where he or she stands with regard to it. We should seek specific commitments to support such an approach in Congress. And we should prepare an accountability mechanism so that the candidates will know that their performance will be monitored and that they will be summoned to answer whether, and how, they kept their promises.

Fourth. There are disturbing signs that the Administration is trying to downgrade the mid-term Democratic Convention, to keep it from a serious discussion of the issues. That attitude is understandable—and wrong. Of course, a President struggling with a deeply troubled economy does not relish the thought of a candid discussion of whether he has delivered on the promises of the 1976 campaign. It could be embarrassing. And yet, think of what might have happened had there been a serious mid-term Convention in 1968 and the Democratic Party and the President could have grappled with the issue of Vietnam. It is at least possible that such an airing of differences would have turned the nation around—and saved it from the eight years of Nixon-Ford which were a direct consequence of the split that later developed in the Party. Unemployment could be Jimmy Carter's Vietnam. It is, I think, in his interest as well as ours to hear a frank discussion of it.

But perhaps even more important, one of the most

fearful aspects of the present crisis is the cynicism, the passivity, of so many people. In 1976, with a fateful choice before the nation after eight years of disastrous Republican economic management, only a bare majority of the electorate bothered to vote. What will happen in 1978 if the Democratic Party in effect says that the promises solemnly made in the 1976 platform are not even worth discussing?

So it is not simply important to elect the best possible slate of delegates for that Convention. It is also

Capital quotes

“I liked Ford's economic policies better than Carter's. I'm scared of big government. An experience I once had at the Bureau of Motor Vehicles left me emotionally scarred for life.”

—Malcolm D. Mac Dougall,
“creative director” of Ford's
campaign in his new book,
We Almost Made It

crucial that everyone who is going to attend it—including the ex officio delegates—be committed to an open convention. The delegates will, if 1974 patterns prevail, be elected in primaries this spring. That means that the programmatic and political mobilization in this area must start at once.

Fifth and finally. The full employment movement has done an excellent job of mobilizing the leadership of the key constituencies. Both the Full Employment Action Council and THE DEMOCRATIC AGENDA have brought together the spokespeople for the majority of Americans. But we have to communicate much more vigorously and effectively with that majority. We must convince them that there is a program worth fighting for. So we should at least consider a whole series of DEMOCRATIC AGENDA conferences around the nation in the spring, involving community leaders, activists, the local representatives of the national constituencies which already support the movement.

The point is, the critical demand that every man and woman in the United States has a *right* — a legally guaranteed, effective right — to a job must become a potent political force in America in the next period. Herbert Stein, the Chair of the Council of Economic Advisors under Nixon, recently told the readers of the *Wall Street Journal* that perhaps we *already* have full employment—with 7 percent unemployment. Even Mr. Carter's liberal advisors are now talking as if a permanent labor reserve of 5 million—disproportionately composed of the black, the brown, the female and the young—is necessary to the functioning of the system. If we accept these self-fulfilling prophecies, we will make no progress toward racial or sexual equality, toward rebuilding rotting cities and regions, toward peace rather than armaments production. We can put America to work satisfying America's needs. The only issue now is whether we are willing to organize to make that a reality. □

Foreign policy establishment adrift

by NORMAN BIRNBAUM

The President has been criticized for a foreign policy contradictory and unrealistic in conception, confused and unskilled in execution. The criticism misses the point. Indeed, it misses several points. Kissinger's singular fusion of brilliance and brutality could not avert the end of American hegemony. Our elites now have to confront his legacy: their lack of ideas and techniques for dealing with a world of multiple conflicts, polycentric power, and shifting alliances. Carter has been depicted as too conciliatory and too hostile to the Soviet Union, as overly moralistic and unduly cynical, as deficient in a global design and naively confident of his ability to master events. Suppose that his critics are correct. What is at stake is not a deficiency of talent. Vance is not Bismarck and Brzezinski in not Machiavelli. Carter's apparent vacillation reflects the hesitations of a national security apparatus which has lost its former bearings and can find no new ones. The old slogans no longer convince, new ones remain to be devised, and history doesn't wait.

The Administration began by departing from Kissinger's approach. The letter to Sakharov, Carter reassured the Soviet regime, was not aimed at them. It was meant to express something about ourselves. His campaign for human rights found support—and not only in our country. It was opposed, on several grounds, by our foreign policy bureaucracy and by the “foreign policy community” (not a “community” at all but bureaucrats and ideologues at each others' throats—in gentlemanly fashion.) Those who wanted to pursue detente with the Soviet Union thought it threatened that. Those who wished to end or modify detente liked the campaign for human rights in the Soviet Union but thought it unwise to extend it to proven allies like Chile, South Africa or South Korea. In the end, Carter's reassurance to the Soviet Union turns out to have been totally credible. He comes, after all, from a Protestant tradition which distinguishes between moral imperatives and the hard necessities of the world. The human rights campaigners are now installed in a small enclave in the State Department, wondering how they can persuade the Latin American fascists to take them more seriously. The bureaucracy is relieved: the introduction of a moral dimension into international relations can have unforeseeable consequences. Human rights, meanwhile, is an issue which can be raised when convenient and set aside when “other priorities” demand it.

A similar fate has befallen the bold new initiatives we had been led to expect on the vending of arms. The usual inter-agency coordinating group, and considerable Congressional pressure (as well as a certain amount of public disapproval) has not prevented continuing major sales to countries like Iran. The argument of the Administration, that the definition and concretization of new policies takes time, is plausible. The question is: can any change be discerned at all?

There is another and far more important problem: the questions connected with North-South economic

relations, raw materials, and aid to developing nations. The Carter Administration has abandoned the Kissinger policy of a rigid alignment with West Germany and Japan against “global redistribution” (Helmut Schmidt, in a moment of rhetorical excess, called it “global expropriation”). The indexing of raw material prices to the price of manufactured goods, debt relief for the poorest nations, provision for some international control of the mining of undersea resources, are at least being considered by our government. Andrew Young's depiction of the multinationals as instruments of positive social change in South Africa is part of this strategy. By South African standards, Young may indeed be right. The real difficulty lies elsewhere, and isn't unconnected with the issue of human rights. We have collaborated with dictatorial regimes like Nigeria (relatively efficient) and Zaire (pure gangsterism). Are we prepared to collaborate with Algeria, even Cuba? The Administration has avoided the issue, so far. It has supported the efforts of the World Bank to resist Congressional pressure for political criteria for international development aid. There have been Administration statements to the effect that assisting poor peasants is more important than holding other nations to a purely legalistic conception of human rights. Perhaps—but there is no sign that the Administration has a coherent and concrete global strategy to match its rhetorical humanitarianism. In the meantime, the large banks and the multinationals make our developmental policy—by default.

The epoch of American-Soviet condominiums appears to have returned. American and Soviet delegations at the Belgrade Conference are remonstrating, but not loudly. The SALT talks are proceeding, with a series of mutual concessions in the negotiations. The Administration has sought Soviet support for a Mid-East arrangement. Those who think that we should and can retain military superiority, rather than parity, who think no compromise with the Arabs possible in the Mid-East except on terms set by Israel (rather than on terms which Israel might be induced to accept), are aghast at these developments. The Administration began by announcing a new form of competitive coexistence with the Soviet Union. We would pursue military detente but in other areas (human rights) make our moral distinctiveness felt. The Carter Administration seems to have concluded that for the time being, there are few intermediate or mixed positions to be taken. Perhaps the reason is that an alternative policy would entail our mounting a global challenge to the Soviet bloc with economic and ideological means we cannot use. In our own Bicentennial, we are clearly not to become a revolutionary power.

The question is the extent to which we are prepared to become a reformist one. In the area of economic relations among the industrial societies, the Administration has certainly talked in terms far less tough than those used by John Connally or William Simon. Nevertheless, the government has encouraged a de facto de-

valuation of the dollar (to stimulate exports), opposed protectionist measures for the threatened segments of American industry, facilitated European and Japanese investment in this country. In brief, its answer to the international economic crisis is renewed reliance on market mechanisms. We recognize, in effect, the internationalization of capital and the changed balance of economic power in the Northern hemisphere. Trilateralism, in this respect, has been taken seriously.

A vague inclination to pursue the cause of human rights and an inability to devise policies which would transform inclination into result. A concern for global issues (environment, food, poverty) and a large hesitation to do anything drastic about them. An insistence on treating separately the several issues between ourselves and the Soviet Union and a creeping restoration of the American-Soviet condominium. Finally, a doctrine of cooperation among the industrial nations and a reliance on the international solidarity of capital. Such are the main lines of the Administration's foreign policy.

Specific crises, old and new

In the Mid-East, the Administration has definitely modified the alliance with Israel. The aim of American policy is to strengthen the Arab "moderates" (Egypt and Saudi Arabia) and to prevent an explosion of radical Pan-Arabism. It also aims to reduce the danger of an American-Soviet confrontation in the Mid-East, with its danger (in turn) of either nuclear war or a strategic retreat. The Administration has taken on Israel's supporters in the United States—but has the approval of other segments of our national elites, and of the Europeans.

In Europe, the Administration has put some pressure on the West Germans to restimulate their economy, and to reconsider their nuclear power program. The Germans have done both—not in response to pressure from the U.S. but because of domestic German developments. The Administration has asked the West Europeans to ask for the neutron bomb, but those to whom we propose to extend this protection seem to fear a lowering of the threshold of nuclear war—which they do not think of as protection at all. In general, the Administration has shown a certain sensitivity to European elite and public opinion—a change from Kissinger's tactics, if not his strategy. On Eurocommunism, the Administration's position is ideologically supple, but may prove less so in practice. Brzezinski has discussed the problem in an interview in which he has come down squarely on four sides of the question. Meanwhile, we have not objected to the Italian Christian Democrats negotiating with the Communists, but we have told Mitterand that he could not be received at the White House. That honor was accorded, however, to Mrs. Margaret Thatcher—Britain's answer to Anita Bryant. European public opinion appreciates the new government (perhaps because it so disliked the former one), and approves of the human rights campaign. The campaign, however, finds more favor on the left than on the right. Let us say that for the old world, the new one at the moment is not an entirely imposing historical force.

In Asia, a resolution of our differences with China

over Taiwan seems remote. The Administration has not excluded (but not endorsed) the sale of arms to China—much favored by those who, like the Coalition for a Democratic Majority, apparently think that is a way to show commitment to social democracy—but prefers to sell other kinds of technology. The Chinese prefer to

Workers of the world

Socialists and trade union militants have long dreamed of and advocated workers' organizations operating across international boundaries in response to giant multinational corporations.

Such international trade unions are far from a reality, but the October 15 *Economist* reports on some significant steps in the direction of multinational union solidarity. Taking the lead in organizing workers' organizations for international action are the two largest international trade union secretariats, the International Metal Workers Federation (IMF) under the leadership of American Herman Rebhan and the International Federation of Chemical, Energy and General Workers Unions (ICEF) under the direction of Canadian Charles Levinson. Recently Swedish union officials and representatives of IMF met with Volvo management to secure an informal agreement that investment and production plans would not favor one country over another. The ICEF went further in actually achieving a formal agreement with the Belgian glass company Glaverbel. A formal protocol commits the company to spread employment fairly among the five West European countries where it operates; a joint international committee is to meet twice a year to review the agreement.

Besides such multinational negotiations, the international union federations are beginning to use a new tool: worker representation guaranteed under the West German system of codetermination. As the practice currently stands, in West Germany and a few other European nations, native trade unionists sit on the boards of corporations. But since a number of these firms are or are becoming transnational, why restrict representation to native worker representatives? American subsidiaries function in West Germany, and a seat on the board of such a subsidiary could prove a useful observation post for an American trade unionist. And as the *Economist* notes: "Now that European firms (e.g. Bayer) are rushing headlong across the Atlantic, why not get trade unionists on the home boards to insist that these companies not follow the local American custom of anti-unionism?"

Before too long, Levison of ICEF is likely to be elected a worker representative on the board of Dupont's German subsidiary; Rebhan of the IMF is being pushed by the German metal workers' union for a seat on the Ford subsidiary board, and IMF assistant General Secretary Werner Thönnessen is slated for a position on ITT's board.

buy them from the West Europeans. The proposal to withdraw from South Korea is much discussed but nothing has been done about it, and South Korean workers still labor for less (you should pardon the expression) than peanuts. The Administration has done its best, to its credit, to avoid continuing the war with Vietnam by diplomatic means. It has not acknowledged that we may bear some of the responsibility for the human and moral devastation entailed in Communist rule. That, as a result, is used by the unrepentant Vietnam hawks as a retroactive justification. Alas, the only thing it will "justify" is another mistake somewhere else.

In Africa, the Administration (with Britain) has sought to mollify the African states by insisting on a transfer of power in Rhodesia. A far more serious test in South Africa lies ahead, and Andrew Young's analogy between Atlanta and Johannesburg does not seem convincing. The Administration blundered into the wretchedly tangled situation in the Horn of Africa—and out of it again. It has preferred not to show too much concern about the Cuban forces in Africa, possibly because it considers that tough talk without action is the worst of all possible worlds.

In Latin America, to conclude, some very preliminary steps toward a normalization of relations with Cuba have been taken. The Administration has suggested that Castro liberate political prisoners but not that he

allow elections: that example would not be widely followed elsewhere south of the border. Everything in the United States' relationships to the hemisphere is in suspense, pending the end of our national debate on the Panama Canal Treaty.

We have come full circle. I began by recalling Carter's campaign for human rights, which did evoke public approval. It might have served as a means of educating the public on some of the larger issues which confront us. The excitement was allowed to subside, and Carter has not encouraged a general debate on our role in the world. As a result, he is reduced to negotiating with the bureaucracy, and with all the ideological and economic interest groups engaged in foreign affairs, on every single aspect of his program. Little wonder that the program, as such, is difficult to discern. The weaknesses of the Administration in foreign policy, then, are rather like those evident in domestic policy. Verbal populism is no substitute for the cultivation of authentic popular support. The President is in some considerable danger, for instance, of signing a SALT agreement he cannot convince the Senate to approve. There is a way in which the coalition now mobilizing against it can be defeated—by a sustained appeal to public understanding of a new idea of our national interest. That new idea, however, is the last thing many of the officials appointed by Carter can imagine. □

steel industry . . .

(Continued from page 1)

The steel industry's current contraction is not limited to the Mahoning River Valley, nor to blue collar employees. U.S. Steel shut down its Worcester, Mass. plant this fall, eliminating the jobs of 450 employees who had been striking since Aug. 1. In Conschocken, Pennsylvania, a Philadelphia suburb, the Alan Wood corporation announced bankruptcy this summer, adding 400 employees to the unemployment rolls. On Sept. 30, the Bethlehem Steel company announced plans to lay off 1200 white collar employees in October, bringing to 2500 the number of administrative employees eliminated this year. The list is long and will grow longer, as the industry, in its characteristically inhuman fashion, seeks to reduce costs to meet domestic, Japanese, and European competition.

As the extent of the layoffs has become clear, the steel industry has mounted a campaign to turn their employees' suffering to the corporations' account. Industry executives, steelworkers, local union and political officials, and numerous Congressmen have begun clamoring for quotas on steel imports, for an end to the "dumping" of foreign steel, and for relaxation of environmental regulations. In the face of this massive pressure, President Carter seems to be wavering in his commitment to "free trade" and environmental protection.

The press, while blaming much of the industry's problems on allegedly excessive steelworkers' wages, has highlighted the desperate protests of laid-off employees, giving the public the impression that the United Steel Workers' Association backs industry de-

mands. In fact, the union's official statements reflect a much deeper understanding of the present crisis. On Oct. 6, Steelworker President Lloyd McBride carefully dissociated himself from industry positions on import quotas and environmental regulations, saying that import quotas will not help steelworkers unless the Democratic Administration achieves full employment and the steel companies modernize their plants fully. "Much of the problem of the steel industry today stems from the fact that our economy is suffering from the longest recession since the 30's. . . . Without a full employment economy it will be impossible to have a strong and healthy steel industry."

President McBride's analysis is correct; the current world-wide industrial stagnation is a major cause of the current global oversupply of steel (200 million tons a year). Mills designed and built a decade ago on the assumption that the demand for steel would grow rapidly now face underutilization; the closing of older plants, like the Campbell works or the Johnstown Bethlehem plant are a direct result.

But McBride's call for a full employment economy does not go far enough—a general expansion of the economy along Keynesian line—would not raise the demand for steel enough to keep all the union's members employed. An expansionary policy aimed at rebuilding the cities, reviving mass transit, and erecting needed public works would increase steel demand significantly; a tax-cut induced boom would not.

In view of the unexpected world surplus of steel capacity, some sort of import restrictions are currently desirable. The steelworkers' union rightly distinguishes between "dumping," i.e., exporting steel below market

prices, which is a problem in "speciality" steels, and illegal under the 1974 Import Act, and general import quotas. The union supports multinational negotiations to establish quotas, with the threat of unilateral action if the negotiations fail. Such an agreement would diminish the chance of other nations retaliating against American exports.

Although a multilateral trade agreement to restrict steel imports is desirable, let no one think that it would solve the problems of either steel companies or their employees. During multilateral negotiations, it would soon become clear that most other nations—all but Japan—are currently utilizing even less of their steel capacity than the United States. Therefore, it would not be equitable to ask for substantial limitations of imports. If a trade agreement brought imports down by one-fourth, from 18 per cent to less than 14 per cent of the U.S. market, while demand remained at its current low level, the utilization rates of American plants would rise from 78 per cent to only 82 per cent, a rise that would enable recently modernized mills, like Chicago's U.S. Steel Works, to remain open, but would not make it possible for all steelworkers now working to keep their jobs. In the long run, import restrictions will not work unless the American steel industry improves its performance.

Plants like Youngstown's Campbell works are closing because the American steelmakers have been slow to modernize. (Here the USWA must bear part of the blame; in the past, its leaders have been markedly uncritical of the industry's antedeluvian policies.) Two indices of modernization are the use of Basic Oxygen Furnaces and continuous casting. *Business Week* reports: "About 63 per cent of U.S.-made steel is now fired by BOFs, but Japan is now 80 percent BOF, West Germany 72 percent, France 68 percent, and Britain 52 percent. . . . The U.S.—with 10 percent continuous casting production—trails Japan's 31 percent level, as well as Germany's 68 percent and France's 18 percent." A third index is environmental protection; American industry lags far behind its competitors in pollution control, and is far from meeting federally imposed anti-pollution standards.

The Japanese and Europeans have also modernized their management and distribution mechanisms. They cater to customers in a way that American companies are slow to match; more than price competition is involved in the growth of imports. American companies made a belated effort to catch up in 1975 and 1976, by spending over \$3 billion each year; competition from this new investment is another reason old plants are closing now. In the current crisis, companies have reduced their investment in modernization and new plants. Inland Steel, which has led U.S. steel investment, recently postponed \$1.1 billion of expansion.

The USWA is well aware that the companies want import controls as an alternative to modernization, so that they can avoid the expenditure and go on in their old ways. Consequently, the union support for import restrictions is conditional: "It is crucial that any import relief be conditioned with an enforceable commitment by the industry to modernize at their existing locations." The last phrase is important—the abandonment

of the northeast-midwest industrial heartland would be irresponsible social policy.

Locating jobs in the old mill valleys, linking import quotas to full employment and modernization: these are aspects of planning. While USWA and industry spokesmen never use the term, planning in the steel industry is inevitable. Paul Marshall, who wrote a study of the industry's problems for the American Iron and Steel Institute, has recently come out for "a more coordinated and planned response: by the government." More typically, *Business Week* calls for "consolidation and modernization": mergers that will eliminate small companies and marginal plants, and joint ventures to spread the cost of expensive new plants. Preferably, the government would provide much of the capital for this consolidation and rationalization through investment credits and tax relief. A few industry observers are so tempted by the Japanese model they are forgetting their commitment to laissez-faire principles; in Japan the government provides the steel industry with ample capital and indicative planning. Consequently, modernization continues when demand is down temporarily, a result the American steel industry has not duplicated.

There are reasons not always cited by steel industry and other business leaders which make national planning a necessity. Those old mill towns have been long neglected by greedy conglomerates; besides incentive for steel modernization, they need new industries. On a larger scale, the whole American economy is changing in ways which could have great impact on the future of the steel industry. In the past, steel has been used in ways that wasted fuel and raw materials. We can no longer afford such waste. The auto industry has already reduced the amount of steel in cars by 10 percent; further cutbacks are inevitable. Such changes mean that the demand for steel may not grow proportionately with the economy. If that's the case, we'll need planning to decide what industries can be expanded to pick up the slack in steel employment. The industry's simplistic stampede for import protection offers no solution at all for such complex problems.

Of course planning is no panacea either. Planning done by and in the interests of the same people who are responsible for the decline of the American steel industry is not what's required. Rather we have to fashion planning that is open and subject to democratic constraints. If the steel industry is granted tax breaks and credits, the government should demand full disclosure of the companies' investment and pricing policies. If the government, through a national investment bank, becomes a major source of capital for upgrading and meeting environmental policies, it should insist on an orderly modernization program. If the companies fail to modernize and prefer to hide behind tariff walls, then nationalization should be considered. Britain's experience indicates that this outcome should not be welcomed unreservedly.

Twenty thousand steelworkers need immediate relief and help. Legislation should prohibit such anti-social industry action in the future. Finally, we need full employment and public planning to solve the steel industry's serious problems. □

Party structure and Presidential power

by RICK SCOTT

Many Democrats think the important political lessons of the Vietnam-Watergate era relate to the structure of the Presidential office more than they do to the personalities of certain office holders. Somehow, recent Presidents were cut loose from the checks provided by Congress and the courts. In addition, these Presidents reduced their national parties to little more than public relations arms of the White House. In the final analysis, neither the country nor the Presidents involved were well served by these arrangements.

As Congress and the courts began to rein in an imperial Presidential style, these same Democrats thought it appropriate for the party also to establish structures of accountability for its highest office holder. In addition to holding Presidents accountable for implementing the party platform, the structures would provide an avenue for communicating grass roots sentiments on new matters to the President. In practical terms, this could be done by making the Midterm Party Conference a permanent part of the Democratic Party. It would also require maintaining the open style of delegate selection which marked the last two National Democratic Conventions. Incumbent Presidents should earn their renomination in the same fair forum that had given them the nomination in the first place.

Other Democrats are now challenging the structural interpretation of the lessons of Vietnam-Watergate. According to these individuals, the aberrations of Vietnam and Watergate were due to the personalities of Johnson and Nixon rather than the political structures within which they operated. We simply had two bad Presidents. Now that we have a good one we should close ranks, follow his leadership and support his policies. To quote the October 24 *Newsweek*, these party members "think that Jimmy Carter should take a more active role in the party, with the Democratic National Committee acting almost as an ad hoc branch of the White House." Or as a recent Evans & Novak column puts it, "the view that the President has no business running his party astounds Carter advisors." The case for turning over the party to Carter was probably best argued by White House staffer Mark Siegal who recently pointed out to Midwest DNC members that Vietnam and Watergate were unique in our political history. Siegal urged that relations between President Carter and his party not be defined in response to two grossly atypical events.

The issue, then, is whether the Democratic Party needs structures of accountability or simply better individuals as its candidates and office holders. As in most political battles, the theoretical alternatives are being fought over in the trenches of practical program design.

Rick Scott is State Chair of the Minnesota Democratic-Farmer-Labor Party and a member of the Winograd Commission.

It may be difficult to discern the connection between the practical program issue and the rhetorical controversy, but the connection is there.

The first line of battle is the 1978 Midterm Party Conference—its timing, its membership, and its agenda. On that front, the supporters of a strong Presidential hand are clearly winning. Accountability would be best served by a party conference held prior to the 1978 elections. That definitely will not happen. The conference will be held in early December. Both accountability and two-way communication would be better served by a conference size which emphasized participation by grass roots Democrats. That also will not happen. In a key vote, the DNC recently decided to limit elected delegates to fewer than 1200. And even these few delegates will be counterbalanced by 455 automatic delegates drawn from the ranks of Democratic party officers and elected officials. According to Evans & No-

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vak, prior to the numbers vote the White House was seriously worried about the Midterm Conference, fearing that the delegates might embark on a "wild spree of policy declarations." With the timing and membership well in hand, it seems likely those White House fears have been allayed.

Of course, it is still possible that the agenda and procedures of the Midterm Conference will be such that real two-way communication is possible. If that happens, and if events between now and late 1978 prod Democrats out of their current lethargy, the Midterm Conference could yet become a forum for serious policy discussion. The delightful thing about the Democratic Party is that, in the final analysis, it is more feisty and less predictable than the professional operators would like it to be.

The second line of battle is the 1980 National Democratic Convention. The DNC Commission on Party Structure and Delegate Selection—Called the Wougrad Commission after its chair Morley Winograd of Michigan—is completing a draft revision of delegate selection rules for approval by the Democratic National Committee next April. The White House hand in the commission is strong and obvious, with staffers Rick Hutcheson and Mark Siegal calling for Carter-line votes each step of the way.

Under the rubric of fine tuning the delegate selection process, the White House team—which to date has translated into a majority vote of the commission—is

tightening up the 1980 delegate selection rules in a way which assures that no candidate other than Carter will make a notable showing in the process. In addition, Carter delegates will be those least likely to make a fuss over platform matters. The key changes which will bring this about are the following:

- 1976 rules required that any candidate receiving 15 percent of the vote be given an appropriate share of the state's delegates. The White House suggestion is that this floor be raised to 25 percent. The reason given: "To address the need for a consensus building mechanism in the selection of the party's Presidential nominee." Apparently the 1976 experience of having the whole thing in the bag two weeks before the convention was not quick enough "consensus building"! In addition, the rule would be mandatory in a new way. In 1976, some states were more proportional in their delegate allocation than required by the 15 percent floor. In 1980, those states would have to reallocate delegates who meet the 25 percent threshold.

- The 1972 convention adopted a rule which would allow candidates to approve their National Convention delegates. The intention was to give a Presidential candidate veto power over persons who might prove unfaithful to their cause. In 1976, this rule was used by several candidates as a slating device. The candidates simply vetoed everybody in the state other than a list precisely as long as the delegates they had earned. The reform supported by the White House would require candidates to make their approved slate two or three times the number of delegates to be chosen—but slate they could. If this "reform" is adopted, in less than a decade the Democratic Party will have taken slating powers out of the hands of party bosses and put it into the hands of Presidential candidates. Whether issues-oriented delegates will have better luck under the thumb of Presidential candidates than they had under party bosses is anybody's guess. A counter proposal supported by a minority of commission members would return the unfaithful delegate rule to its original purpose, vetoing unfaithful delegates for cause. This proposal decidedly does not have White House support!

- Several suggestions are being put forward in the commission to grant automatic delegate status to Democratic elected officials. The plans range from seating—with vote—all Democratic Governors, Senators, Representatives, and state party chairs to seating representatives of these groups as special voting delegations. In any of these plans the determining votes in a tight Presidential nomination contest could well lie in the hands of non-elected delegates.

- The majority of the commission wants the entire delegate selection process to be shortened to approximately 90 days. The majority also favors a rule which would require every federally funded candidate to run in all states holding Presidential primaries.

The cumulative effect of these reforms is simple to read. The Democratic Party's delegate selection rules are being re-written to favor strong, well known, well funded candidates over lesser known candidates and

newcomers to the process. If all delegate selection takes place in three months; if a candidate has to file and run everywhere in order to run at all; and if that candidate has to "win big" right from the start in order to stay in the race; no future "Jimmy Carter" will ever win the Democratic Party Presidential nomination. It will not be possible to build Presidential credibility within the delegate selection process, as an unknown candidate must do.

If those Winograd Commission reforms are written into the 1980 convention rules, the real losers—once again—will be women, blacks, Native Americans, and other groups historically excluded from the American political process. By writing rules which favor strong, well known, well funded Presidential candidates to the point of eliminating other hopefuls, the Democratic Party will have eliminated the possibility of individuals from these groups receiving the marginal Presidential support and national visibility which in a later year becomes the launching pad for a real candidacy.

To move out of the trenches and back into the strategy room for a moment, I will conclude with the observation that the future of the Democratic Party may be at stake in the structural reform battle. The Democratic Party is the oldest voluntary political organization in the world. It has retained its viability for almost two centuries by remaining open to new members, new ideas, and new leadership. Historically it has provided the powerless with an avenue to political participation and ultimately to political power. It has been democratic with a small *d* as well as a capital one. The aberration in our party's history has been the brief period in which an incredibly powerful Presidency has reduced the voice of the party to "me-too," and a weak me-too at that. Many of us hoped that in nominating and electing a Democratic President from outside the Washington elite, we were setting the stage for a more accountable Presidency and a more active, independent National Democratic Party. In spite of some recent setbacks, we still have that hope. □

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Jimmy Higgins reports . . .

SHOULD GEORGE MEANY RETIRE?—This question is beginning to provoke heated debate in the labor movement. Machinists President William Winpisinger has taken the lead in urging the AFL-CIO president to step down. His call has been echoed elsewhere. Last month Victor Gotbaum, leader of the largest council within Jerry Wurf's American Federation of State, County and Municipal Employees wrote in an op-ed column in the *New York Times* that it was time for a change. *Racine Labor*, a Wisconsin weekly, ran a front page editorial on the same theme. And in the recent UAW debate over reaffiliation to the AFL-CIO, Meany's record and image loomed large—mostly as a negative factor. All this commotion has caused a reaction. After the UAW's decision not to reaffiliate, top federation spokespeople expressed irritation over the use of what they viewed as a non-issue. In response to Winpisinger, Sheet Metal Workers President emeritus Edward Carlough issued a public defense of Meany and called the Machinist leader "a cheap shot artist." As for "the old man" himself, he's managed to remain publicly above the fray and has shown no inclination to leave his current post soon.

LAST SPRING liberal Democrats were privately complaining that Jimmy Carter was a moderate Republican President. A major magazine piece argued that in domestic and international policy this was really the Rockefeller Administration. In fact the President and his aides pursued that elusive phantom, "business confidence," with remarkable fervor. Now there are visible strains between the White House and the business community. The most pro-business figure in the Administration—Bert Lance—is gone, much to the distress of his corporate friends. *The Wall Street Journal* quotes numerous business leaders' disenchantment with Carter. Business leaders criticize a lack of clear economic planning and targeting (Walter Wriston of Citicorp: "The business community is looking for a believable, internally logical economic strategy") and what they see as fundamental hostility (an angry, anonymous member of the Business Council called on the President

"to reaffirm his faith in the free enterprise system").

CARTER'S ATTACK ON THE ENERGY CONGLOMERATES highlighted the growing tension and worried many business leaders and commentators. Despite shocked protestations about the President's "Nixon-like" outburst (and some of the conservatives making that charge know Nixon outbursts from very personal experience), we do well to remember that Big Oil started the fight. The Administration's far-reaching energy program never fundamentally threatened the multinational energy giants, but they crippled the program in the Senate. Essentially the energy industry told the nation that we could have its policy or no energy policy at all. Instead of capitulating to that pressure, Carter decided to put up a fight.

THAT'S A VERY WELCOME development and not just for the energy program. Much of the progress of the New Deal came after the business community dubbed Roosevelt a "traitor to his class." In the political battles that followed, FDR was forced to seek support from working people and the rural and urban poor instead of from the capitalists his programs sought to save. Will Carter follow a similar course? Or will he seek a rapprochement with business? The Administration's response to business concern over proposed tax reforms (such as Carter's pledge to eliminate preferential treatment of capital gains) will indicate which direction Carter is choosing.

PENSION FUND POWER—William Winpisinger (Wimpy) has put Manufacturers Hanover Trust on notice: either the New York bank severs its close ties to labor law violator and textile manufacturer J.P. Stevens or the International Association of Machinists will remove the \$150 million in pension funds deposited with MHT. Wimpy is acting on his own without consultation with the Amalgamated Clothing and Textile Workers Union which is currently involved in a battle to organize Stevens, the world's second largest textile producer. MHT is one of Stevens' major financiers and Stevens' chairman James Finley sits on the board of Manufacturers Hanover.

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