Newsletter of
THE DEMOCRATIC LEFT

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Carter's tragic vaudeville act: redistributing from poor to poorer

by Izzy Higgins

Although welfare reform is a very serious subject which can drastically affect the lives of millions of poor people, the Carter proposal can be best analogized to a vaudeville joke. It begins with some good news which is then followed by a great deal of bad news.

For the good news. The Carter proposal establishes a nationwide minimum benefit level. If this innovation is adopted, welfare families in Mississippi would no longer be forced to survive on $720 a year in cash benefits. Under the Carter proposal a poor family of two adults and two children and no income would receive a cash benefit of $4,200 a year.

Universal coverage

In addition the Carter proposal provides universal coverage. Although benefit levels would vary for the different classes of recipients, all poor people, regardless of their family status or lack of disability would receive some benefits.

Universal coverage would mean a great deal to two categories of poor people: families with fathers and childless adults. Currently, 24 states deny aid to families with dependent children (AFDC) if such families have a father living with them. To guarantee their families some income, fathers in these states have been forced into a self-imposed exile from their homes. The result of this callous and racist exclusion is social disintegration. The Carter program would end the needless pain and suffering of split families. Even the President's severest critics must admit that this is a major positive achievement.

Universal coverage also means that childless adults would receive some benefits. Right now, the Federal government only provides cash benefits to impoverished childless adults who are aged or disabled. Although childless adults are eligible for the federally funded Food Stamp program, cash income is left entirely to the states. As the political climate of the states would have it, only 40 of them provide any cash benefits; the forgotten poor have been forced to survive on either extremely low or nonexistent cash benefits. For them the Carter program is an improvement—albeit a small one, since the benefits provided are only $1,100 a person.

Expanded tax credits

The "Better Jobs and Income Act," the formal name of the President's bill, would also provide substantial relief to working families with low or moderate income. Under this part of the President's bill, the existing Earned Income Tax Credit for families with dependents would be expanded to provide additional tax relief to families earning from $6,000 to $15,000 a year.

Since the expanded tax credit would benefit many trade union members, the labor movement has applauded this part of Carter's program. However, the Adminis-

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Investment ban on S. Africa poses human rights test

by Jack Clark

Despite a stated policy of support for human rights around the globe, the Carter Administration proved reluctant last month to back a moderately worded UN General Assembly resolution which suggested a means for further struggling against South African apartheid.

The United States, along with its closest allies, the United Kingdom, Canada, West Germany and France, abstained on a resolution which called on the Security Council "to consider steps to achieve at an early date the cessation of further foreign investment in South Africa." Sponsored primarily by the African states and the Northern European countries, the resolution was purposely phrased in minimal language to avoid running into opposition from the U.S. In late 1976, Olof Palme, addressing the Assembly at the invitation of the African nations, suggested that the UN take action to limit investment in South Africa. A resolution drafted in stronger language passed the General Assembly last year, but in the Security Council, action on the resolution was vetoed by the U.S., the United Kingdom and France.

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Arthur Burns and the 1980 elections

by Robert Lekachman

Possibly by the time this issue of the Newsletter appears President Carter will have made up his mind whether he is to serve a single term or continue on for a second.

I doubt that this is quite the way his advisers have viewed the Grey Eminence who presides over the Board of Governors of the Federal Reserve. Nevertheless, if Mr. Carter reappoints Arthur F. Burns he may indeed reassure those who frequent the better corporate boardrooms but only so long as he pursues policies which the business community and its hero Arthur Burns favor.

These include slow expansion of the money supply, rising interest rates, acceptance of high unemployment into the misty future, tax breaks for the rich and unneedy, and retreat from the Democratic platform promises of national health insurance, urban rescue, racial and sexual justice, and jobs for every man, woman, and youth who genuinely seeks employment. What business leaders prefer instead is the 3½ per cent real growth rates which Dupont's Irving Shapiro publicly advocated last summer after emerging from a meeting between the Business Council and the President. Since a 4 per cent growth each year is needed to hold unemployment steady, 3½ per cent is guaranteed to generate even more unemployment. It is an assurance that bitterness will continue to spread among men and women, blacks and whites, and the young and old over allocation of perpetually scarce jobs.

Already Mr. Carter has jettisoned campaign commitments to reform the tax system—which he used to call "a disgrace to the human race." If he pursues his hint of $15-20 billion in tax reductions, he will furnish an additional pretext for conservative opposition to progressive legislation. Where, fiscally prudent legislators will cry, will the money come from? If there is a better way for a Democratic President to lose the next election than to campaign on a platform of economic stagnation and broken promises to the groups which supported him the last time around, I don't know what it is.

By now Democrats in the White House ought to know that Wall Street and the National Association of Manufacturers can be placated only by alienating the constituencies of blacks, minorities, and labor unions which Mr. Carter of all people should realize narrowly installed him in office. On business expectations the *New Yorker* accurately rendered this verdict: "The only way any President can gain the confidence of that community is by turning the country over to it, lock, stock, and cash register." The Fed of course operates the cash register in question.

In the first year of the Carter administration, Burns' triumphs include sabotage of tax rebates for individuals, public advocacy of stable exchange rates just when Treasury Secretary W. Michael Blumenthal was encouraging appreciation of the mark and the yen, money growth targets low enough to threaten a 1978 recession, and sharply higher short-term interest rates. Some of his earlier "victories" include pumping up the money supply during the 1972 election season when his friend and patron Richard Nixon wanted a helpful boom and deepening and prolonging the 1973-1975 mini-depression by keeping money unnecessarily tight.

Four more years of Burns strengthens the power and visibility of a strong critic of social programs and a devoted friend of the less enlightened wing of American capitalism. It is an anomaly of American government that the Fed's Board of Governors is formally independent, appointed for fourteen year terms, and chaired by an individual appointed by the predecessor of any sitting President. Congress ought to act promptly to put the Fed under democratic control. But the immediate issue is this single chance available to Mr. Carter to appoint his own man or woman.

Who should that person be? It is instructive to note the names floated in the business media as acceptable alternatives to Burns if the White House musters up enough courage to dump him. Three of the favored are Paul Volcker, Robert Roosa, and Gabriel Hauge of Manufacturer's Hanover Trust who is being boomed by William Safire in the *New York Times*. Volcker of the New York Federal Reserve Bank is credited (or debited) with sharing Burns' opinions. Roosa, in better times a Kennedy Undersecretary of the Treasury and now an investment banker, is considerably more enlightened but all the same a highly cautious financial type. Hauge's bank is heavily involved in the financing of J. P. Stevens and last year about this time he was solicitously advising Mr. Carter that the right people in the top economic jobs would be worth $10 or $20 billion in tax cuts. It is fair to say that any of this trio of white males would be marginally preferable to Burns if only on the ground that the celebrated pipe smoker, as he has marched serenely from one economic disaster to the next, has in the process accumulated enormous prestige among conservatives, and, for utterly mysterious reasons, in Congress as well.

Marginally preferable is the wrong job description for an office which can make or break a Presidency. The very best person for the job, and therefore an unlikely selection, is Representative Henry Reuss, a Congressional veteran from Wisconsin, who has long been one

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of this country's most sophisticated students of domestic and international economics. By no startling coincidence, he is also one of Arthur Burns' strongest and most effective critics. At the Fed helm Reuss would sympathize with liberal objectives in a fashion unknown since Marriner Eccles was Chairman during the Roosevelt era. And because Reuss shares the objectives of the 1976 Democratic platform and many of the aspirations of THE DEMOCRATIC AGENDA, he could be relied upon to administer monetary policy so as to promote full employment.

Henry Reuss would be as enlightened and courageous a Presidential choice as that of Judge Frank Johnson (who has been compelled to withdraw to his country's loss because of bad health) as Director of the FBI. Reuss would be a powerful signal to the public that Mr. Carter is determined to pursue liberal Democratic goals rather than the conservative agenda of the people and the party which lost the last election and now are making their bid to capture the Carter Administration. If the President reappoints Arthur Burns, they will succeed. □

Job replacement fund could save communities

by LUTHER CARPENTER
and DAVID BENSMAN

American workers and their unions are in a bind. When companies fail to modernize their plants, workers eventually lose their jobs as foreign imports and domestic competition make aging mills unprofitable. The firings by Bethlehem Steel in Lackawanna, New York, and by the Lykes conglomerate in Youngstown bring the message home. But when steel companies do renovate their mills, thousands more lose their jobs to capital intensive methods of production.

To date, major industrial unions, such as the United Steel Workers, have not broken out of this impasse. Supplementary Unemployment Benefit plans, which the UAW and USW have provided for years, do alleviate seasonal or short term unemployment. However, when plants are closed or jobs eliminated, federal and union unemployment benefits don't provide the workers with what they really need: jobs. Nor do unemployment benefits address the needs of the cities and regions that are being abandoned. The closing of plants threatens the old steel valleys with a thirties-style depression that will cause secondary unemployment in public services and in service industries.

We propose a job replacement fund to meet these problems. Federal legislation or collective bargaining should force steel companies to pay a fine or tax for every worker laid off permanently. These payments would be used to provide jobs in the areas affected by layoffs. Such a payment would redress the inequity in the current situation, where the companies get an economic benefit from the closings while they throw all the costs on the workers, their communities, and the federal government. A job replacement fund would allow displaced workers to share in the productivity of technological improvements; now, the unions can only obtain a share of the benefits for those workers who keep their jobs. And a fine would serve as a deterrent to companies moving production to new sites or gradually running down employment.

The simplest method of assessing the payment would be a fixed dollar amount per blue collar or non-managerial white-collar employee eliminated. The fine should be directly proportional to firings. If the payment were $5,000 per redundant worker, the payments for the 20,000 steel workers displaced this fall would have created a job replacement fund of $100,000,000.

Two mechanisms could be used to manage the job replacement fund. The payments could be sent directly to the Federal Urban Development Bank that urban staffers in the Carter Administration have recently proposed. The Bank would be required to give priority in disbursing these funds to communities where steel layoffs had occurred. Alternatively, the fines could be paid into a Job Replacement Fund, administered jointly by the Urban Development Bank, the union, and community representatives.

Whatever mechanism is adopted, the job replacement money would be available for low-interest loans to public, non-profit, or private enterprises that would create jobs in the towns where jobs had been destroyed. For example, a Youngstown neighborhood association might propose organizing a housing rehabilitation agency, or a private or worker-controlled energy company might propose building a plant to build solar energy collectors. Since the aim is to provide jobs, the managers of the fund should be required to give priority to labor intensive projects over such capital intensive industries as aluminum refining, oil refining, and electric power generation.

Of course, the Job Replacement Fund should not become a cheap way for corporations to receive new capital as a reward for having fired people. To guard against abuse, we propose the following rules: (1) No funds will be granted to a runaway plant or for an automation project that will reduce jobs. (2) Corporations should have to pay a higher rate of interest than cooperatives, non-profit organizations, and small businesses. (3) No proposal should be entertained by the Job Replacement Fund unless it is approved by a local body, such as a Community Development Corporation, on which there is substantial worker and community representation.

If these safeguards are observed, the Job Replacement Fund could become an important mechanism for bringing equity to American industry. Workers would no longer have to fear the upgrading of their plants. And the unions would no longer be compelled to support the corporations' calls for import controls and relaxation of environmental regulations. □

Welfare reform . . .

(Continued from page 1)

tration's reluctance to increase taxes on the rich and its commitment to a balanced budget raises a troubling question: will the country be better off if this tax reduction leads to a reduction in social expenditures by the Federal government?

So the Carter proposal provides about $4 billion in new tax relief to the low and moderate income workers and increases benefits for intact families and childless adults. But while helping certain poor individuals, it does little for the poor as a whole.

One way of measuring the impact of the Carter proposal is to look at the increase for income maintenance expenditures. Such Federal expenditures would increase by $2.8 billion. But of that sum, $2.1 billion would be in the form of fiscal relief to the states and localities. Only $0.7 billion would go for increased benefits to the poor—less than .2 percent of the Federal budget and less than .04 percent of our GNP.

Capital quotes

"But the bankers, as well as D. T. Regan, chairman of the board of Merrill Lynch, Pierce, Fenner & Smith, Inc., seemed mainly interested in rebutting a recent report by the Securities and Exchange Commission. According to the S.E.C., the banks and Merrill Lynch had failed to inform investors of the city's near-bankrupt condition when it was selling term notes in 1974 and 1975. Further, the S.E.C. said that some banks "dumped" their city-held paper even as they urged others to buy. One by one, the executives made the categorical denial of those charges, saying that the S.E.C. had its figures and its prejudices wrong.

. . . When they finished, Senator Daniel Patrick Moynihan, his face red and his arms flailing, said that the S.E.C. owed the banking and investment community "an apology." He added that the S.E.C.'s bias against Wall Street and the banking and investment community, as expressed in the report, looked as if it came from "a teaching aid provided for the Moscow school system."

The Senator said that the banks were only "guilty of innocence" during the 1975 city crisis."

—N.Y. *Times*
Saturday, December 17, 1977

Lower minimum benefits

Now for the bad news. The Carter proposal, as currently drafted, would have two severely negative effects. One, it would reduce absolute benefits in numerous Northern and Western states. Two, it would wipe out an existing jobs program which currently helps financially strapped cities provide vital services and replace that program with a low wage, punitive, leaf-raking operation.

These dreadful results grow from the Carter Administration's reluctance to spend money for poor people. This miserliness begins with its insistence that there be no major welfare reform until 1981, and is further reflected in the lower minimum benefits.

The Carter Administration has proposed that the minimum benefit level be $4,200 in 1978 dollars. If adjusted for inflation, it would equal $3,880 in 1976, the last year for which we have good family budget and poverty income data. $3,880 is, of course, a totally inadequate benefit level. It is less than the combined AFDC and Food Stamp allowance for a family of four in 38 of the 50 states. In addition, it is only 66 percent of the non-farm poverty income level and only 38 percent of a realistic lower budget for an urban family of four.

The low Federal benefit level means that most states will have to supplement the benefits. However, because of complicated state supplementation formulas and a stringent negative income tax requirement that would force states to provide some benefits to all families making up to twice the basic grant level, it will be financially impossible for some states to supplement up to current levels. HEW's own projections assume that the ten highest benefit states will not be able to provide benefits under the Carter proposal which match current levels. Under HEW's optimistic forecast, the poor on AFDC and Food Stamps in Hawaii, New York, Michigan, Oregon, Wisconsin, Connecticut, Alaska, Massachusetts, Washington and Minnesota will suffer a decline in their living standards. A more pessimistic forecast, made by Henry A. Freedman in testimony before a House Budget Committee task force, indicated that in closer to twenty states recipients would suffer a loss of benefits. No matter which estimate is correct, substantial numbers of welfare recipients will have the incomes reduced if the Carter Administration has its way.

'How long have you been poor?'

The Carter proposal contains two other provisions which further cut already inadequate benefits assistance. As an economy measure, the Carter proposal mandates the use of a retrospective accounting system. It requires that eligibility and benefits be determined by recipient's earnings over the previous seven months, not on current need. Under this system, a person who has been unemployed for six months and had been receiving unemployment benefits of $55 per week could be left without any welfare benefits for eight months when the unemployment benefits end. This callous and unthinking provision assumes that families slightly above the poverty level have savings to carry them through a period immediately following a sudden loss of income. Although the Carter bill provides some money for emergency assistance, the bill's accounting system will severely reduce benefits to families during their initial period of extreme need.

Another feature of the President's program which will further reduce benefit levels is a provision cutting benefits for families with an adult who is expected to work during the initial eight week period that the family is eligible for benefits. The federal minimum benefit level for a family of four would drop from $350 a month to

$192 a month. The higher monthly figure does not provide a recipient with sufficient incentive to seek employment, according to the Administration. Of course, giving a family head $350 a month will not stop him or her from seeking employment at a time when the Bureau of Labor Statistics estimates that at least two and a half times that amount is needed to maintain a family of four at a lower budget. The Administration's assumption reveals the shallowness of its knowledge of, or concern about, this country's poor.

Work incentives

Unlike the income maintenance provisions, the jobs component of the Carter package is without *any* redeeming features and is clearly a step backwards. Simply put, the Carter jobs program will not achieve any of the goals for which public jobs are created. It will not provide the unemployed with either a decent salary or the training needed to earn such a salary. It will not produce any useful goods or services. And it will be impossible to administer. As Jerry Wurf, the president of the American Federation of State, County and Municipal Employees, said in testimony before the House Welfare Subcommittee, the Carter jobs program "makes no sense at all."

The Carter public jobs plan reflects the Administration's belief that public jobs are inherently wasteful, non-productive jobs. At the heart of the President's program is the destruction of the existing public jobs program funded under the Comprehensive Employment and Training Act (CETA) and its replacement by a system of short-term, minimum wage, public service jobs for principal earners in families with children.

These jobs are designed to be as unattractive as possible. As mentioned before the pay would be at, or just slightly above, the minimum wage. Each participant would be fired after one year and could only be rehired after an eight-week, mandatory job search. Participants in this program would not be eligible for the Earned Income Tax Credit so that someone making the minimum wage in private employment would always be better off than someone in the program.

Leaf raking

Given the constraints of minimal salaries and recurring layoffs, and the inherent undesirability of the jobs, it is very unlikely that the local governments, which would administer the bulk of the jobs, would be able to derive any useful work from the employment program. The best that can be hoped for from the President's program is leaf-raking.

The planners of the President's proposal would not disagree with this assessment of their jobs program. They would argue that public service jobs must be unattractive to maintain strong incentives for people to seek jobs in the private sector.

This reasoning totally breaks down when applied to our major cities. From 1970 to 1975 New York City lost over 200,000 manufacturing jobs, a decline of 27 percent in these mostly blue collar semi-skilled jobs. The corresponding figure for St. Louis is 43 percent; for Philadelphia 32 percent; and for Boston 26 percent. The authors of the Carter proposal seem to have forgotten that the paramount fact of economic life is that the private economy has all but deserted our cities. What the residents of these areas do not need is incentives for work. The miserable conditions of daily life provide sufficient motivation for employment. We need meaningful jobs, and that is the one thing this Administration has not been willing to give.

The reasoning also breaks down when one remembers that of the total AFDC and SSI recipients in January, 1977 almost 80 percent were estimated to be children, or aged, blind, or disabled persons. AFDC mothers accounted for 18.9 percent and fathers (chiefly incapacitated or unemployed and job hunting) for 1.8 percent of the total of such recipients.

Even when recipients of general assistance and food stamps are included, it appears that only 15-18 percent of the people receiving public assistance in this country are employable. And of those, the Library of Congress estimates about two-thirds actually work during the course of a year. The Carter Administration is so concerned that the one out of every six public assistance recipients who is employable will find a life at the poverty level satisfying, that it is willing to condemn the five out of six who are not employable, and therefore solely dependent on public assistance, to lives on incomes substantially below that miserable level.

However, it appears likely that the Carter Administration is backing off from its jobs proposal. Administration aides are already saying that this section may have to be dropped. The Administration's retreat is of course not due to the protests of poor people. It is the

Business welfare

Administration insistence on a retrospective accounting system stems from its commitment to a balanced budget in 1981—a necessary step in the restoration of business confidence, it feels. The Administration argues that benefits must be kept low enough that a recipient will take any private employment—no matter how low paying—rather than stay on welfare.

This comes in part from its desire to please Russell Long, the chairman of the Senate Finance Committee. Long's advocacy of unnecessarily strong work incentives and punitive work requirements was best exemplified by the concern he expressed during Congressional consideration of the Nixon Family Assistance Program. Long worried that if Nixon's proposals—with its low benefit level—were to become law, there would be nobody around to launder his shirts.

The Administration fears that the starch in Senator Long's shirts will put a crimp in its plans for welfare reform. That may be the reason the bill requires mothers with children between 7 and 14 to take at least part-time employment.

The Administration also worries that without stiff job requirements, low wage industries will have problems recruiting workers, thereby undermining business confidence.

Socialist education

What does full employment mean? How much relationship is there between full employment and inflation? Can planning work?

To discover the answers to these and still other questions, you can consult an excellent short bibliography prepared by the Education Task Force of the Democratic Socialist Organizing Committee (DSOC). A complimentary copy of the bibliography (four pages in length and including references to articles, books and pamphlets from a wide array of organizations and individual authors), write to The DSOC education Task Force, c/o George Wood, 409 E. Healey, Champaign, ILL 61820.

Better still, send $1 ($3 for a DSOC local or other organization) to be included on the regular mailing list for the Education Task Force. The information you'll receive in return will include bibliographies like the current full employment bibliography, fact sheets on various topics every three months, and information about films and audio-visual material relevant to democratic socialism.

opposition of big city mayors and Northern governors, whose support Carter needs for passage, that has sent the planners back to their drawing boards.

Urban, state and local officials are opposed to the Carter jobs program because it means the destruction of the CETA program. Since the last recession CETA funds have maintained government functions in urban areas. In New York City, CETA employees deliver such essential services as sanitation, recreation, libraries and police and fire protection.

New York City is no exception; in fact, it is less dependent on the CETA program than are many other major cities. Only 10 percent of New York City's employees are CETA employees, while the percentage of such employees in Buffalo is 33 percent; in St. Louis 15 percent; and in Atlanta 18 percent. The elected officials responsible for city administration know that if these jobs are eliminated, they will be unable to maintain even the low level of municipal services now found in these cities. They and some public employee unions have, therefore, banded together to fight for CETA and against the President's jobs proposal.

Even if the jobs portion of the package is deleted, progressives will still be faced with a terrible dilemma. The Carter proposal redistributes income from the poor in high benefit states to the poor in low benefit states. It seeks to help the desperately poor of the South by depriving the poor of the North and the West of the small modicum of decency that some of them have achieved. That such a tradeoff is contemplated in a $2 billion economy is a disgrace to the human race. But as the Administration's backtracking on tax reform indicates, Carter can live with disgraces so long as he fears that the programs needed to eliminate them will hurt business confidence. □

South Africa . . .

(Continued from page 1)

Sponsors of the current resolution, while favoring stronger wording and stronger action themselves, hope that the coutries which abstained will find it difficult to oppose the moderate language.

In part the current battle centers on isolating the Vorster government in South Africa psychologically and politically; in part the effort aims to materially weaken the white regime there. Any Security Council movement on the resolution, no matter how weak the action, would aid in the first objective. The weapons embargo against South Africa passed by the Security Council November 4 is not, for example, as stringent as many supporters of majority rule would like it to be. But the embargo adds to the isolation of the Vorster regime and inhibits the government's military capacity.

So, too, with an investment ban. It would be ideal if more nations would follow the lead of Norway and Sweden in restricting investment or at least followed the example of the Canadians in ending government promotion of private investment in South Africa. Any United Nations Security Council action would add to the international isolation of the white South Africans, and along with the weapons embargo, any slowing of investments there would hamper the government's ability to continue its repressive policies.

A number of industrialized, capital-exporting nations backed this new investment ban when the resolution came up for a vote on December 16. Besides the Scandinavian countries, Japan and the smaller Common Market nations voted for the resolution. But the United States and its closest allies remain uncommitted. They are obviously crucial to the success of the effort to ban or even slow investment, and they hold the power to decide how long the increasingly desperate settler regime will last.

Human rights or unlimited freedom for transnational capital—which is your policy, Mr. President? □

DSOC law caucus

A group consisting of lawyers, law students and faculty, paralegals and other law-related members of DSOC met on November 12 during the DEMOCRATIC AGENDA Conference in Washington, D.C. to establish a law caucus within DSOC.

The convenors of the law caucus include activists within the labor, public interest, group and prepaid legal service, government civil and equal rights and liberties, and poverty law fields, as well as legal education, who believe that DSOC can serve as a useful meeting ground for legal service workers in these different areas.

Those interested in learning more about, or participating in, the DSOC law caucus should write:

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West Coast DSOC hosts Palme reception

by Dan Wolf

I half expected to encounter a dynamic, exuberant, colorful man when I made my way to San Francisco to meet Olof Palme. I remembered his famous (or notorious, depending on your point of view) criticisms of America's Vietnam War. Instead, I found a slight, pleasant man, in his mid-forties, sporting few gestures, with a quiet presence that belied his position of leadership of 63 million people throughout the industrialized world. Leader of the opposition Social Democrats in Sweden and vice-president of the Socialist International, he comfortably roams far and wide over the landscapes of international affairs and domestic travails. Temporarily guest lecturer at Stanford University, he was speaking to a crowd of several hundred in San Francisco October 30th.

"The right to work, and to work that is valuable, is the most valuable right a citizen has," he asserted. "If you ask people about their lives, they'll tell you about their work."

"It was once thought that work was something to be endured, and leisure was meant to be an escape," the former Prime Minister continued. "This is contrary to socialist thinking. Work is more than that. It gives content to people's lives, and makes equality possible." Further, he maintained, "if women don't have equality in the marketplace of labor, there won't be equality anywhere else. The liberation of women is part of the emancipation of men."

He had just returned from a fact-finding tour of southern Africa for the Socialist International. Noting that the world will not accept the growing gap between rich and poor countries, he insists that the creation of a new economic order is mandatory. "There is the recognition in developing countries," he says, "that they must free themselves. But *we* must give them the chance to develop their own economies without domination by multinational corporations."

He observed that the only Third World countries doing well are those with dictatorships and ample supplies of American-style technology. "That's not what I mean by a new economic order."

Palme fears that what is happening in South Africa may soon develop into a terrible race war, and then into a confrontation between the major powers. "Apartheid depends on exploitation of the black workers, and on continued support from the industrial countries. Therefore," he explained, " change will come on two pillars of support: liberation movements, and working against support by the industrial countries."

Palme, whose Social Democrats were turned out of office after more than four decades of power, was forthright in his explanations of the nuclear power controversy which precipitated that event. "We lost by 0.9 per cent, and we estimate that the issue took four per cent overall." However, he points out, the new government found they were faced with the same problem and had to continue the nuclear program. "We're a cold country, highly consumptive of energy; we have to heat houses, produces lots of steel for industry, and so on." The program unanimously adopted by Palme's party congress called for a zero per cent growth rate in energy consumption after twenty years, and a limited program of nuclear energy in the meantime. "People now believe that we are more honest, [though] we were wrong."

Says Palme, "If you want to bring a new quality to life, you must add a new dimension to the view of welfare policy, and include the working environment."

Sweden has a law according to which workers' representatives have the right to review production processes—and the right to stop unsafe production processes. "The law was criticized" Palme states, "but was enacted anyway. And in all the cases where production was stopped, the boards of review found that the workers were right to have stopped production."

Dryly relating an anecdote, Palme drew gales of laughter and applause. "I had a talk with [Soviet Prime Minister] Kosygin, and I told him about this law. He looked at me aghast. "Do you mean, you let workers stop production?' Of course, I told him, we call it workers' control." After quiet had returned, Palme added, "We forced capital to negotiate with unions, instead of institutionalizing their power."

"Workers' control is all part of the democratization of Sweden," he adds. "There is no reason to leave democracy in the hands of the few, the powerful."

"The essence of socialism is democracy in all sectors, not just political, but also in the economic sector."

More and more people have the feeling that capitalism is failing, Palme believes, and communism is no longer a hope. "They are looking for an alternative. You *can* institute reformist policies to transform society in favor of more and greater justice." □

Dan Wolf is a DSOC National Board member from Portland, Oregon.

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Jimmy Higgins reports . . .

KEN CURTIS RESIGNED HIS POST as chair of the Democratic National Committee (DNC) in early December amid reports that the White House was unhappy with his loose style of running the Party. In fact, Curtis was widely regarded as too easy going to be an effective leader. But a number of Party activists saw the forced exit of Curtis as the possible opening of a White House campaign to control the Party more tightly. Presidential aide Mark Siegal, former executive director of the DNC under Robert Strauss, is suspected of favoring such a crackdown. So in response to the ousting of Curtis, 28 leading Democrats issued a warning that Curtis' replacement must not seek an end to debate within the Party. Eight state Democratic chairs signed he statement (including Marjorie Thurman, GA.; Rick Scott, MN.; Don Fowler, S.C.; Michael Bleicher, WI.; Ed Campbell, IA.; Herbert Cheever, S.D.; Joanne Symons, N.H.; Richard Ista, N.D.). So did eleven other members of the DNC, and leaders of important Democratic constituencies like labor leaders William Winpisinger and Ed Donahue, feminists Gloria Steinem and Mildred Jeffrey (of the National Women's Political Caucus), Leon Shull, the executive director of ADA and Michael Harrington, the chair of the DSOC.

WITH RICHARD NIXON IN FORCED RETIREMENT where can Frank Fitzsimmons and his corrupt cronies turn for support and friendship? They seem to have found new friends in the bizarre little group that calls itself the U.S. Labor Party. Other people in the trade union movement call the Labor Party other things; the UAW Washington Report recently called it "a crackpot group . . . [which] often lines up with the worst reactionary groups." *Steel Labor* as far back as 1975 referred to the Labor Party as "the makings of a fascist movement." Of course, tough Teamster leaders have been disregarding what other trade unions say for years now, so those characterizations weren't about to get in the way of their new-found friendship. Especially when the Labor Party has a report ready for use in "The Plot to Destroy the Teamsters." *Convoy*, the newspaper of Teamsters for a Democratic Union (TDU), reproduced a letter on the stationery of a large Wisconsin local. The secretary-treasurer signed this form letter urging members to read the report, which was enclosed. In some other locals, the report has been given to journalists who asked questions about dissidents in the Teamsters union and has been distributed free to all who enter the offices of a large Indiana local. Labor Party literature has been displayed at a Jersey City local's meetings. According to some Teamster dissidents, Fitzsimmons' attacks on the opposition within the union have shifted in tone in recent months and now sound very much like the U.S. Labor Party attacks. TDU has officially requested that Fitzsimmons call on all affiliates and officers who are distributing this literature to stop doing so. So far, TDU has received no response.

NO BIG NEWS from the most recent AFL-CIO convention; in fact, "dull" and "routine" were words often used to describe the event. But there were some good points. Labor, eager to recement the old alliance with liberals and blacks, seems to be ending the seemingly endless war against "New Politics" liberals. Meany's speech for the most part would have fit right in at the Democratic Agenda conference; he tied full employ ment to the campaign for international and domestic human rights and called for the creation of 76,000 new jobs per week for 208 weeks to implement Humphrey-Hawkins. Even the traditionally conservative bulding trades have turned their guns on New Right activists and rightward-drifting liberals.

A SLAP IN THE FACE came long distance as President Carter declined an invitation to address the convention and sent Vice President Mondale as his replacement. Mondale is closer politically and personally to the labor movement, but it is nearly unprecedented for a Democratic President to decline an invitation from the AFL-CIO. Mondale was received enthusiastically, but there was grumbling about Carter's not coming. Was his absence a gaffe on the part of a politically inexperienced President? Or was the Administration purposely signalling the low regard in which it holds the labor movement and in which it thinks the nation holds leaders of labor?

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