

# Looking Backward: DSOC Marks Fifth Year

by DEBORAH MEIER

The Yom Kippur war broke out the week before. Oakland won the World Series. And on the weekend of October 12-14, 1973, DSOC was born. Officially, DSOC is five years old. But of course it had its origins in previous crises, trends and different individual histories. In tracing one of the threads, I'm no doubt ignoring other equally valid "beginnings." What follows is a personal reminiscence.

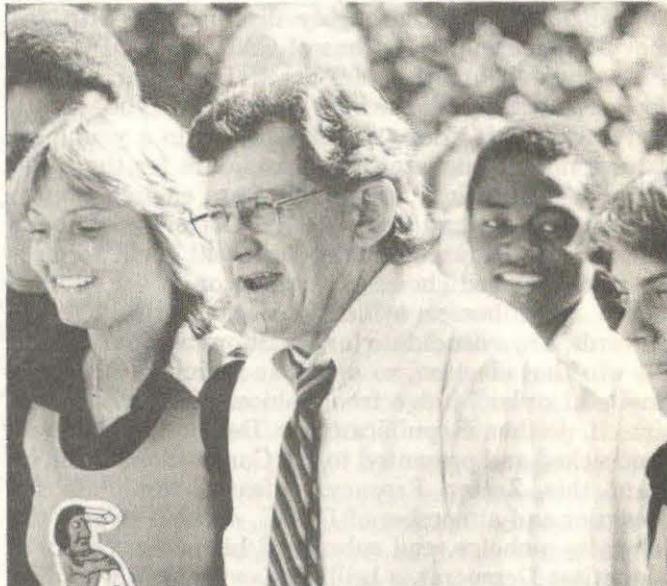
For me, it began in the summer of 1971, when a few of us met informally with Mike Harrington to talk about the state of the socialist movement and events in what was then the Socialist Party (SP), which Mike chaired. We were ex-SP members as well as longtime friends. Many of us had resigned from the SP primarily over its apparent support for the war in Vietnam. Knowing that Harrington's position was not far from our own anti-war views, we wanted to talk together.

Mike urged a renewed effort to get the SP to take an anti-war position. Skeptically, some of us rejoined. But, while the anti-war Coalition Caucus grew, its hopes were dimmed by the SP's merger in early 1972 with the largely pro-war Social Democratic Federation.

By the fall of 1972, the conflicts within the SP had grown. While the majority of its leadership clearly wished for McGovern's defeat and the demise of the Democratic Party's left wing, we saw McGovern and the left wing of the Democratic Party, even with all their faults, as our natural allies.

The anti-war Coalition Caucus met in September to try to work out a future perspective. There was considerable disagreement, confusion and political disillusionment. The group decided to stick it out with the SP

(Continued on page 6)



Dick Best

Zoltan Ferency and his supporters waged a respectable battle for the Democratic nomination for governor in the Michigan primary.

# Ferency Campaign Builds Michigan Socialist Activity

by ROGER ROBINSON

On election night, after it was clear that democratic socialist Zoltan Ferency was not to be the winner of Michigan's Democratic Gubernatorial primary, a 50-year veteran of left political battles turned to me and said, "No one is crying. There's not a tear in this hall."

He was right. With more than 150 of Zoltan's hard core supporters present, there were no tears. Most of us had experienced defeat before. We were unhappy, yet pleased to be losers who gained 25 percent of the vote in a multi-candidate field.

### Explicit Democratic Socialist Campaign

The Ferency campaign was unique to recent Michigan and, perhaps, American, politics. His campaign was conducted on democratic left/anti-capitalist terms.

He wanted to be governor in order to change the *status quo* rather than better manage it. The leadership of the democratic left coalition that was the Ferency campaign was organized and led by socialists. The effort was started by the Democratic Socialist Caucus of Michigan, a merger of Human Rights Party

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# Reader Response

To the Editor:

If Douglas Fraser is to be successful in his efforts to form a Labor-Liberal Coalition, the UAW will have to change its tactics at local conventions! The Educators' Caucus, the Women's Caucus and other assorted groups left the Michigan State Convention held in Lansing August 26 and 27 thoroughly disillusioned with the heavy-handed manipulations of CAP and COPE.

A very well qualified and loyal Democrat, Gladys Beckwith, was the choice of practically everybody until Mayor Coleman Young of Detroit sent in a young assistant, not an educator, as a candidate for the State Board of Education. Seems there are enough women (2) on the Board and not enough Detroiters! Labor's machine got busy and the orders went forth to elect the inexperienced choice of the Mayor.

The labor bosses evidently decided that George Edwards, Jr., a candidate for the Supreme Court, could not win that election, so a frantic search turned up a "law and order" judge from a local court who labels himself neither Republican nor Democrat, who was handpicked and presented to the Convention. When he heard this, Zoltan Ferency, defeated candidate for Governor and a member of DSOC, decided to give the delegates a choice, and submitted his name. Zoltan is a longtime Democrat, a brilliant lawyer, and would be an ornament to the Supreme Court, but he is too independent for the bosses, so again the word went around and labor's candidate was nominated.

I recognize the invaluable service that labor gives to us all when it works for social legislation, but until they discontinue the practice of railroading incompetents they can manipulate there will be no coalition.

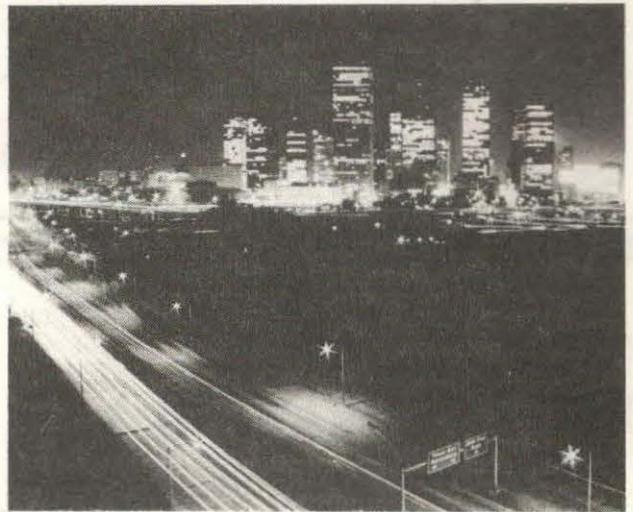
ELIZABETH WEIDEMAN  
Dearborn, Mich.

*Letters to the editor must be signed and brief (maximum 500 words). Please send items for the Reader Response column to: Editor, NEWSLETTER OF THE DEMOCRATIC LEFT, 853 Broadway, Room 617, New York, N.Y. 10003.*

## Ferency Campaign, from p. 1

people, who went with Ferency back into the Democratic Party, and Michigan DSOCers. After early discussions as to how socialism was to be/not to be part of this effort, we began the first stage of the campaign—raising \$50,000 in qualifying funds to obtain state matching funds of \$100,000. The state matched our money on a two to one ratio. With big money available, the goal of the campaign was to take our minority point of view, democratic socialism, to the people in a mainstream political campaign and emerge with a plurality.

For the first time more than \$50,000 was raised locally for a Left campaign. The money came from over 2,000 small in-state contributions of \$100 or less. Another \$20,000 came from out-of-state fund-raising activities and mailings.



All freeways lead to Houston, for the Fourth National DSOC Convention, February 16-19, 1979. Mark the date and plan to see that your local is represented.

### Activity Strengthened Democratic Socialism

The campaign was the focus for democratic leftists in Michigan for most of the 14 months that elapsed from Zoltan's filing of political organization papers through election day. As a result of this effort, we now have a Democratic Socialist Caucus of over 200 members. It started with less than 50. DSOC, at the start, had one local in Detroit; it now has additional locals in Lansing and South-western Michigan. Where there was no activity or organization among youth, there are now networks of activists on at least seven college campuses, and Michigan was represented at the Institute for Democratic Socialism's Labor Day weekend conference by six Ferency campaign veterans.

The Ferency campaign showed that a campaign can choose commitment over compromise, and can opt for Left opportunity rather than centrist or self-serving opportunism. □

*Roger Robinson, a rank and file auto worker and former organizer for several unions, chairs the Democratic Socialist Caucus in Michigan.*

*Newsletter of*

## THE DEMOCRATIC LEFT

Michael Harrington, *Editor*  
Maxine Phillips, *Managing Editor*  
Jack Clark, *National Secretary*

Signed articles express the views of the author. Published ten times a year (monthly except July and August) by the Democratic Socialist Organizing Committee, 853 Broadway, Room 617, New York, N.Y. 10003. Telephone (212) 260-3270.

Subscription rates: Sustaining \$10 per year; Regular \$5 per year; Limited income \$2.50.

Second Class Permit Paid at New York, N.Y.

# Prop 13 Fever Cure: State and Local Tax Reform

by IZZY HIGGINS

If anything positive has resulted from the orgy of selfishness and resentment known as Proposition 13, it is that attention has been focused on the inequitable structure of state and local income taxes.

Since the late 1960s, when it was revealed that several hundred millionaires legally avoided paying taxes, liberals and radicals have spent a good deal of energy trying to reform the federal tax laws. Each year several public interest groups in Washington release the number of millionaires who paid little or no taxes. A well publicized book called *The Rape of the Taxpayer* written by Philip Stern discusses the issue; and, the Brookings Institute invented the term "tax expenditure" to indicate that money lost to the federal government by a loophole costs the average taxpayer as much as a direct expenditure of federal funds.

As with most popular progressive initiatives, the tax reform issue had its greatest impact on the political rhetoric of candidates for public

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***Between 1953 and 1975, the tax burden of a family with average income nearly doubled. In the same period, the tax burden for a family earning four times the national average rose half as fast.***

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office. Readers of the NEWSLETTER probably remember candidate Jimmy Carter's acceptance speech at the Democratic Convention in which he called the current federal tax system "a disgrace to the human race." The ever cautious Carter was, of course, not breaking any new ground in this issue. The Georgia Democrat was merely restating what had already become the consensus of this country's major party—a consensus which undoubtedly reflected itself in the campaigns of hundreds, if not thousands, of its candidates for lesser offices.

To the surprise of some of the more cynical, in the first half of this decade some of the campaign oratory on tax reform actually became translated into constructive legis-

lation. Since 1971, the notorious oil depletion allowance has been greatly modified, the more egregious tax shelters in movies and livestock have been closed and a minimum tax has been established in an attempt to insure that every wealthy person pays some income tax.

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***Our tax system has become more regressive over the last two decades because state and local taxes have grown almost twice as fast as federal taxes.***

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Yet despite these efforts and the attention paid to tax reform, our tax system is less progressive now than it was in the 1950s. In 1953 a family with an average income paid 11.8% of its income in taxes. By 1975, the tax burden of the average family had nearly doubled, to 22.7% of its income. During the same period of time, the tax burden for a family earning four times the national average income rose half as fast, increasing from 20.2% in 1953 to 29.5% in 1975.

## **State and Local Taxes Rise**

One reason why the tax burden has shifted to those least able to bear it is that the corporate income tax now provides a smaller share of revenues at all levels of government than it did in the past. However, the main reason why our tax system has become more regressive over the last two decades is that state and local taxes have grown almost twice as fast as federal taxes during that period. In 1953, total revenues generated at the local level amounted to \$21 billion. By 1976 these revenues amounted to \$156 billion—a whopping increase of over 650 percent. During the same period of time, federal revenue increased by less than 350%, from \$74 billion in 1953 to \$323 billion in 1976. As a result, a greater and greater percentage of our tax burden is composed of regressive sales and property taxes and a smaller portion comes from the relatively progressive federal income tax.

To illustrate just how much more regressive state and local taxes are than federal taxes, let me cite a few

examples. Although the federal income tax is riddled with loopholes of which only the wealthy can take advantage, and social security is funded by a flat regressive tax, federal taxes are relatively progressive. A family earning \$25,000 a year will have to pay more than twice the percentage of its earnings in federal income and payroll taxes than will a family earning \$5,000 a year, and a family earning \$50,000 a year will have to pay nearly three times the percentage paid by a family earning \$5,000 a year. However, the same \$5,000 a year family will have to pay a greater percentage of its income in state and local taxes than will a \$25,000 a year family, and a \$25,000 a year family will, in turn, pay a greater percentage of its income in state and local taxes than will a \$50,000 a year family.

Given the large disparity between the progressiveness of federal taxes and state and local taxes, it is clear that even if tax reform advocates succeed in closing many of the loopholes in the federal income tax, our overall tax system will not become significantly more progressive. So long as state and local taxes continue to rise as fast as they have, and remain as regressive as they

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***The threat of capital flight has not only kept taxes low and regressive; it has hindered the growth of public services.***

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are, low and middle income people will bear an unfair share of the tax burden. If there is to be substantial tax reform, it must begin where the problem is the worst and that is at the state and local level.

## **Threat of Capital Flight**

However, the reform of state and local taxes is easier said than done. The harsh realities of our current economic system, reinforced by conventional capitalist wisdom, place very real limits on the ability of state and local governments to tax their wealthy individual and corporate residents. Unlike the federal government, state and local governments are constantly subject

to the threat that business and wealthier individuals will leave their jurisdiction if taxes are raised.

The ease with which capital and personal wealth can move from one jurisdiction to another is the major cause for the failure of state legislatures to enact progressive taxes. Nowhere is this better seen than in New York State. Although the state's major municipality teetered on the brink of bankruptcy and some of its poorer citizens live in this country's most ravaged and squalid slums, the Governor and the Legislature passed a tax cut that largely benefits the wealthiest.

What made this tax cut seem sensible and even necessary to most people was the recent loss of jobs in New York State. From 1967 to the present, New York lost close to 600,000 jobs while the rest of the country and its neighboring states were gaining employment. Although regional trends were obviously a factor in the decline of New York's economy, they could not have been the major cause, since most of the firms that left the state relocated in neighboring states. Of the 762 major manufacturing move-outs from 1970 to 1977, over 60 percent went from New York State to the neighboring states of New Jersey, Connecticut, and Pennsylvania, all of which have either no, or very minor and regressive, income taxes.

What was true for manufacturing was true for white collar employment. From 1971 to 1976 the number of corporate headquarters of the nation's leading firms that were located in New York State declined from 303 to 229 and most of these firms located in neighboring states.

The decline in New York State's economy was obviously caused by many factors. Undoubtedly, the deterioration of the quality of life in the state's largest city caused by a decline in public services played a significant role in persuading corporate executives to move themselves and their firms out of the state. However, when the political leadership became concerned with the massive loss of jobs, they followed the conventional capitalist wisdom that said that corporate decisions are made on a pure dollars-and-cents basis and are not in-

fluenced by the personal preferences of corporate managers and executives. As a result, almost the entire political leadership of the state, ranging from conservative Republican to liberal Democratic, supported a massive tax cut that overwhelmingly benefited the state's wealthiest residents.

So long as local economic growth and stability appear to require that the wealth of the rich go untaxed and local public budgets be kept small, even progressive and compassionate public officials will vote for tax cuts for the rich and against needed public programs.

Since state and local governments now consider themselves the captives of larger economic forces that make it impossible for them to reform their tax structures, action by the federal government will be required before major shifts in state and local tax burdens can occur. Recently, legislation was introduced by Representative Stephen Solarz (D-N.Y.) that would attempt to lessen the economic advantages now enjoyed by states with regressive taxes while creating new incentives for the enactment of progressive state and local income taxes. Solarz' bill would attempt to accomplish both these goals by creating a 50 percent tax credit against the federal income tax for payments made for progressive state and local income taxes while repealing the existing deduction for regressive sales and income taxes.

The incentive for the enactment of progressive income taxes would work as follows. If a state or locality imposed a tax of one hundred dollars on each of its citizens through the use of an income tax, its local taxpayers would effectively only have to pay fifty dollars of new taxes since they could deduct the other fifty from their federal taxes. However, if the same state or locality chose to raise the same amount of money in the form of a sales tax, the local taxpayers would have to pay the entire cost of the tax, since they could not use it to lower their federal taxes.

The Solarz bill would, in effect, attempt to use the federal tax code to reverse the existing situation. It seeks to eliminate the basis for the argument that regressive taxes are



"You want to know about the taxpayer revolt? It began with a simple adding machine . . ."

necessary while creating an army of voters who will want those taxes replaced by a progressive income tax so that they can have their federal taxes reduced.

Solarz's bill would not extend the tax credit to all income taxes, since most state income taxes are only marginally more progressive than their sales or property taxes. Of the 43 states and the District of Columbia that have income taxes, only 22 tax income above \$15,000 a year at a higher rate than income below that amount. Many of these states have a more or less flat rate for their income taxes—requiring a millionaire and a pauper to pay the same percentage of their earnings. The Solarz bill, therefore, contains a definition of a progressive income tax under which only 21 states' income taxes would qualify for the tax benefit.

The cost of the tax credit would not be very great and should not cause any reduction in federal programs. Assuming that each existing state income tax qualified for the credit, the revenue loss would be only slightly more than 8 billion dollars. However, since the establishment of the credit is coupled with the repeal of some current deductions, the net cost of the bill would only be about \$4 billion, or about one-quarter the size of the proposed White House tax cut.

The Solarz income tax credit is modeled after a similar credit for state and local death taxes. Since 1924 the federal government has provided a tax credit for local death taxes against its estate tax. As a result, every state in the Union has enacted death taxes in order to take advantage of the credit. There is no reason to believe that the states would react any differently with respect to a credit for income taxes.

#### Would Generate Public Services

Although the major purpose of the Solarz bill is to encourage the reform of state and local tax laws, the program it proposes could have more far-reaching implications. Perhaps the most significant effect of the proposal is that it would breathe some new life into our federal system. The threat of flight of capital to other political jurisdictions has not only caused state and local governments to keep their taxes regressive; it has also caused them to keep their taxes low. As a result, few state governments are willing to introduce additional public services even though there may be a political consensus in those states in support of those programs. Instead, state governments wait for the federal government to introduce and develop new programs.

However, the wait for new federal programs is always a long one. National health insurance, proposed by President Truman in 1948, still appears to be a decade away. The reason it takes the federal govern-

ment so long to act is that it must wait for a political consensus to be developed among a culturally heterogeneous population.

However, if the reform measures of the Solarz bill are enacted and real limitations are placed on the right of corporations to close and move plants at will, our more progressive states would be liberated partially from the fear of the flight of capital to low tax jurisdictions. These states would then be in a position to introduce major new social programs and fund them without federal help. If these programs were successful, as we believe they would be, citizens of other states would push for the same services.

Perhaps the most important feature of the Solarz proposal is that it is one tax cut that can be legitimately expected to increase public revenues. The major problem with this country is still the lack of decent public services.

In responding to the tax revolt sparked by Proposition 13, the Left must not only be concerned with relieving the tax burden imposed on low and middle income people by inequitable taxes. We must also assure that there is sufficient revenue to provide these people with vitally needed services. There is no point in giving any family \$100 in taxes if to do so requires reducing their police and fire protection, increasing their public transportation costs and denying their children the educational opportunities needed for a better life. □

## Disguised Controls May Threaten Workers

by MICHAEL HARRINGTON

With inflation on the rise and officially defined unemployment hovering at 6 percent, pressure continues on the Carter administration to do something. Because of a variety of political factors, I believe that Carter will soon opt for disguised wage and price controls.

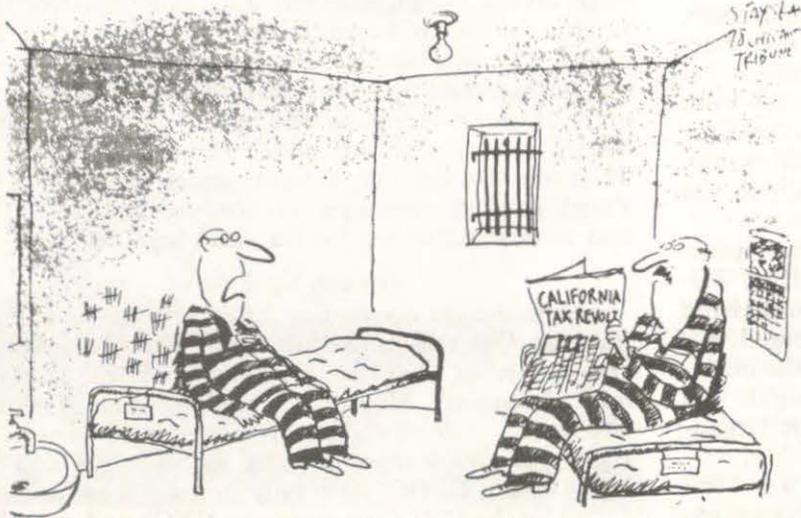
The most sophisticated version of disguised controls consists of a Tax-based Incomes Policy, or TIP. Although current White House economic thinking opposes this approach, the analysis underlying TIP reveals a great deal about current economic assumptions. For that reason alone, TIP should stand the scrutiny of the democratic Left. More important, though, elements of TIP are likely to surface in any disguised controls program.

Carter sees few choices available to him. He could take the advice of the American Right and initiate a small recession. However, his own Council of Economic Advisors has told him that only prolonged and catastrophic joblessness would have any impact upon prices. He can accept the inflation rate, thereby encountering increased political unpopularity and setting the stage for another recession. We believe that he could move toward full employment planning and a redistributive tax policy, but that possibility has probably not occurred to him.

A seemingly attractive alternative is TIP. It is a camouflaged move toward wage and price controls. The move must be camouflaged since both labor and business are, for different reasons, hostile to resumption of the formal controls that Nixon imposed in 1971. TIP has the advantage of trying to control wages and prices by indirection. Moreover, it has both conservative and liberal sponsors, e.g., Henry Wallich on the Right and Arthur Okun on the Left.

The following discussion is a preliminary overview of a complicated matter, in which I reserve the right to change my mind on some aspects of the analysis.

(Continued on page 9)



'I guess I was living ahead of my times. I revolted against taxes three years ago'

# 5th & 50th

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(Changed from October 13)

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## *DSOC Fifth Year from p. 1*

for the time, but also agreed to focus its energies in non-SP channels—an independently organized winter conference open to the public and the publication of an independent newsletter.

### **Open Split With the SP**

To help launch this new effort, Jack Clark arrived from Boston and moved into our brownstone on 77th Street. Jack lived off a combination of comradesly sharing and high hopes for the future in that period.

In December 1972 the SP-SDF became the Social Democrats-USA (SD-USA), thus cutting the historical and sentimental ties that bound many of us to it. When it refused to respond to Harry Fleischman's appeal to condemn Nixon's Christmas bombings of Hanoi, the last tie was cut for several hundred longtime SPers. It was not a happy moment, yet it was a relief.

We held our first meeting as a new political entity in February of 1973. More than a hundred people came to New York University for a Saturday conference on "The Future of the Democratic Left." On Sunday about 60 of the conference activists gathered in a dismal west side hotel to create something new.

We were a mixed crew—mainly former SP members, although some remained members of SD-USA. Others had been away from organized socialist politics for many years, and some were new to all of it. We were surprisingly close, though, in the agendas we held for American politics, our attitudes toward the Democratic Party and the labor movement, and, above all, on the tone and style we sought for the new organization.

For hours we struggled to find a good name to express this sense of who and what we were. Finally, Dick Wilson suggested we borrow a term from the organizing days of the CIO. It would communicate, he urged, our sense of not being *the* final party, but rather the initiators of a future movement. This seemed right. We christened ourselves the Democratic Socialist Organizing Committee.

With a name, a temporary National Board and local steering committee, and above all, a public NEWSLETTER (whose style was largely the brainchild of Irving Howe) we felt a little bit hopeful.

For the next half year we worked at solidifying this very tentative creation. A small steering committee of Mike, Bogdan Denitch, Jack Clark, Steve Silbiger, Irving Howe, David Bensman and I met in New York City weekly. Mike drafted, redrafted and re-redrafted a basic statement of purpose and politics—"We Are Socialists of the Democratic Left." Steve Silbiger, Mike Stallman and I argued for many hours and produced a Constitution for a highly decentralized, representative and fairly amorphous association of members and local chapters. As word spread, old friends and comrades whom I had not heard of or seen for years reappeared to give us encouragement and support. The past seemed less in vain.

In a spirit of expansionism we moved out of the back room of the brownstone to a cramped basement office down the same street. From the start it was so small that it barely had room for Jack, much less for Gretchen Donart, who had come from Chicago to work on the convention, and new staffer Frank Llewellyn, who had already been working for us as a 40-hour-a-week volunteer. But the rent was low!

With about 200-300 paid-up member/subscribers around the country, we launched our Founding Convention on October 13-14, 1973 at the McAlpin Hotel in Manhattan. The weekend sessions drew more than 600 people to hear New Democratic Party (NDP) chief David Lewis' welcoming address and Mike's keynote speech, to vote on the adoption of "We Are Socialists . . ." as the basic position statement and to elect a National Board and officers.

### **New Office, New Staff**

It seems hard to believe that five years have passed since that fall. To jog my disbelief, I met with Jack and Mike at the recent youth conference in West Virginia to check out and share recollections. Between us we reminisced about the Chicago Conference in 1974, a year noted for slow growth and unsureness in direction. We tried that year (during the gasoline crisis) to initiate a coalition around energy, but it didn't jell. On the plus side, we moved to a *real* office at 31 Union Square West and added Selma Lenihan to the staff.

In the fall of 1974 we stepped up our major national focus on the Democratic Party by running Mike Harrington for the mid-term Democratic convention. Not only did he win handsomely, but in the vigorous campaign, we picked up as valuable volunteers his running mate Marjorie Phyfe, as well as Bill Gellermann, who helped us streamline our office and meeting procedures. That was also the year of our financial crisis. Jack and Frank rotated their time on the unemployment line and worked part-time for fraternal organizations.

### **Membership Grows**

The mid-term convention lifted our spirits and our finances. Our role in the formation of a successful liberal-Left-labor coalition that defeated the Coalition for a Democratic Majority on the key issue of affirmative action made us and our friends sure we were on the right road. We were buoyed by the tone, life and dialogue within DSOC, its steady growth in membership (1200 by the 1975 Convention in NYC) and growth in new chapters.

At that first delegated convention in 1975 we heard

Alva and Gunnar Myrdal, Delores Huerta of the Farmworkers and Donald McDonald of the NDP. The original four vice-chairs (Ralph Helstein, Victor Reuther, Julius Bernstein and I) were expanded to include Carl Shier and Ruth Jordan.

The following fall was the first of the now regular youth conferences. (That one was at Harvard and lacked the informality and *joie de vivre* of the subsequent ones held in far off and inaccessible locales!) We held a leadership training institute in Illinois, at which Heather Booth of the Midwest Academy came to assist. Jack made his first national tour. A conference was held in California's Bay Area, and a variety of interest groups in the organization began to publish newsletters on feminism, religion and community organizing.

#### Launch Democracy '76

Then came Mike's proposal for a new campaign. As he explained it, we would launch a broad coalition effort aimed against the new conservatives who said our problems were too complex to be solved. We'd focus our energies on the Democratic Party platform fight, but the programmatic stress on issues like full employment, income and wealth redistribution and creative public enterprise would be aimed at a broader public opinion. Mike wanted to name it "America Can."

The idea caught on, but the title didn't. Harry Boyte suggested "Democracy '76." With "Democracy '76" came another staffer, Marjorie Phylfe, to run it.

We put together a successful coalition of more than 200 trade union presidents, members of Congress, black leaders, feminists, Democratic Party elected officials and local activists to lobby (successfully) for the inclusion of progressive economic policies in the 1976 Democratic Platform.

At the Democratic Party Convention, we held a meeting attended by more than 500 delegates and Party leaders and activists at which Congressman John Conyers, William Winpisinger, Sam Brown and Mike spoke.



Delores Huerta addresses the second convention in 1975. Marjorie Phylfe, l., and Deborah Meier, r., listen.

February 1977 found us in Chicago for our third convention. We enjoyed the sight of the sign at the Holiday Inn saying "Welcome Democratic Socialists." We had 2000 members now, including a roster of new luminaries whose names we released to the press.

We also held our now almost ritualized struggle to see that the incoming National Board would properly represent our women members. We initiated The Democratic Agenda, which focused major national staff time for the next 18 months.

The Hispanic commission under Michael Rivas' leadership started in 1977. Capping it all, we presided over an impressive gathering of black and white trade unionists, Hispanic activists, community and political leaders and socialists at the Washington, D.C. Democratic Agenda Conference in November 1977.

#### Expansion of Activities

The world was coming apart in many ways. Political apathy and cynicism were high, but back at the ranch we managed to maintain a tone of healthy uncertainty, enthusiastic determination and a relatively clear programmatic focus. We suffered a little in not always knowing what members and branches could do to support the national focus, or in not providing a sufficiently in-depth intellectual education in socialist and political ideas. But in both areas we began systematically to explore remedies.

In the less than a year since the Democratic Agenda Conference we've added nearly a thousand more members to our ranks, been admitted to the Socialist International and found funds to add part-time NEWSLETTER managing editor Maxine Phillips to the staff, thereby freeing Jack Clark for more work in the field. We also now have four regional staff: Rich Ferlauto in Chicago; Lewis Schlitt in Boston; Margie Hickman in Washington, D.C. and Fritjof Thygeson in California. On the sad side, we've lost an especially valuable founder, Julius Bernstein of Boston, whose untimely death coincided with the conference in D.C.

The memories we shared that morning in West Virginia can't all be put into print—for lack of space and other reasons! But what they add up to is a feeling of cockiness. In 1973 we hadn't felt there was much choice. But we felt we had to try. Now, five years later we felt gratitude toward all those who had turned that gesture into what was clearly a small, but significant force in American life.

Millie Jeffrey, Jim Farmer and Harry Fleischman had spoken movingly the night before, retelling anecdotes of our socialist roots. But as we shared memories that morning, we were surrounded by a hundred young conference attendees, most of whom we had never met personally before, who thought that DSOC was *their* organization, who cherished its roots but also brought new ones with them . . . young members with a clear determination to expand as rapidly in the next five years as we had in the first five.

Once again, we thought, it might indeed be possible. It's worth a try. And best of all, it's no longer a matter for a few people in someone's living room to decide! □

*Deborah Meier is a Vice-Chair of DSOC and one of the founding members.*

# Socialist Youth Gather in West Virginia

Leftwing politics, bluegrass music and socialist volleyball proved an unbeatable combination for the more than 100 young people from Oregon to Massachusetts who gathered in Weston, West Virginia over the Labor Day Weekend for the Second Annual Youth Conference sponsored by the Institute for Democratic Socialism.

They ran the political spectrum from a registered Republican who wanted "to find out what this is all about" to campus and community activists from Ivy League and small schools and the wards of Detroit and the South Bronx. What they had in common was an eagerness to learn, to share, and to renew their sense of commitment to democratic socialism.

"It's uplifting to realize that this is a national movement," said Georgetown University student Ben Tafoya, echoing the sentiments of many who delighted in finding the common ideas that linked them.

This year's conference was almost double the size of last year's, and included a greater diversity of college and non-college young people, as well as some high school students. Conference coordinator Mark Levinson noted the overwhelming mood of excitement and growth.

The best thing about the conference was its variety, said Vicki Hugley, a market researcher from Detroit who was active in the Zolton Ferency campaign. "This is an organization with tolerance."

## Roots in the Past

Comparing it to youth conferences of the 1930s, long-time socialist organizer Harry Fleischman remarked that today's youth seem more pragmatic. He was happy to see such a good mix of avowedly socialist and non-socialist youth. "Back then there would have been a greater emphasis on ideological purity and the focus would have been more theoretical and sectarian."

Sessions ranged from nuts and bolts workshops on organizing, problems of the transition from capitalism to socialism, coalitions and the labor movement and functioning as a socialist in a capitalist system to visionary and reflective plenaries.

"It was inspirational to see so many active people. It motivates you to continue," said Marcus Harris of the University of Houston.

Spirits were high and everyone agreed that the conference was an educational and solidarity-building success, but many still had questions.

"I want to know how the socialist movement can help the South Bronx," queried Miguel Quinones, who is involved in community action programs and local politics there.

The absence of blacks was obvious. The number of women rose from a quarter last year to a third of the attendance this year, but still should go up.

"We need sharper debate and more setting of priorities," was a comment made by several attendees.

Each year has seen the growth and expansion of ideas and participation, remarked Cynthia Ward, who coordinated last year's conference.



Gretchen Donart

Members of the Volleyball Caucus enjoy a game in between sessions of the Second Annual Institute for Democratic Socialism Youth Conference held in Weston, West Virginia over Labor Day.

When the conference ended on the optimistic note sounded by Michael Rivas, Chair of the Hispanic Commission, new found friends and comrades joined in choruses of "We Shall Overcome" and the "Internationale." Once again, for a new generation, the words rang true.

FRATERNAL GREETINGS TO DSOC

LOCAL 259

UAW

SAM MEYERS, PRESIDENT

## Controls, from p. 5

Several variations of TIP have been proposed by various economists. The one I take as the subject for comment was presented by Lawrence Seidman of the Wharton School to the Senate Committee on Banking, Housing and Urban Affairs earlier this year. Seidman's testimony is clear, precise and well-argued. Let me summarize it first and proceed to a critique.

### Wages Blamed for Inflation

Inflation, Seidman argues (and this is part of the current orthodoxy on the issue), can be defined as the excess of wage increases over productivity increases. When business and labor make such a deal through voluntary collective bargaining, their private agreement has the social consequence of setting inflationary forces into motion. If the Government "prints" the money to finance such contracts, prices rise. If it tightens up on money to fight the contract, there is unemployment and recession.

Therefore, Seidman continues, the point of TIP is to give both workers and employers an incentive not to engage in such anti-social behavior.

To encourage that, Washington would set a basic, acceptable inflation rate, say 4 percent. Since productivity in recent years has risen on the average by 2 percent a year, the limit on wage increases would be 6 percent, i.e., the acceptable rate of inflation plus productivity.

If any employer would negotiate a contract with wages going up more than 6 percent, the corporate tax would automatically be increased, as would the workers' income taxes. That penalty would be stiff, but not prohibitive.

If, for instance, surging demand in a particular industry made it feasible to increase the work force by paying higher wages, a company could adopt that policy.

The attraction of TIP rests upon a statistical correlation (which is shakier than some of the TIP proponents admit) that a reduction in unit labor cost will automatically reduce prices at the same time. This, it is said, always happened in the past and will in the future.

Just in case the trends don't work out so neatly, however, the liberal advocates of TIP have an escape hatch. There would be, Seidman and Okun argue, a "real wage insurance" in the form of automatic tax cuts for workers if the drop in wages does not give rise to a corresponding drop in prices. And there might even be special levies against corporations with the same purpose in mind. Indeed, Seidman organizes his entire argument within an essentially liberal framework that holds full employment to be possible only if TIP offsets the inherently inflationary tendencies that now exist whenever the jobless figure drops below 6 percent.

### False Premises, False Promises

Clearly, economists like Seidman and Okun are not agents from the corporate board rooms. Their values are decent and their analysis is constructed with considerable thought and ingenuity. Yet I think that the democratic Left must reject this policy. Why?

First of all, despite its name, TIP is not an "incomes policy." It accepts the present income, wage and wealth structure of the United States as a given, and tries to moderate collective bargaining agreements within that framework. The problem is, of course, that the framework itself is outrageous.

This basic flaw in TIP is found in all the guidelines and control proposals. They argue that if only labor and capital could be required to march in an orderly lock-step that maintains the existing patterns, there would be no problem of inflation. Indeed, this defect is even more pronounced in TIP since it would allow the most advantaged industries to buy their way out of the general discipline by accepting some penalties. Organized workers with little bargaining power, the unorganized and the poor might thus find themselves at an even greater disadvantage than usual.

Secondly, in the theoretical justification for TIP there is a proposition that is not essential to the analysis but always seems to accompany it. When unit labor costs rise faster than productivity, we are told, the inevitable result is inflation. There may, or may not be,

such a neat correlation, but this theory clearly claims that unit labor costs are the *cause* of inflation. Seidman says, "Today unit labor costs are rising 6 percent per year and *therefore, so are prices.*" (emphasis added)

### Price-Wage Spiral Real Villain

That "therefore" is not true. Real wages have been chasing after soaring prices, not causing them. We do not have a wage-price spiral; we have a price-wage spiral. And that phenomenon is explained, not by looking at the unions, but by understanding the price-fixing tendencies in an economy dominated by gigantic corporations that do not obey Adam Smithian laws of supply and demand.

Still, one might argue that, even though TIP accepts an unacceptable structure and unfairly scapegoats workers for an inflation manufactured by oligopolists, it is a lesser evil. Since we can't do everything at once, redistribute wealth, challenge monopoly power and hold down inflation, why not do at least one of those things through TIP?

I would answer that I am not at all sure TIP would even accomplish that minimum goal. The big corporations, Seidman understands, might respond to TIP in their normal way—by passing the tax penalty on to the consumer. The workers would, in effect, have their wage increases cut; but the companies could evade the law by raising prices, i.e., by acting in exactly the opposite way to the intentions of TIP. Seidman sees the problem and argues convincingly that there are penalties which, in theory, could block that tactic. All that would be required would be a Draconian policy against such companies—the most powerful in the nation—on the part of Washington, plus a commitment to refuse to protect the disobedient corporations from import competition. All that would be required, in short, would be a political determination that would suffice to pass the radical, planned and redistributive measures that will get to the corporate-monopoly root of our inflation problem. □

*Michael Harrington is the National Chair of DSOC.*

# New Administration Offers Hope to Dominicans

White handkerchiefs fluttered triumphantly as crowds dancing in the streets on the eve of the inauguration of Dominican Republic President Antonio Guzman waved the color of the Dominican Revolutionary Party (PRD).

"I can't remember seeing such hope and enthusiasm since the beginning of the Cuban Revolution," said DSOC board member Michael Rivas, who represented DSOC at the new government's invitation. "No one in the city slept. Everywhere we went, people embraced us and told us how much they appreciated the work of the Socialist International (SI) and democratic socialist parties in bringing about peaceful transition."

For the people of the Dominican Republic, the new administration represents the first time in 50 years that the government reflects the popular will. Former President Balaguer had suspended the May election when it became clear that Guzman was winning. Concentrated pressure from abroad forced him to accept the election results. Mario Soares, SI Vice-President, flew to the Dominican Republic. The SI and other democratic socialist parties (including DSOC) protested Balaguer's action, pushing the United States to exert pressure on the regime.

"There is definitely a sense that it is no longer 'politics as usual,' " said Rivas. "It won't be easy for the new government to live up to the expectations of the people, but the PRD has good leadership under Jose Francisco Pena Gomez."

On August 15, the day before the inauguration, the PRD sponsored a conference on the future of democ-

racy in Latin America. The solidarity of democratic socialist parties was a dominant theme.

"For a long time there has been little hope for democratic socialism in Latin America," Rivas noted. "Right and left have been polarized. Now, with the triumph of the PRD and the growing strength of democratic socialist parties in Peru, Ecuador, and Paraguay, there is a new sense of possibility." The conference announced a follow-up meeting to be held in the Dominican Republic.

Although the excitement and anticipation of change were electrifying, Rivas believes that the PRD faces tremendous difficulties. The Balaguer government burned key files and reorganized agencies in order to bring about confusion. The PRD has countered by taking steps to neutralize the military, initiating the retirement of some leaders and instituting a pension plan in order to discourage corruption. He sees the PRD as representing a new style of leadership in Latin America. "Latin American parties have relied too heavily on charismatic leaders rather than on people-to-people organizing. In this election, the PRD even used computers to pinpoint sympathetic voters."

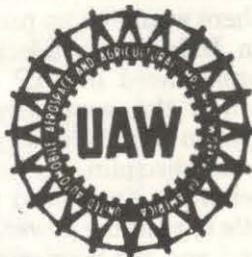
"Before, it looked as if only Communists would change things. Now there is an alternative," Rivas said.



Michael Rivas

"Labor is prior to and independent of capital. The capital is only the fruit of labor and should never have existed if labor had not first existed. Labor is the superior of capital and deserves much the higher consideration. . . ."

Lincoln to Congress  
Dec. 1861



**International Union, United Automobile, Aerospace and  
Agricultural Implement Workers of America**

Stephen P. Yokich  
Director Region 1, UAW

Ken Morris  
Director Region 1B, UAW

## GREETINGS TO THE NEWSLETTER

Illinois DSOC Is Proud to Announce  
the Arrival of our New Organizer:

**RICH FERLAUTO**

and the Opening of Our New Office at

**53 West Jackson  
Chicago, IL 60604  
(312) 922-6887**

## Proposed Law May Restrict Idea Flow

by **BURT WILSON**

Congress is considering a revision of the Communications Act of 1934 that is a wholesale sell-out of the public interest to capitalist forces. The 1934 act affirmed that the airwaves belong to the public and that those who use them should operate in the public interest. The new bill, HR-1305, would grant licenses-perpetuity to broadcasters, who would not be accountable to the public for their programming.

Radio broadcasters, for example, must now go through a license renewal process every three years and their privilege of operating on a frequency can be challenged by the public. The bill would grant radio stations a license-in-perpetuity. The license would be subject to a petition for revocation at any time, but only on criminal grounds such as fraud, running a lottery or using foul language. The broadcasters would not be held accountable to the public interest.

Other criticisms center on the lack of guidelines for equal employment opportunities, minority and children's programming and absence of federal standards for the cable TV industry.

Those who are concerned about the potential for the loss of communications freedoms inherent in the bill, should obtain a copy of it from their legislator, and communicate both with their own representative and members of the House Subcommittee on Communications by October 15. Information about the bill can be obtained from the Telecommunications Con-

## DEMOCRATIC AGENDA Update

DSOC Vice Chair Ruth Jordan swept to an impressive victory in the September 12 election of delegates for the Democratic Mid-Term Conference from the District of Columbia. Jordan, whose campaign was based on the hard work of many Washington DSOCers plugged into a broad-based black-labor-liberal coalition, received more than 13,000 votes in a seven way race. Her nearest rival polled fewer than 7,000 votes.

In other elections for delegates, DEMOCRATIC AGENDA supporters met with mixed results. Alex Spinrad, chair of the D.C. DSOC local, lost his race. Perhaps most disappointing was the defeat of DA Coordinator Marjorie Phyfe and DSOC Chair Michael Harrington. Incumbent Congressman John Murphy carried the 17th C.D. handily, pulling to victory as delegates a well-known Party regular and director of one of his district offices. Elsewhere in the New York area, David Dinkins, Libby Moroff and Christopher Lynn, all avowed DA supporters and DSOC members, won. Preliminary returns from California's delegate selection contests showed that delegates and alternates sympathetic to DA had been elected in San Diego, Los Angeles and San Francisco.

"Overall, the returns indicate a continuation of early delegate selection trends," said Phyfe. "From one-third to one-half of the delegates to Memphis should be liberal-Left activists sympathetic to the DEMOCRATIC AGENDA program." □

sumer Coalition, a clearinghouse for opponents of the bill, at Suite 1001, 289 Park Avenue South, New York, N.Y. 10010 and the lobbying group working against the bill, the National Citizens Communications Lobby, 1028 Connecticut Ave., Washington, D.C. 20036. □

*Burt Wilson is chairperson of the DSOC Los Angeles local and a member of the National Task Force for Better Broadcasting.*

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# Jimmy Higgins reports . . .

**THE IDEA OF THE IVORY TOWER AS A CENTER OF REASONED DISCOURSE** suffered another blow this summer when Bertell Ollman, an independent Marxist scholar with excellent academic credentials, was denied a post as chair of the political science department at the University of Maryland. Old-fashioned know-nothingism in the legislature had something to do with his rejection, but a McCarthyite scare campaign, led by such distinguished scholars as Evans and Novak, doomed Ollman's chances despite the high recommendation of a faculty search committee. For those interested in defending the academic freedom of Ollman and other "heretics," a committee has been formed. Write: Ad Hoc Committee to Defend Bertell Ollman, c/o Carl Lankowski, Department of Political Science, Columbia University, New York, N.Y. 10027.

**CLASS STRUGGLE OR TRASHING?**—There's a lot of talk in the labor movement these days about class warfare and as the last issue of the NEWSLETTER stressed, the militant tone is a welcome departure. But ambiguities remain as to whom the struggle is directed at. For example, the New Right has been identified as a prime labor enemy. Slashing the public sector, gutting occupational safety regulations, pushing laws to forbid union dues check-offs, all these are seen, correctly, as threats to workers' well-being. *The Federationist*, the AFL-CIO's monthly magazine, ran a special issue (August 1978) on "The New Right: A Political Blight." It's a good issue with much material citing the close link between the respectable corporate world and the extremist New Right. But the lead article, written by Arch Puddington of the League for Industrial Democracy, is peppered with gratuitous innuendoes about "the New Left" and "anti-Vietnam war Democrats." That most labor leaders had differences with those of us who opposed America's role in Indochina is undeniable; that we're responsible for the resurgence of groups like the National Right to Work Committee is absurd. On a similar note, John Roche devoted his talk at a labor conference on the New Right in D.C. in August to attacks on liberals and the New Left.

**THE BARBS AGAINST THE LEFT AND THE SOMETIME** alliance with the Right is more than the clamor of a few old socialists gone publicly sour. The AFL-CIO recently mounted a major effort on behalf of the Baker amendment to keep Western European Communists from visiting the U.S. (Communists in government, including police agents, can visit the U.S. as diplomats; Baker and the AFL-CIO would have kept out Communist critics of totalitarianism such as Enrico Berlinguer and Santiago Carillo.) The UAW opposed Senator Baker and the AFL-CIO on this question, as did Representative Stephen Solarz, a Democrat from a heavily Jewish district in Brooklyn who has a perfect voting record on labor issues. For bucking the AFL-CIO line on this question Solarz was rewarded by a call from one of George Meany's assistants, Tom Kahn, to *Jewish Week*. Kahn told a reporter there that Solarz had just voted to allow all representatives of the Palestinian Liberation Organization complete access to the U.S. (The PLO was not a major issue in the debate and subsequently the State Department ruled that the legislation did not apply to the PLO.)

**LABORING AGAINST PINOCHET** — The movement for a democratic Chile has been able to count on some friends in the U.S. ever since the coup that toppled the democratic Allende government in September 1973. Recently, the forces for a democratic Chile have been augmented by American trade unionists. Last spring an AFL-CIO delegation to Chile raised objections about Pinochet's suppression of trade union rights. Over the summer a conference held under the auspices of Senator Ted Kennedy and Iowa Representative Tom Harkin, drew representatives from both the East and West Coast longshoremen's unions, the UAW, the Machinists and the Steelworkers. Following up on that conference American unionists (notably from the UAW and the IAM) are expected to press resolutions for international trade union boycotts of Chilean goods at meetings of the International Transport Workers Union's Federation and International Metal Workers Federation.

**NEWSLETTER OF THE DEMOCRATIC LEFT**  
853 Broadway, Room 617  
New York, N.Y. 10003

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