

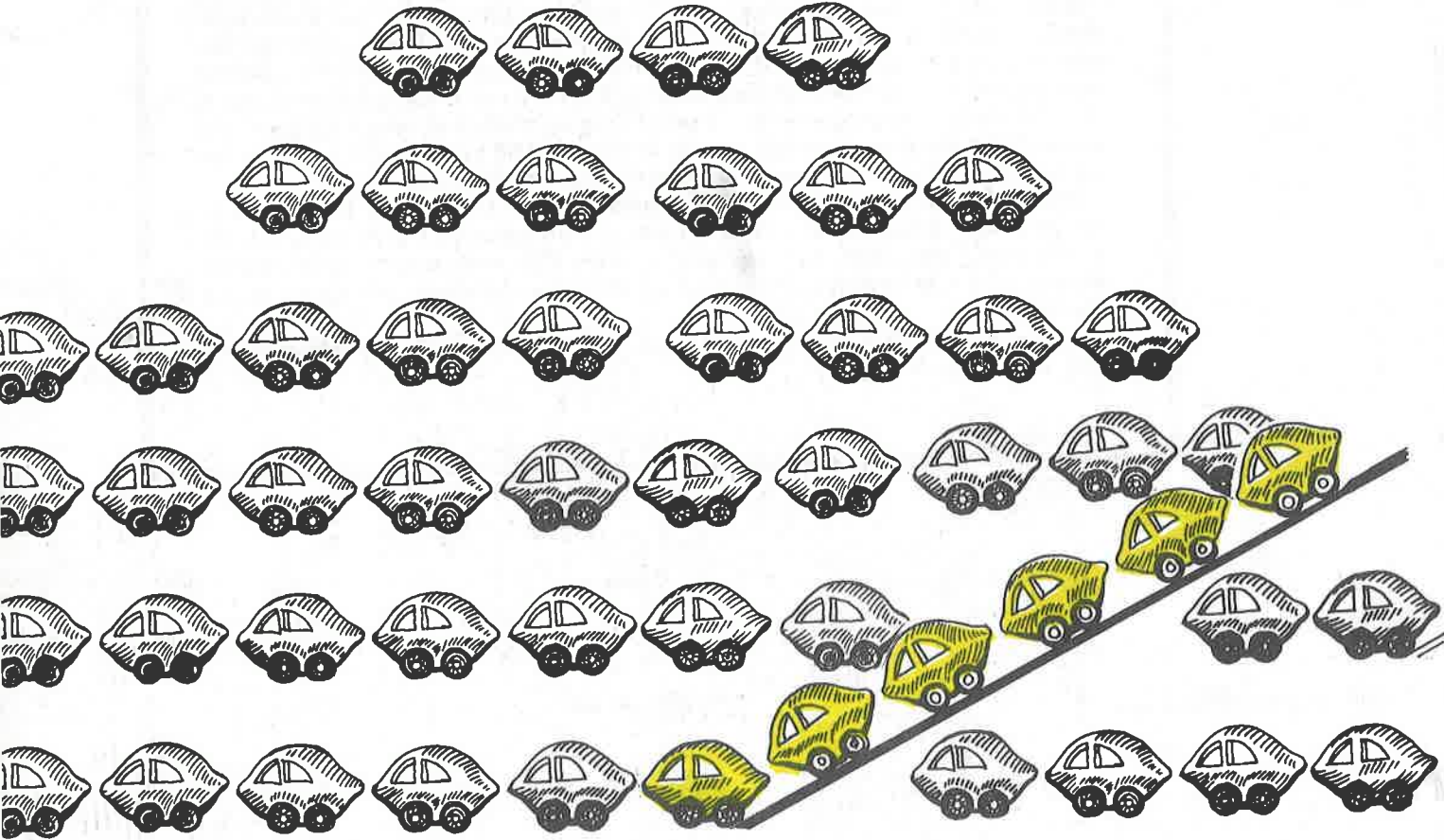
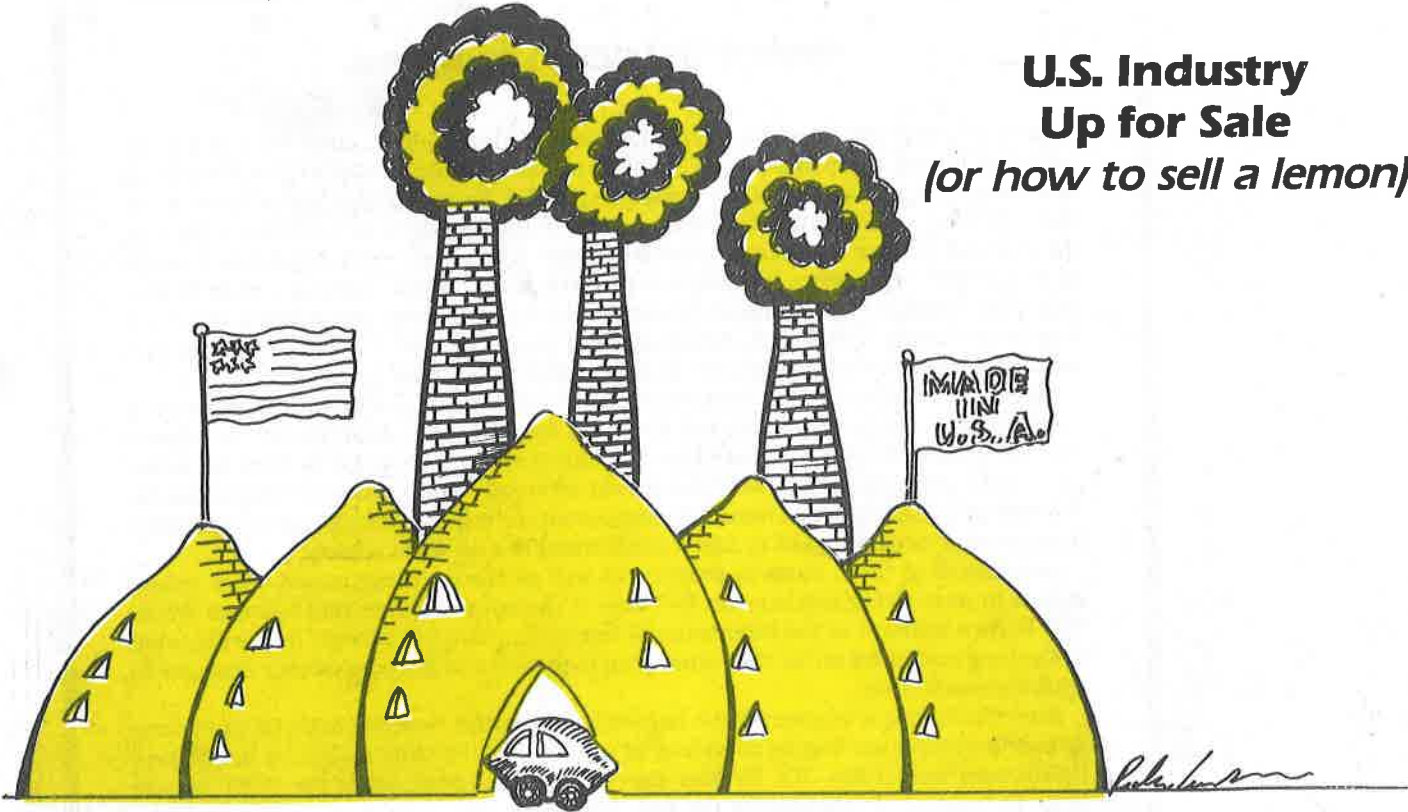
# Current

**Against the**

a socialist quarterly magazine

Spring 1985  
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## **U.S. Industry Up for Sale (or how to sell a lemon)**



## STEVE ZELUCK, 1922-1985

*Against the Current* deeply mourns the death of Steve Zeluck, comrade and friend, who died March 1st in New York City of mesothelioma, an incurable cancer caused by exposure to asbestos when he worked in the U.S. Navy shipyard in Philadelphia at the beginning of World War II. Steve was one of the founders and editors of *Against the Current*, and we are greatly indebted to him for its high quality and broad range of theoretical expression. He believed in furthering dialogue among revolutionary socialists of different persuasions as a means of resisting dogmatism and uniting the fragmented revolutionary left. As a founder of Workers Power, his last political affiliation, he worked for a regroupment of democratic revolutionary forces.

Steve believed that the working class has the capacity for self organization and the creativity necessary to emancipate itself and free the world of all forms of exploitation. Steve advocated a socialism based on direct workers' power, free from bureaucracy and paternalism, a power that would rationally and democratically organize production to satisfy social needs. He supported the self organization of the specially oppressed as both a means to and a constituent of a socialist society.

Committed to these ideas in practice as well as theory, Steve joined other young leftists in re-entering industry on the wave of the labor upsurge that followed World War II. As a militant at the International Harvester plant in Chicago, he participated in the long and bitter strike that attempted to preserve union control over changes in working conditions.

After becoming a teacher, Steve helped organize the New Rochelle (N.Y.) Federation of Teachers, serving as president of the local at the time collective bargaining rights were won (1964-70). He was also elected vice-president of the (N.Y.) Empire State Federation of Teachers for the year 1961-62.

With a vision of the power that could be wielded if the union joined forces with parents, students and the community to improve the education system for the benefit of all youngsters as well as all education workers, Steve, from the mid-60s until his retirement in 1976, worked untiringly to build a national opposition within the AFT to the narrow business union and racist policies of Albert Shanker. He believed that the growing teacher union movement could help lead a rank and file upsurge and revitalize the American labor movement as a whole.

Steve was a socialist activist and a Marxist intellectual. He was a student and teacher, comrade and friend, as well as husband and father. He will be sorely missed by the many who came to know and love him. Our work will be more difficult without him. A fuller appreciation of Steve—his work and ideas—will appear in our next issue.

A Memorial Meeting will be held Sunday, March 24, 2:30 P.M. at the Machinists' Hall, 7 E. 15 St., N.Y.C.

# **Against the** Current

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Spring 1985

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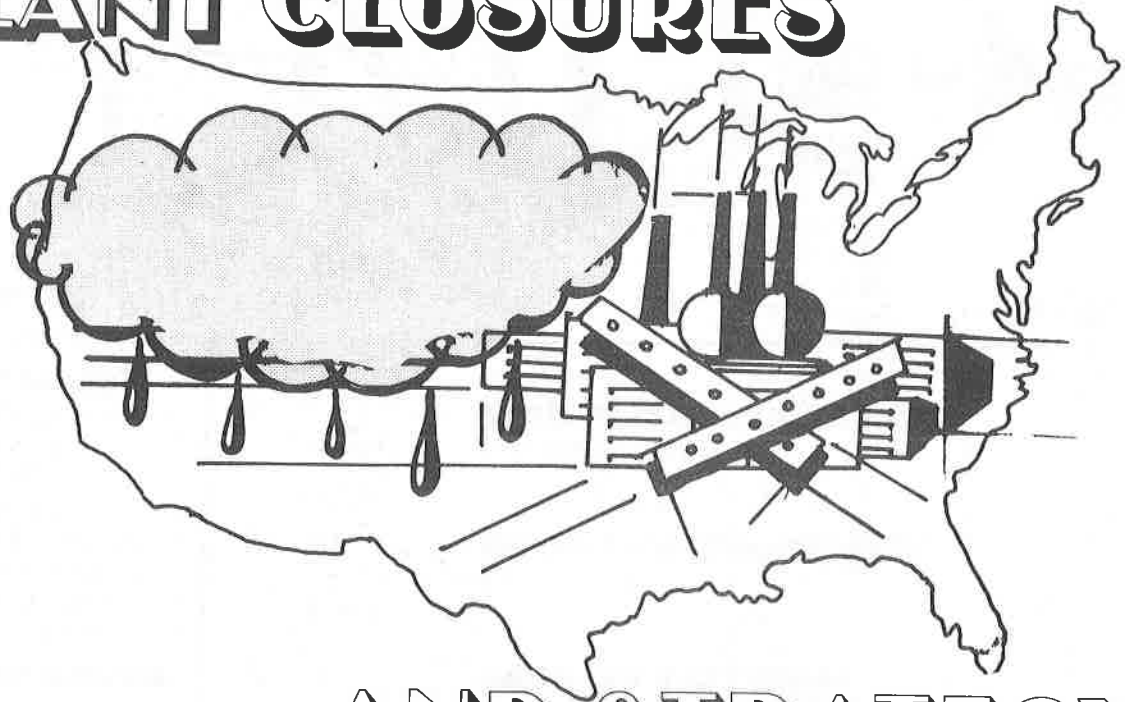
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# PLANT CLOSURES



# AND STRATEGY

by Norm Diamond\*

*The Fight Against Shutdowns: Youngstown's Steel Mill Closings* by Staughton Lynd; Singlejack Books (Box 1906, San Pedro, CA 90733), 244 pp., \$9.95 paper

**P**lant closures have taken on a new political significance. Although they've been an enduring feature of capitalism, they've mainly occurred during economic downturns. That historical link to the business cycle is no longer primary. Shutdowns now continue, in "good" times as well as bad, as part of what may turn out to be a basic restructuring of the economy.

Their significance is partly as a point of contention between two different approaches to restructuring capitalism. One approach would lubricate the transition, increase the economic guiding role of the state and incorporate the leaders of unions. Another would, and presently does, assault unions, increase the disciplining and repressive role of the state and give corporations an even freer hand to act as they see their own interest. In one, shutdowns would be regulated, sometimes discouraged although sometimes also encouraged, and their trauma eased. In the other, they would happen according to the whim or strategy of corporations, and the laid-off workers and left-behind communities would be offered the solace of a distorted sermon from Adam Smith.

For those of us who reject capitalism, restructured or not—and a relatively stable restructuring may not even be possible—plant closures are significant as exceptional organizing opportunities. Their economic dislocations and the changed roles of familiar institutions such as corporations, the state and unions, undermine what have been lingering worker allegiances to aspects of the status quo. Whether this potential is realized partly hinges on how shutdowns are understood:

whether as results of foreign competition, government regulation, high labor costs, irresponsible management or runaway capital. They are occasions for us to encourage an explanation and vision that are alternatives to those of a reconstituted capitalism. Poorly thought out interventions, however, risk feeding into one or another of the approaches to capitalist restructuring.

The struggle's been sharpest, the dislocations most severe, in steel production. This is where certain dimensions of the would-be restructuring, especially the increased mobility, and internationalization of capital, have been most pronounced. Cash flow and borrowing power generated by producing steel are being diverted to other industries, to insurance and financial instruments instead of production, and to overseas steelmaking. Companies that for most of this century have concentrated on producing steel, now are cutting back production and diversifying broadly. Some now license, share or outright own foreign mills that directly compete with their domestic facilities. Banks that have made their profits from the U.S. steel industry and have representatives on its corporate boards, now refuse loans for domestic modernization and instead finance competitors abroad.

The Youngstown, Ohio area suffered major steel mill closures in three successive years, 1978–1980. Some of the most important recent worker and community

\*Norm Diamond, formerly Executive Director of Pacific Northwest Labor College has worked in a steel mill and is an activist in Portland, Oregon.

responses to shutdowns occurred here. We are fortunate that Staughton Lynd was on the scene. Lynd is a well-known scholar, radical lawyer and committed socialist activist who lives in the community. More than a first-hand observer, he was an actor in the events.

He's written a book that is important because it focuses on people's *political* response to shutdowns. Most previous writing on plant closures has been limited to their consequences, the extent to which people's lives and sense of self-worth are undermined, or their economic and political causes.<sup>1</sup> *The Fight Against Shutdowns*, however, also has its limits. Primarily a chronicle of events rather than a discussion of strategy, it is only minimally self-reflective. It draws some conclusions about tactics but is curiously restrained in trying to learn from the experiences its chronicles. Its sense of strategy is only implicit in its descriptions and seems inadequate to the opportunities that the book details. To some extent, the book's weaknesses reflect weaknesses in the organizing that actually took place.

For a reader interested in strategy, these are major deficiencies. Yet the book is well worth reading. There's material here for reflection that goes beyond where Lynd has taken it. Partly drawing on the book and partly going further, this review will discuss the following issues: some criteria for left as distinct from reformist strategy; how workers and communities have responded in shutdowns and what organizing potential this indicates; the actual and possible role of unions; and alternative production arrangements, including worker co-ops, and whether they have value as political and social transitional institutions. A concluding section will outline some specific strategy suggestions to combat plant closures.

## Militancy Without Strategy

Written largely as a journal, one of the book's merits is that we are not presented with static outcomes; we are able to see people's response develop. We see the initial rank and file impulse to believe the explanations offered by management. We see workers attempt to mobilize the community behind a catchall petition calling for government protection against foreign imports and for relaxed environmental regulation and increased steel prices (110,000 signatures in two days) and see it give way to a disillusionment with company policy and the Steelworker International's support for it. We are moved by the remarkable speech given by the president of a nearby union local—his own local all but disbanded by a previous shutdown—that leads to his audience seizing a corporate office building. Above all, presented with these instances of worker self-organization, we sense potential for a kind of organizing, strategic and socialist, that apparently did not occur.

Lynd's writing elsewhere has been important in emphasizing the significance of working class self-organization.<sup>2</sup> Here, unexpectedly, he not only doesn't attempt to draw out the implications of much of what he describes, but he leaves important gaps in the description. At times, for many pages, *The Fight Against Shutdowns* loses track of the workers. This happens not simply because workers occasionally were overshadowed by ministers and community people and played only a minor role in the way some of the struggles were

developed. In the first shutdown, a group called Steelworkers United for Employment (SUE) held a large meeting and presented practical proposals for keeping the mill in operation. The group apparently had other activities than just this one meeting, but we are not told what those were, nor how large the group, nor how it was formed. Save Our Jobs was a women's organization referred to briefly for its participation in a building occupation. This group, too, disappears from the account without our learning what else it did, how large it was, etc. That information would be important for us accurately to assess the range of organizing possibilities and evaluate the choices that Lynd and others made as organizers.

Given his own history, Lynd must have thought about how his efforts, together with those of others, might contribute to building a working class movement. The strategic objective would be a movement characterized by ever greater understanding of this society and what this society could become, a movement ever more capable of controlling increasing spheres of its own activity. Yet, the question of left strategy never comes up explicitly in this book. Lynd seems to *assume* that the marches and meetings, sit-ins and legal maneuvers that he tells us about, and the positions he advocates, amount to or embody a strategy that could lead toward significant social change. That assumption is unwarranted, and is bound to be the case with strategies not raised to a conscious level and critically examined.

As a result, the unquestioned goal of all the organizing Lynd describes is to reestablish the viability of the closing steel mills within capitalism, so as to provide continued employment. The specific proposals on which he reports were designed to enable these mills to compete more effectively with those elsewhere. What they aim at is not government protection against imports, an increasingly common corporate and union objective, but the opportunity to beat Japanese workers (and other U.S. steelworkers, for that matter) fair and square. Their logic is still capitalist rationality. Had the organizing been successful, the mills would have been reabsorbed into cycles of competitiveness and new waves of attempting to drive down labor costs. This could not have been Lynd's intention. Yet it would have repeated the all too common pattern in which advocates of fundamental social transformation see their efforts co-opted into the opposite.

Lynd is surely right that continuing steel production was feasible. In fact, in each of the shut mills at least some of the facility has since been reopened by new companies. These reopenings, however, were also to some extent signs of defeat. They occurred in part because entrepreneurs sensed that workers were now less militant than they had been in years. In turn, the reopenings and the jobs they provided—many fewer than had been lost—further undercut people's willingness to go on fighting.

In retrospect, Lynd has recognized limitations on the struggle's accomplishments. In late 1980, after the struggle abated, he said in an interview: "I think we've probably done as much as can be done in the valley as far as recreating the steel industry. It's not my utopia. It took the form of a capitalist enterprise, but one shouldn't be surprised at that, and it's better than nothing."<sup>3</sup> There is some relationship, however, between the

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limits of the accomplishment and the limited objectives and the kind of organizing. Further, the question is not only one of limits but of lost opportunity and of reabsorption and co-optation. I would not want to argue that a perfect strategy would unequivocally have resulted in socialist consciousness and full employment in Youngstown. Both the danger of co-optation and the limits come from external factors as well as those directly within the control of activists. The point of my criticism is not to avoid struggles aimed at restoring people's jobs, but to participate in a way that embodies objectives beyond only restoring jobs. In accepting "recreating the steel industry" as the major goal, *The Fight Against Shutdowns* mirrors in its analysis the deficiencies of the organizing it recounts.

Throughout the book, in spite of the changes that people undergo, their awareness and beliefs are presented as givens. There is seldom an indication of whether anyone (Lynd?) tried to encourage a deeper understanding. For instance, we are told early that people blamed a "bad corporation" and not the capitalist system.<sup>4</sup> Were any organizers there trying to change that perception? Was this understanding in spite of organizers' efforts? Or, rather, did the organizers think it necessary in order to mobilize people, to personalize (corporatize) the enemy? We can't tell from the book the extent to which there even was an attempt to present left positions. What we might have hoped for is not only an account of a reform struggle, but some guidance on how to work within reform struggles in a manner that doesn't end up rationalizing and reinforcing existing institutions and outlooks. What we get instead, not wholly intentionally, is a case study in the limits of militancy without strategy and the deficiencies of organizing for narrow objectives.

### Response and Potential

In most places where steel and other shutdowns have occurred or been threatened recently, the political response has been minimal, even cynical. Workers are given severance pay and union instruction in filing for supplemental benefits, if eligible, and for unemployment compensation. Not challenging management, unions offer wage, benefit and work rule concessions and/or join the company in lobbying for government relief. Union response not tied to a corporation perspective has been more rare, centering around legislation and contract language. Plant closure legislation requiring the advance notification of shutdowns has nearly always in this country been fought for through lobbying, with member involvement generally restricted to mailing pre-printed postcards to legislators.\* Those bills the legislature does debate have been watered down into schemes for corporations to blackmail the taxpayers into environmental, tax and other concessions.

A different approach, usually by militant locals, has been to use contract language to resist shutdowns. Well formulated terms can buy time in a threatened closure and may also increase the likelihood that any new com-

pany operations will be union. More importantly, the struggle to get that contract language, both to have the local adopt it as a bargaining priority and then to force management to accept it, can be a means of strengthening the rank and file. It also, as in recent struggles of the UE in New England and the UAW in Canada, raises the possibility of preventing a shutdown and not simply easing the trauma. For instance, contract language can commit the company to upgrade its investment as a deterrent to closure. It is, however, more effective at the time the closure is first threatened by management than after the shutdown is announced.

In Youngstown, the response went well beyond what it had been nearly everywhere else. A militant movement developed that mobilized steelworkers and parts of the broader community. Its tactics ranged from building seizures to courtroom challenges. This was a movement that grew from appealing to the government into occupying the headquarters of U.S. Steel, that challenged the USW International leadership and began to think about alternative economic institutions.

As everywhere now where people lose jobs, Youngstown workers initially tended to blame themselves. In addition, the various forms of financial aid, unemployment compensation, supplementary unemployment benefits, Trade Readjustment Assistance, diminished their sense of urgency to act. Some workers, close to retirement or to having a vested pension, were reluctant to rock the boat. People's ability to act in concert had been undermined since the International, in 1973, gave away the right to strike and the right to ratify their own contract.

If Youngstown had discouraging factors common to many shutdowns, it also had a tradition of militancy, albeit fading, and a willingness to break with top union leadership in its collaboration with management. At least one of the USW locals was strongly democratic and had led fights within the International against the no-strike agreement and against union participation with management in productivity committees. Within the USW this was also the district that generated the Rank And File Team in opposition to incumbent International officers.

In addition, political organizers, notably Lynd himself but also some religious leaders, already had a base in the community. Further, the fact that Youngstown Sheet and Tube was owned by Lykes Corp., a conglomerate blatantly milking the steel assets to build its other enterprises, made it somewhat easier for people to see that the particular closure was due, if not to capitalism, then at least to malevolent corporate policy. There seemed to be a clear-cut conglomerate villain. Elsewhere, both workers and community often have attributed the shutdowns to a "bad market for steel" or "unfair international competition," identifying the corporations' plight with their own. Finally, three closures announced in three successive years in the same industry and same community, devastating as they were, made it possible for the later victims to learn from the earlier (even if reservations are in order on precisely *what* they learned).

Less specific to Youngstown, workers responded as they have often in recent shutdowns, with a sense of betrayal. Some of Lynd's most evocative passages concern the implicit bargain that workers in older, heavy

\*An exception was Montana's plant closure initiative which mobilized hundreds of union members, first discussing the issues at union meetings, then with their neighbors while collecting signatures.

industry have made. They put up with dirty, hard, sometimes demeaning work and polluted communities, often even suppressing in themselves the recognition of these conditions. In exchange, though, they expect that the old mills to which they've consigned their lives will continue to provide jobs and the identity that being a breadwinner brings. When the mills close, they react partly with outrage, as to a contract violated.

This is not the high turnover, high tech workforce with "only" an economic stake in its jobs. The organizing potential is different here than when Atari closes and goes off to Asia. Here, people form their community at least partly in the workplace. They may work alongside the same group for decades. Three generations of the same family may work in the same mill. People leave work together and return to their common neighborhoods. They've not been subject to the hiring practices and architectural design used in some more modern industry to discourage community. When their job is at stake, so is their network of personal relationships. The shock of shutdown is greater in this situation than with an Atari closure, as is the ability to fight back.\*

## The Role of Unions

These were union members, of course, which enhanced their ability to respond. However, the role of U.S. union officials faced with shutdowns has seldom been exemplary. The USW was no different. Lynd's book is a catalogue of obtuseness and interference by the International and its representatives. From the beginning, the International accepted the corporation line on profitability and the reasons for closure. It refused to support the community effort to get government funds until it knew the effort would be rejected. It refused to organize the workers and opposed their direct action tactics. During the struggle, it actually negotiated a contract giving management increased flexibility in closing plants. The International also repeatedly undercut the Youngstown locals' attempts to use the grievance procedure to block management moves and to enlist community support. One basic question facing any worker struggle is how to work with and within the union. Lynd offers a list of horrors but no explanation for the behavior he describes.

Clearly, the International sought to keep control over its members, even at the cost of losing struggles that might maintain jobs. Its other interest—preserving pensions, surely a worthwhile concern—was in Youngstown little more than an attempt to maintain the support of the older members. With no broader left political movement linking unions and to some extent standing out-

\*Shutdowns in heavy industry are now reminiscent of past times of major historical transition, when the impact of the change has been felt by different social groups at a slightly different pace. New values and social expectations, for instance with regard to charity and communal responsibility in eighteenth century England, are solidified first in the dominant classes, which then attempt to impose them on those below. To those who still adhere to the old values for the measure of protection and anchoring they provided, the new are seen as betrayal of a social compact and abnegation of social responsibility. This sense of betrayal has been the source of much of the working class militancy against earlier consolidations and reconsolidations of capital. In the present situation where the outcome of the attempted reconsolidation is far from predetermined, this consciousness represents an opportunity to seize.

side them, unions act in narrow terms, protecting the old instead of the young, their members as distinct from workers in general, and staff and leadership interests at the expense of the rank and file.

## Employee Ownership?

As an alternative to support from their International, Youngstown steelworkers both found and built community support. Lacking aid from the International and alternatives of their own, they became dependent on community leaders and outside consultants to devise and promote a plan for reopening the mills. That dependency is manifest in the plan that was developed. Its keystone was a scheme for worker-community ownership. Community Steel would be a for-profit corporation with publicly held stock, some of which would be owned by workers through an Employee Steel Ownership Trust. Workers would name six of the fifteen directors. Six would be named by the other stockholders, with the remaining three to come from a community organization to be set up as a conduit for federal subsidies. A for-profit corporation was decided on to attract stockholders and bank lending; the capital needs would be too great to rely wholly on government subsidy. Each of the three groups, workers, stockholders, community representatives, would have veto power over fundamental Board decisions.

Lynd seems to think that Community Steel would have been, to a significant extent, a producers' cooperative and, as such, a socially transitional or transformative institution. He asserts that "(e)mpty-employee-community ownership . . . would have challenged the capitalist system on the terrain of the large-scale enterprises in basic industries" and writes of its "explosive potentiality."<sup>5</sup> However, whether alternative production structures are potential challenges to capitalism depends on the kinds of worker struggle they lead to and make possible. No new institutional arrangement in and of itself is such a challenge. Instead, some important considerations are: whether the initial organizing to establish the institution enlarges people's understanding that fundamental features of the overall society need to be changed; whether the struggle deepens their commitment to continue fighting even after the production structure is established; whether their experience within the new institution provides practice in developing and controlling their own objectives and activities; whether it encourages a vision of what better ways of working together in the workplace might be in a transformed society; whether it enhances their sense that even larger changes would be possible by joining their efforts with those of others. These aren't considerations that Lynd seems to have in mind. Most striking are the basic issues not discussed: what would authority structures be on the shop floor in Community Steel? what would working conditions be? From his account we can't tell whether these questions were even raised in the months of working on alternative models. They do arise at the very end of the book in two paragraphs that are nothing more than lists of questions<sup>6</sup> quickly bypassed for yet further discussion of the capital needs of producing steel. The potential challenge to capitalism is left an unsubstantiated assertion.

As a future vision, cooperative production may be powerful in mobilizing workers. There are attractive val-

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ues, at least in theory, to these alternatives to conventional corporations. However, as a socialist tactic in advanced capitalism, cooperatives fail. They are squelched or reabsorbed by surrounding capitalism, their members forced into a losing conflict with capital which imposes the rules of capital. Even the fabled Northwest plywood cooperatives (I write from within the Northwest where the co-op mythology is very strong) prove less attractive on closer examination. Some have flourished mainly as labor-intensive hedges for larger corporations, semi-captive suppliers, and have been going out of business as the market changes. In those that have done well, the co-op shares may become so valuable that new workers can't afford to buy in, or the co-ops can only sell out to corporations. Hired workers who are not co-op members tend to be more restricted in their job opportunities than within regular corporations. Some of the co-ops have been quite adept at denying their hired workers union protection.

Historically, failures and difficulties in the dominant institutions can open the way for workers to consider alternatives. That is what is happening now. An earlier upsurge in interest in producers' co-ops and other schemes of employee ownership took place in the late nineteenth century, at yet another time of vulnerability and attempted reconsolidation of capital. This was the time that the corporation form, roughly as it exists today, was being solidified. Then, the Knights of Labor, a militant workers' movement that included women and men, blacks and whites, unskilled and skilled workers, attempted to avoid directly confronting dominant economic interests and institutions by setting up its own network of alternatives. Its prospects against an earlier corporate capitalism were much stronger than the prospects of comparable efforts now. Its defeat holds lessons for the present. The question of alternative visions, important as it is, is only one aspect of the question of strategy. It's not that co-ops, etc. should be opposed. Sometimes they may be a means of saving jobs. It is a misrepresentation, however, to treat them as if they *per se* advanced the struggle.

In any case, the Youngstown model would not have been even a producers' co-op. Workers would not have been sole or majority owners. More significantly, repeated experience shows that even full worker ownership does not necessarily bring worker control. In comparable situations, for instance South Bend Lathe, which was one of the inspirations for Community Steel, managerial controls have been increased over those before the company supposedly had workers ownership. When taking over a semi-failed enterprise in a tough market, much of the necessary capital comes out of worker concessions, worker self-exploitation, and even more stringent, professional management.\* Although Lynd does not report it, there was strong emphasis in Youngstown worker/community meetings on the need for a tougher, more professional management. Rephrased, but with no alteration of meaning, their emphasis was on out-doing the conventional corporations in this aspect of squeezing a surplus out of steelworkers.

\*In a number of instances, establishing a co-op or an Employee Stock Ownership Plan has been used to eliminate the union or workers' pensions.<sup>7</sup> These were two dangers against which Community Steel did take precautions.

Lynd seems to feel that having federal funds will enable left approaches to these questions, but he gives us no clues as to why nor how. With the right kind of struggle as suggested above, federal funding could be useful, but it is not in itself an advance. Nationalization in Great Britain has not proved an obstacle even to plant closures and job loss. Instead of economic and political strategy for using the funds, Lynd focuses on the drama of which federal agency, the Department of Commerce or Housing and Urban Development, will be given jurisdiction over the Youngstown request. On this hinged the success or failure of the movement for Community Steel. With federal funding the key to the struggle, success in any meaningful left terms was impossible.

### Fighting Shutdowns

Worker control, as distinct from supposed worker ownership, is imperative. Ownership, in the present circumstances of a limited political movement and an opposing state, is almost certain to be diverted into some form of capitalist rationality. Ownership, too, can be a step away from control (tightened management authority, weakened unions). When the terrain of struggle is ours to choose, the choice should not be to set up co-ops nor employee ownership schemes. It should instead be for a combination of self-government in increasing spheres within the workplace, strengthened unions and other workers' institutions, and public ownership.

Public ownership, whether local, regional or national, has important advantages over direct ownership by workers. Both in its source of funds and with a guaranteed or preferential public sector market, a publicly-owned enterprise has greater potential of breaking away from the logic, pressures and constraints of capitalism. Paradoxically, it has more potential for worker control in the transition from capitalism than do any of the schemes for capitalist worker ownership. It does not, however, automatically guarantee worker control, as the experience of Europe, both East and West, testifies abundantly. Striving for public ownership makes sense only as an adjunct to increasing self-government within the workplace and strengthened workers' institutions.

Tactics will differ from one shutdown situation to another (although linking the situations and making clear their universal threat within capitalism, to every region and every industry, is another imperative). Community struggles might enable the use of eminent domain to take over a closing plant, especially if the facilities had already been seized by their workers. (In Youngstown, as Lynd points out, it would have been preferable to occupy the mill rather than the local corporate offices.) Union pension funds, especially those of public employees, could be used in a public ownership takeover. Obtaining these funds or federal money or loan guarantees will require fights, both legislative and within the unions, which can be won as part of a broader movement around shutdowns.

For public ownership to be more than merely "lemon socialism," burdening the public with failing industries, worker organizations within the workplace will need to expand both the scope of their activity and their membership involvement. Both industries facing near-term shutdowns and elsewhere, establishing worker committees that develop policy within specific workplace



spheres, even if they're not yet in a position to implement what they develop, could be a prelude to increased worker control. Such "shadow governments" either could capture an enlarged area of autonomy through collective bargaining or be in a position to intervene in the event of a plant closure. This kind of worker committee already exists in very informal and preliminary form in many workplaces. A more full-fledged model, albeit no more than suggestive, would be some of the union health and safety committees that have developed over the last fifteen years.

A firm that becomes public through a plant closure struggle would still be operating in a capitalist market, in obsolescent facilities, perhaps with large capital needs. However, in an impending shutdown or under public ownership, worker committees could be in a position to decide whether the firm should try to remain competitive in the same industry or attempt to produce new products and even create a new market. Developing worker input into product decisions also permits raising questions about people's needs that transcend capitalist market rationality. The shop stewards' movement that spread from Lucas Aerospace to Vickers, Parsons and other British firms in an important model.<sup>8</sup> Another experience on which to draw is that of the conversion projects in the United States, some with significant worker involvement, developing alternatives to war-related production.

There are many fronts on which to fight shutdowns; many good starting points. As with the examples just mentioned, there already are productive struggles underway. Additional issues and areas can be mentioned only briefly. First, within unions, nearly every collective bargaining agreement begins with "management clause" which concedes management's right to decide most of the issues associated with shutdowns. An early step in building a struggle would be to organize to reject that clause. Also, along with worker committees inside workplaces, we need to be developing cross-union councils that bring together rank and file from different plants within the same industry, from different industries within the same geographic area, and from different plants and different industries within the same corporation. Further, a simple and basic deterrent to many instances of runaway capital would be to broaden union membership, permitting individuals in unorganized workplaces and people who are unemployed to join. If these can be attracted as members, organizing in new industries and in the places where capital runs to start anew would be substantially easier. To attract these new members with no near prospects of collective bargaining for them would require both broadening the scope of social issues that unions deal with in a real rather than rhetorical manner, and expanding the nature of services provided.

Many other aspects of a strategy to combat shutdowns also deserve more extended treatment. Community ties outside of specifically worker institutions are important to discuss, as is contact between worker groups in the different countries where multinational corporations operate. Legal obstacles to worker expressions of class solidarity (secondary boycott restriction in Taft-Hartley) need to be repealed—more likely through ignoring them massively in practice than by legislative maneuvering. Most important of all, whether the terrain

is of our choosing or not, is *how* we fight within the various movements, the understanding built, the activist, analytical and organizing capabilities developed.

The issue of plant closures has as much potential for building a radical working class movement as nearly any that can be imagined. It ties integrally to fights over new technology, concessions, investment decisions and "local content" (modified protectionism favored by some unions). It incorporates broad environmental concerns, that of the social environment of shutdown communities, the environmental blackmail used by corporations that threaten closure in the face of worker and community health concerns, the health hazards in facilities let deteriorate as a prelude to shutting them. It directly raises questions of private versus social costs and benefits. These are not, however, questions that come up automatically nor is the link between the issues obvious and apparent. For a radical movement, workers have to be able to understand how the issues tie together and how they tie to the way in which the entire society is constructed. Work on all the different fronts, within the union, workplace and community, must be interrelated. That linkage doesn't require tight central coordination, but a continuous interplay and back and forth communication: each issue and struggle informed by all the others. The main point in a left strategy for responding to shutdowns is, both in practice and in consciousness, to make those links. ■

<sup>1</sup> Most of the exceptions, which do at least raise the question of political response, are narrow in scope. See, for instance, the two joint publications by the Ohio Public Interest Campaign and the Conference on Alternative State and Local Politics; Edward Kelly, "Industrial Exodus, Public Strategies for Control of Corporate Relocation," 1977, and Ed Kelly and Lee Webb (eds.), *Plant Closings*, 1979. See also Bob Baugh, "Shutdown: Mill Closures and Woodworkers," International Woodworkers of America, 1979. One of the few approaches which even suggests trying to build a workers' movement is "Plant Closings and Runaway Industries: Strategies for Labor," a 1981 publication by the National Labor Law Center. Staughton Lynd contributed to the latter.

<sup>2</sup> See, for instance, the collection he edited, *American Labor Radicalism*, Wiley, 1973, and Alice and Staughton Lynd (eds.), *Rank and File*, Beacon, 1973. See also Staughton Lynd, *Labor Law for the Rank and Filer*, Singlejack, 1982.

<sup>3</sup> *In These Times*, November 25, 1980, p.2.

<sup>4</sup> P. 25.

<sup>5</sup> Pp. 42-43.

<sup>6</sup> Pp. 212-213.

<sup>7</sup> For a sober, straightforward account with some useful comments on the possibilities and limits of the forms she discusses, see Deborah Groban Olson, "Union Experience Raised by ESOPs, TRASOPs, Stock Purchases and Cooperatives," *Wisconsin Law Review*, vol. 1982, number 5, pp. 729-823.

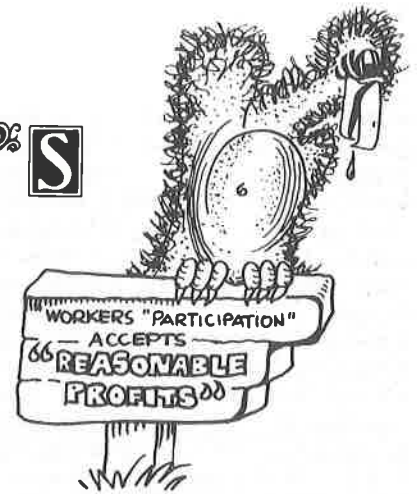
<sup>8</sup> On Lucas Aerospace, see Mike Cooley, *Architect or Bee?* Langley Technical Services, 1980, and his "The Taylorisation of Intellectual Work" in Les Levidow and Bob Young (eds.), *Science, Technology and the Labour Process*, Humanities, 1981. See also, Hu?? Beynon and Hilary Wainwright, *The Workers' Report on Vickers*, Pluto, 1979.

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# WINPISINGER'S

## ROAD

## AHEAD



by Steve Zeluck

**A** book by William Winpisinger,\* president of the International Association of Machinists union, on a strategy for dealing with the crisis of American capitalism is, quite properly, an event for the labor movement and the left. The core of the book is a ninety-two page polemic—a devastating attack on the results of corporate power and on the Democratic Party's compliance with that power. It's "all there," documented in detail.

A quote from the 19th century philosopher, John Stuart Mill opens the book auspiciously: "When society requires to be rebuilt, there is no use attempting to rebuild it on the old plan." In what follows, Winpisinger details the crisis of U.S. society; the decline in welfare, health, jobs, security are all laid out, and laid at the door of the "decision makers," the corporations. It is *their* crisis, we are told, and *they* should pay for it. Therefore, what the labor movement needs are "alternatives to the economic and social principles and programs of the two major parties." The free market is dead and lives only as a myth for those who resist change. We need to *import* our competitors' social democratic principles and stop the *export* of capital and jobs. As for the Democratic Party, it is subservient to the "innately corrupt" corporate state. Indeed, the corporations are the major stockholders of the party. In sum, "liberty without equality is a noble sound with a squalid result."

Because U.S. labor accepted the postwar social contract, it has had to pay the price. Our "labor statesmen" have produced, Winpisinger affirms, the defeat of PATCO; concessions in the name of corporate profitability; participation in anti-union quality of work programs and production circles; submission to corporate industrial and foreign policy, and the pursuit of a political strategy of "lesser evilism" whose result is "one bastard replaced by another."

In addition, the AFL-CIO has allied with a wing of the American ruling class (Felix Rohatyn, Dupont's Shapiro, etc.) in a plan to turn the U.S. economy around. The centerpiece of their program is the Reconstruction Finance Corporation—a tripartite body of corporate, labor, and government leaders which will provide funds to restructure U.S. industry, keeping alive industries essential to U.S. power and assuring investment in new industry and technological innovation. (It is this policy which provides *one* of the main real distinctions

between the Democrats and Republicans today.) Rohatyn and the others welcome AFL-CIO involvement in order to insure the social peace which might otherwise be disrupted by the "necessary" austerity.

Winpisinger concludes that the time has come for "economic democracy," a plan for full employment, equitable distribution of wealth and power, and industrial democracy in the workplace. If capital's response to such a program is a capital strike, then we must be ready to impose public trusteeship and run industry in the national and public interest. In short, a cooperative, not a competitive or selfish ethic, is needed.

The passionate, bruising, combative tone of Winpisinger's polemic fully justifies its title, "Rage and Reason." But his solutions fail to match the power of his critique. Unwilling, finally, to break either from his own top-down organizing approach or from reliance on the Democratic Party, Winpisinger cannot offer a viable alternative to the AFL-CIO policy of concessions and austerity, however much he is critical of it.

### IAM vs AFL-CIO

Winpisinger proposes an extensive program of legislative reforms intended to go beyond the social contract politics and business unionism of the AFL-CIO. Unfortunately, the differences are not as substantive as they doubtless appear to him. This is doubly the case when it comes to his methods for achieving his goals. For example, Winpisinger's tax policy is essentially that endorsed by the AFL-CIO—make taxes more progressive, cut loopholes and corporate subsidies. The minimal character of the tax reform he envisions is amply demonstrated by his assurance that it was chiefly "during the past few years" (under Reagan) that the system has deviated from equity. Here he ignores the radical change over the past thirty years in the distribution of the tax burden. Under Republicans and Democrats alike, revenue has shifted from taxes on corporate and other forms of wealth to income taxes on lower and middle class individuals. (Until World War II there was practically no direct tax on wage and salary income.)

Winpisinger proposes instruments similar to the AFL-CIO-supported Reconstruction Finance Corporation and National Industrial Conference Board.

In place of a Reconstruction Finance Corporation

\**Rage and Reason*, by William Winpisinger. Published by the International Association of Machinists.

\*\*As, we are told, is the case in Europe and Japan. Winpisinger is unaccountably silent about the fact that the unemployment rate in Europe is higher than in the U.S., despite the governments' "full employment commitment."

independent of the government, Winpisinger would create a new federal agency to administer a Federal Investment Reserve Fund. This agency would oversee U.S. industry, see that it is technologically up-to-date and does not want for capital (money to come from workers' pension funds), and ensure that corporate industrial policy is consistent with full employment.\*\* The head of this Federal agency would be a trade-unionist chosen and appointed by the President with the "advice and consent" of the Senate. The record of labor leaders in government service, their subservience to the corporate and political establishment hardly inspires confidence in the success of this "democratic" innovation.

While railing against tri-partitism as a device to coopt labor, Winpisinger suggests literally dozens of tri-partite bodies (one for each of thirty-two industry boards, for example). Yet, he never addresses how those boards will avoid the problems raised by his own critique.

To combat plant closures and resulting unemployment, Winpisinger suggests a Labor Industrial Security Board which would determine whether closures are "justified." This body would have the right to aid firms or buy them out with money provided by a 1% surtax on after-tax corporate income. But the Board would not have the right to forbid closures. Clearly, the door is open for substantial "justified" lay-offs from the closure of inefficient and moribund plant and industries. Here, again, there is little that distinguishes Winpisinger's plan from that of the AFL-CIO.

### Legislating Workers' Participation

More substantive are his proposals for legislation to give workers more power over managerial decisions. For example, Winpisinger wants to put teeth in OSHA by allowing worker delegates to close down unsafe operations. And workers should be assured by law of the "right to participate" in corporate decisions on plant closures and technical innovation. This would include the right to share in the benefits from improved technology, for example by instituting the 30-hour week with no loss in pay.

What are the chances of passing this legislation and how effective would it be? Without strong trade union organization, laws mandating participation are unlikely to be won, and if won unlikely to be enforced. This is not to say that such laws are undesirable. They may contribute to organizing. But historical and contemporary experience points to the necessity of shop floor strength and working class organization to win control over management decisions.

Even without legislation, workers have long since taken the right of participation. A strike for wages, indeed all collective bargaining, determines what will happen to at least part of corporate profits. For years, strong unions have negotiated the effect of technical innovation. The real question is how well-organized the union is, how determined to seize some benefits from technology, how ready, for example, to fight for the shorter work week.

For strong unions, a participation law is not decisive. But how about weak unions? Unfortunately, the law is equally indecisive for them. Witness, for example, the massive plant closures in Europe in spite of legally-mandated "worker participation" and even under social democratic governments. In the U.S., the legal right to

organize has not prevented a decrease in union membership and increase in lost NLRB elections. There are already two full-employment laws on the books, to no effect. And recall the failure of the 14th amendment to give Blacks the rights the amendment was designed to give.

Meaningful laws are consequences of struggle—the ratification of rights won by struggle. Even after they are won, laws remain effective only so long as direct action continues. Thus, the National Labor Relations Act "gave" unions the right to organize after the CIO had taken that right. But the law was later used to curb worker self-reliance by directing struggle into the safe channels of NLRB elections. The result was not more, but fewer union recognition victories, increased reliance on union officials, and therefore weaker contracts. Contracts won through legal procedures are invariably weaker and less well-policed, because direct action and rank and file organization are reduced. In the absence of an orientation to shop-floor struggle and militant action, a campaign for a worker participation law with teeth is unlikely to succeed. But even if such a law were passed, under non-struggle conditions its negative potential for cooptation could predominate.

### Worker Participation or Workers' Control?

"Participation" is an open-ended term which conceals important differences between workers' control and collaboration with management. Participation can be a means to rationalize and streamline corporate capital by containing maverick managements, on the one hand, and improving workers' attitudes and performance on the other. The key question here is not whether workers are represented, but the criteria and aims with which participation, plant closure legislation, etc. are organized. So long as schemes for workers' participation accept the corporate right to "a reasonable profit," workers will find that the boundaries of capitalist rationality set strict limits within which decisions have to be made. Under these conditions, workers' participation is likely to lead to worker collaboration in the interest of preserving profits and rationalizing production.

In contrast to this form of participation, real workers' control rejects profit in favor of social need as the criterion for rational decision-making. For example, legislation based on the principles of social need would dictate that a corporation may not close any plant until alternative work and an alternative use of the physical resources in and around the plant, have been developed. Workers' control, not participation, has to be the goal of working people. We need laws which help consolidate workers' power—for example, government guarantee (through, say, control of the banks) of money to help workers take over plants about to be closed. But such laws can only be a precipitate of class struggles and have nothing in common with the legally-mandated "participation" Winpisinger proposes.

### Will It Work?

Can Winpisinger's plan, including "nationalization, if necessary," achieve full employment and industrial renaissance? Unlikely, for several reasons.

First, aid to nationalized industries would be guided

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by market criteria, i.e., they would have to be "earning a reasonable rate of return." Nationalized firms would operate under the same cost-cutting pressures which produce unemployment in private industry. Of course, the government would push "its" corporations to maintain full employment. But the sharp limits of this pressure can be seen in the heavy layoffs in nationalized industry across Europe.

Second, Winpisinger's proposal, like the other reconstruction plans, is "too little, too late." Europe and Japan gained an important advantage from their policies of government economic planning in part because their major competitor, the U.S., pursued a policy of much weaker state intervention. If the U.S. were now to adopt the Japanese-French methods, their advantage over the U.S. would disappear. But the benefits of state intervention for the U.S. will only at best be to catch up to its competitors, not to gain an advantage over them.

"Too little, too late" has another dimension. If the crisis of the past decade were just an "American crisis," policies designed to make U.S. industry more competitive *could* produce some benefits (much of this at the expense of other national economies). However, the crisis is world-wide in origin, and has deeper roots than the American situation. Attempts to revive U.S. industry must operate under the most unpropitious circumstances of *world contraction*, not just U.S. crisis. Unfortunately, whatever the value of Rohatyn's and Winpisinger's proposals for restoring U.S. economic competitiveness, they do not address the world-wide, *systemic* depression, which will sharply reduce the effect of both plans.

Finally, Winpisinger does not resolve the problem of implementing full-employment policy (the heart of his plan). Neither of the two full-employment laws already on the books has had any effect, under Democrats or Republicans. Winpisinger tries to address these failures with still another legislative solution. He proposes a law that as soon as unemployment reaches 3%, Congress *must* pass legislation providing money for jobs and send it to the president.

Leaving aside this new definition of "full employment" and the question of who does the counting, there is little evidence that full employment would result from Winpisinger's proposals, even if they were passed. Why should a Congress which has failed to implement past full employment laws or to force Reagan to obey the law (the War Powers Act, too) perform any better on Winpisinger's proposal?

How then do we get full employment? If workers had waited for the National Labor Relations Act to legitimate unions, there would be neither unions nor the National Labor Relations Board today. It was, and remains, labor's raw or potential power that keeps unions alive. Yet, apart from electoral action, Winpisinger is totally silent on how to *win* full employment. This despite his own criticism of the AFL-CIO for its do-nothing policy and many capitulations.

In spite of his honest rage and his critique of capitalist society, Winpisinger apparently cannot bring himself to believe that capitalism *needs* unemployment, that no law can do away with unemployment under capitalism, that labor's seizure of power, including state power, is a prerequisite for guaranteeing full employment. He aims not to displace capitalism, but to adjust it to the realities

of the modern world, correcting corporate abuses (however "innately corrupt"). That is why Winpisinger limits himself to proposing a law which "will legally and contractually bind the corporate animals to a civilized and decent code of behavior . . . just as we regulate (legally) our personal interactions." And we can do this "without denying it (the corporate animal) its present structure and form."

Given this self-imposed limitation, Winpisinger's attitude to the Democratic Party is understandable. He describes the Democrats' corruption, malfeasance, and "inherent" (his term) capitulation to the corporations, and yet believes that he was ultra-left in 1980 when he toyed with breaking from the Party. (That belief does not stop him from "warning" the politicians, from time to time, that labor may have to go the Labor Party route.)

### And In the Short Run?

Winpisinger does not think that even his modest program can win approval today. Only if "economic order comes crashing down" will "those in charge" use it, as they used the New Deal during the Great Depression. "They" (not we, the unions and other mass organizations in struggle) will use (impose) the plan . . . and save capitalism, even in a great depression when it is most vulnerable.

For the short run, Winpisinger limits himself to what is currently "attainable" *electorally*—a 30-hour week (with no loss in pay); federalize OSHA, Unemployment, and Workman's Compensation Boards; amend the NLRA to cover agriculture and all public employees and repeal section 14B of the Taft Hartley law; add women and unionists to the Federal Reserve Board.

But how to win even these short-run goals and why the Democratic Party has been an obstacle even here—on all this, again, silence. It is an understandable silence, since Winpisinger does not accept the alternatives. He is one of the few major labor leaders in the country who has spoken out against concessions. He supports strikes against them. But he refuses to do what is required to win those strikes. Winpisinger undoubtedly resented the defeat of PATCO, yet he did nothing effective to prevent, or even point the way to preventing, that debacle. Indeed, he refused to sanction rank and file proposals that IAM members honor PATCO picket lines.

More recently, the IAM has made substantial concessions to Eastern Airlines and quietly absorbed a massive defeat at Continental Airlines. If in both cases Winpisinger was critical of the ranks for "refusing" to fight, he fails to see that his own practice in the PATCO strike and his ambivalence toward waging an all-out struggle, discourage rank and file workers.

At the heart of both his union's defeats and his legislative orientation lies Winpisinger's denial that his own long-run goal of ending unemployment can only be attained with massive mobilization of labor in the streets. Plant closures can be blocked. Youngstown need not have gone down the drain. The political side of this mobilization for jobs (the fight to eliminate the arms economy, etc.) requires a movement toward independent labor political action. The Labor Party which Winpisinger holds in reserve as a threat must become a reality. With such a two-pronged strategy, we *can* begin the battle for full employment. ■



*Over the past decade, U.S. corporations have developed sophisticated techniques for driving down wages and working conditions. The Employee Stock Ownership Plan (ESOP) is one of them. In 1980 General Motors threatened to shut down its Hyatt Clark parts plant in Clark, New Jersey. When the local UAW and plant management organized to save jobs by buying the plant, GM provided the loan guarantees and capital to create Hyatt Clark Industries as a 100% employee-owned company. In the following article, Rube Singer shows that behind GM's apparent "social responsibility" lay short and long term gains for the corporation and losses for the UAW workers. The Hyatt Clark example demonstrates the dangers of the ESOP as a union strategy for protecting jobs and raises significant questions about how, if at all, these dangers can be avoided.*

## Symposium Statement on Hyatt Clark Industries May 7, 1984

Rube Singer\*

In August of 1980 General Motors, the International Colossus of the Automobile Industry announced its intention to sell Hyatt Clark Industries (HCI), its only plant producing tapered roller bearings. Many reasons were given publicly by GM in order to justify this intention. First of all was the fact that the automobile industry had entered into bad times. Another was that the local union was too strong and that its local agreement, in conjunction with the overall umbrella of the National Agreement between the UAW and the Corporation, had made the Clark Plant too financially burdensome to carry as a profitable section of the GM chain. Finally, was the fact that GM had introduced a technological change in the structure of its automobiles—a changeover from a rear wheel drive car to a front wheel drive. That alone in my opinion made the Clark Plant nonviable profit-wise, and nothing else. And that, to me, is the main reason GM decided to dump the plant by putting it up for sale. Until this change was instituted, the Hyatt-Clark plant

\*Rube Singer is a retired member of the UAW, former President and Chairman of the Shop Committee of Local 736, the Hyatt Clark UAW local, where he was well-known as a left socialist. This article is adapted from a speech.

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was a profit-maker of some importance to the Corporation. GM has continued the phasing-out to this very day.

Faced with the possibility of a plant shutdown because General Motors had announced it could find no purchasers for the plant, the local union leadership investigated the possibility of purchasing the plant as an ESOP in order to preserve some of the jobs which would have been permanently lost by a plant shutdown. In order for this to happen it would be necessary for local management to become involved in such purchase. In January of 1980, a group of local management met with members of the union to form a local jobs preservation committee—but not before the management group had received the green light from GM to proceed. For this information permit me to quote from an article which was mailed to the membership of the union by Alan Lowenstein, Chairman of the Board of Directors of HCI, dated Oct. 5, 1983. This article was a report entitled "Employee Buy-Outs—An Alternative to Plant Closings" issued by an organization called the "Conference Board" and written by a Ms. Linda Wintner. Now remember that the plant was still owned by General Motors at that time.\* The excerpt from the report reads as follows: "The next phase came at the initiative of the new firm's current personnel director. He talked matters over with a group of similarly motivated members of higher management, and then approached the GM Plant Manager to ask whether it would be appropriate to explore the possibility of an employee buy-out. The Plant Manager said that officially he had to be neutral, but unofficially indicated that it would be perfectly appropriate to proceed."

The report continues in this fashion. "GM's support for the joint management-employee buy-out was full and helpful. Several executives remarked that GM did not want to have another 'Mahwah' on its hands.\*\* The Chairman of GM took a great interest in the transfer, and GM rendered considerable technical help, such as supplementing the necessary functional areas (accounting, data processing, product engineering and sales) until the new company could set up on its own. Another contribution had been the guarantee to purchase up to \$100 million of output each year during the plants first three years as an independent entity." General Motors also purchased 100,000 shares of preferred stock at a cost of \$10 million.

On Oct. 31, 1983, an article appeared in the Elizabeth Daily Journal under the head "Hyatt after two years of employee ownership." This article reported that "The Company is presently negotiating a new three year contract with GM to replace the \$300 million pact that expires next year. If the contract is not renewed, Hyatt Clark would probably go out of business. But the contract is all but assured, as GM has indicated it is pleased with Hyatt's performance."

In a letter dated 2/22/84 signed by Howard Kurt, Pres. of HCI, the following statements appear: "The wait is finally over. We now have our long term financing in place. The Chemical Bank in New York has provided a \$24 million loan at an interest rate they charge GM. We

\*At the time of the events described in the Conference Board article.

\*\*Refers to Ford Motor Company's Mahwah, New Jersey assembly plant, whose shut-down cost 4,000 jobs and created a "public relations" black-eye for Ford.

were given the GM rate because this loan is backed 100% by GM." Further on, the report states, "The decision was made to extend the GM guarantee to November 1991. When this new information was given to us by Mark Hogan of GM, he said "We are going to support you through thick and thin."

As was pointed out earlier, GM is phasing out production of its tapered bearing capacity, and no one knows it better than local management and the local union leadership.

As time runs out there is a frantic race on the part of local management and the local union leadership to compensate for the projected drop in production. In the aforementioned article in the Elizabeth Daily Journal, the following statement appears. "In order to survive we have to replace anticipated cutbacks," says attorney Alan Lowenstein, one of the architects of the ESOP plan and now Chairman of the HCI Board of Directors. We figure we have three years in which to build new products and new customers for what we know is coming down the road."

In a leaflet entitled the Chairman's Report To the Membership dated 3/13/84, the Chairman of the Shop Committee stated that, "While in Detroit attending the Convention (i.e. the recent bargaining convention of the UAW) we managed to make a small degree of headway in our quest to gain the confidence of the Ford Motor Co., so that we could become a major supplier of bearings to them. I, and most everyone I know of, feels very uncomfortable about the projected 17 million dollar a year loss of business from GM in the next year, escalating to approximately a \$45 million loss in succeeding years. We feel obligated to contribute in any way possible to compensate for that loss, since jobs and survival rather than simple profit and loss is at stake. Our sales, marketing and new product development departments are heavily relied upon at this time and we'll stay in close contact with them during this crucial period. They have made some favorable projections, but not nearly enough to compensate for the substantial loss in business we will suffer."

In a similar report to the membership dated April 18, 1984, the Chairman of the Shop Committee reported that, "On Wednesday morning, April 18, 1984, Jim May and I flew to Detroit to meet with the Chrysler Corp. in order to convince them that we are capable of being quality suppliers to their Company. Our opinion is that we have not made adequate inroads as suppliers to this Company and through our contacts, we have managed to have a meeting with an individual on the highest possible level in the Chrysler Corporation. Our job is now much more difficult since the set-back suffered by us in recent dealings between our executive organization and Chrysler. The meeting was originally set-up to get new business. Now, we must not only do that, but attempt to recover what we lost.

"In addition to our visit with Chrysler, on Thursday, April 19, 1984 we will be meeting with the Ford Motor Co. *This meeting was arranged by us with the help of our contacts in Detroit and on the Regional UAW level.* Just as we were many months ago, we are still convinced that we must not ignore anyone in our attempts to get new business to compensate for the \$45 million loss that will progressively take place between now and 1987."

I don't share the apprehension of both the union and management at HCI in relation to the expected phasing out of tapered bearing production at the Clark Plant. It is perfectly possible and I think it will be the case that GM will fill in the expected drop in production of tapered bearings by shifting work (radial bearings for front wheel drive) normally manufactured at its Sandusky, Ohio and Bristol, Conn. plants to Clark. This would serve a two fold purpose for GM. First, it would guarantee an alternate source of supply for the corporation and secondly it would undercut the National and Local agreements at both plants in the short and long runs. Of course this would induce unemployment at these plants. In this manner, I believe General Motors' original intent to use the Clark Plant as a Judas Goat in its bargaining with the other bearing plants covered by the GM umbrella becomes exposed and brings to light the reasons for its substantial and necessary help in permitting the birth of the Clark ESOP. Even further, somewhere along the road, I think it perfectly plausible for GM to threaten the closure of its Bristol, Conn. plant.

When the Clark ESOP was formed, no one in Management took a cut in pay. On the contrary, over the past few years, and possibly right from the beginning, many of them received sizeable increases in pay.

On the other hand it is conventionally believed that all that the hourly workers gave back was of a direct financial nature. Not true. Here are some of the other give-backs arranged for at that time. First of all, there is a self-imposed speed-up wherein workers produce more work in the same amount of time; in many areas of the shop, workers are running more machines than were required under the GM local agreement; foremen are working on the job—strictly prohibited under the GM Agreement; cross-crafting wherein skilled tradesmen work outside their craft and wherein production workers and foremen lend a hand at the same time—another no-no under the GM Agreement. And under the "participatory management" approach, workers assume more responsibility for less pay. Added to this they also took a 50% cut in fringe benefits.

Might I point out that contrary to the purpose of saving jobs, all of the above eliminate jobs. Furthermore, the attempt to establish a social contract at Clark has caused the union leadership to act in a schizophrenic manner—the desire to act as union militants on the one hand and Captains of Industry on the other.

Now, do the workers really believe they own the plant? Perhaps top management knows the answer to that question better than anyone else. In the previously quoted Conference Board article, the following statement appears: "The firm is 100% worker owned and stock is distributed on the basis of length of service. In many other ESOP's stock distribution is based on salary. But the stock will be controlled and voted for ten years by outsiders—whoever administers the stock ownership trust. The Chairman [of the Board of HCI] who designed the ESOP, feels that a business must mature and the relationship between union employees and management must mature before employees gain control. Also it is felt that financing would not be available to a new company run by employees. The President agrees and states that he would not have taken the job if the employees had control of the Board." In other

instances, Howard Kurt, President of Hyatt Clark Industries, has often stated and has also been quoted in print as urging the union leadership to instill the thought of "Psychological Ownership" in the minds of Union workers.

Now let us deal with "democracy on the job" at the Hyatt Clark ESOP. There are three union members on the board of directors—the President of the union, the Chairman of the Shop Committee, and a third representative chosen by the union who is a former Brigham University professor billed as a "nationally known expert of ESOP takeovers and quality of life programs to improve labor-management relations." The professor is an exponent of a peculiar type of democracy. He teaches workers how "democracy from above" works. Now the method of introducing democracy from above is not new. Democracy from above means control from above. The union movement has always fought for democracy from below, from the floor of the plant itself. If control resides from above, through management, and the present agreement between the union and management accepts that approach, then the only meaning that can be deduced from such an agreement is that the union members involved are the patsies of the front office. And such is the case. The agreement reached between the union and management makes this only too clear. It reads as follows: "The right to hire, promote, discharge or discipline for cause and to maintain discipline for the efficiency of operations shall be the responsibility of management subject to other provisions of this agreement. The management shall have the full authority to direct the labor force in their job duties. Production schedules shall be the responsibility of management; products to be manufactured and the methods, processes and means of manufacturing are the responsibility of the management staff. A procedure which will allow *input* from the union [not control—my emphasis] on all these matters shall be established and implemented." Most of this clause is a rehash of Par. 8 of the GM national agreement which those in the trade call the company security clause. The significant change is in the final sentence which is an addition to the clause found in the UAW-GM agreement. The input from the union resides in the hiring of the Brigham Young professor whose sole purpose is to teach the workers the meaning of democracy from above. It's called participatory management.

In conclusion, what exactly does Hyatt Clark Industries represent in the total structure of the General Motors Empire and to overall unemployment in particular? Although some jobs will be saved temporarily on the local turf, industry-wise it appears to me that General Motors is in process of divesting itself of all of its parts plants over a period of time, taking them outside of the local and national agreements involved between the local unions and the corporation. For the parts plants, it will mean greater unemployment, lower wages and worsening of hard fought-for working conditions over the years. If Hyatt Clark Industries is being used as a formula to reach these ends, and I think General Motors is traveling in that direction, that would explain their intense interest in and financial support for the development of HCI. Local union leaders will do their best to hold on to as many jobs as they can, but always under

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the indirect hegemony of General Motors. Their intentions may be of the best, but let us remember that the steps to hell are paved with the best of intentions.

\* \* \* \* \*

UPDATE In April 1984, the HCI Board of Directors decided to invest in new machinery and rejected the proposal (put forward by the three union members on the 13-member Board) to use the revenue for employee bonuses. In the months following the vote, "participatory management" committees virtually ceased meeting and productivity plummeted. According to HCI President, Howard Kurt (letter to employees, 9/19/84) by September production averaged 170,000 instead of the potential 200,000 units a day.

When bargaining opened on a new three-year contract (the old pact was due to expire October 31), the Union proposed wage increases and to institute "code-termination" (the exact nature of this plan is not public) in order to "replace the current and failing management control system, that is obviously and gradually destroying the Company." (Union Directors Report to All Employee-Owners, 9/26/84.) Management refused to negotiate restructuring the company and demanded further concessions.

Negotiations remained at an impasse until GM stepped into the picture. The Corporation announced that unless the union signed a contract with HCI management that included a no-strike pledge, GM would not renew its three-year agreement to purchase roller bearings from HCI (about 90% of total output). On October 8, GM's deadline, management agreed to the union's proposal to extend the contract from October 31 to January 31, 1985. GM, however, set a new deadline of December 15, at which time the Corporation would place orders with other suppliers, unless the UAW had signed a contract ensuring "continuity of production."

The final contract, reached on December 17, included a no-strike, no-lockout clause and a profit-sharing program requiring distribution of 15% of each month's net profit and a share of annual profits above the \$3.5 million required for interest payments and debt service.

While this ensures the employees the profit-sharing management denied them last April, the pact appears to make little change in management prerogatives or corporate decision-making structures.

### Doug Fraser

In February of 1983 on a program called "Enterprise" which was narrated by Eric Sevareid and which was televised on PBS, a report was rendered on Hyatt Clark Industries. A segment which covered a skilled trades convention of the UAW which had recently been held in Detroit was commented upon. The formation of Hyatt Clark Industries was placed on the agenda of the convention and was completely rejected by the delegates present. When asked why, Doug Fraser who was President of the UAW at that time and who presided over the convention replied, "We were concerned about the ripple effects it would have and if we associated ourselves GM would say you did it in this place and that place and we just don't want to be placed in that position. If we deal with General Motors, we want to deal with it as an entity and we thought it presented severe dangers to us."

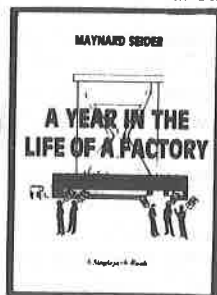
However, after retiring as UAW President (and Chrysler Board Member), Fraser joined the Board of Directors of Hyatt Clark Industries. Alan Lowenstein, Chairman of the HCI Board stated, "We look upon the appointment as a coup for us. I think this will be most helpful for us in developing participatory management and credibility in the automobile industry with out lenders" (*Newark Star Ledger*, 7/20/83). In the same article, Howard Kurt, President of HCI, commented that Fraser "has got a knowledge and prestige that will be very good for us. He was on the Chrysler Board during its turn-around. We're very fortunate. He can be quite a spokesman for us." Fraser was quoted as saying "It certainly is one of the more exciting ventures in our country."

Fraser himself created quite a bit of excitement among HCI workers when he voted with the non-union HCI Board members to deny the employees a bonus■

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# WORKERS' COUNCILS

## IN REVOLUTIONARY IRAN

### BALANCE SHEET AND PROSPECTS

by **VAL MOGHADAM**\*

#### I. Introduction

Announcing the unilateral abrogation of the agreement under which the Iranian Oil Participants (the former Consortium) acted as purchasers of the bulk of Iranian oil, the new chairman and managing director of the National Iranian Oil Company (NIOC), Hassan Nazih, said in a speech to NIOC employees on 28 February 1979: "We tell those companies that were imposed on us in the past that it is better for them to withdraw, because if they refuse, *the workers will kick them out.*"<sup>1</sup> Various conflicts with the Pahlavi regime, and when participants in the street demonstrations numbered into the hundreds of thousands (and even millions in Tehran), something new and distinctive was emerging in Iran, a product of the revolutionary situation. This was the mass, general strike, the formation of numerous, organized strike committees, and the emergence of workplace councils. The two crucial strikes broke the regime's back: the strike by the employees of the Central Bank (Tehran) and the strike by the oilworkers in the South. In analyzing the Iranian Revolution, then, it is useful to distinguish between the street demonstrations (the mass, populist element), and the workplace strikes that, the self-organization of workers must be seen as a distinct class act, and often a distinctly class conscious

This statement was neither bombast nor rhetoric. It reflected a very real phenomenon felt throughout the major industrial centers in Iran: workers' power. During 1978, when nearly all urban centers were engaged in (the class component). It is particularly important to view the activity of the industrial workers of Iran.

What were the specific activities of industrial workers during the Revolution, and what were the immediate effects of their self-organization and self-activity? In the first instance, industrial workers paralyzed production and distribution. This they did in a number of ways, at different times, using various tactics. In the factories there were sit-down strikes, slow-downs, sabotage, and absenteeism. At the Central Bank, employees deliberately encouraged a financial crisis by withholding deposit slips so that banking was limited to withdrawals. In the oilfields, production workers, joined by technicians and sympathetic engineers, refused to pump oil beyond what was needed for domestic consumption. And when the military began to appropriate that for its own use, workers refused to pump anything at all. While the Pahlavi regime was still formally intact, workers refused to carry out the directives of the government, of managers and of owners. When the regime was crumbling, and when the managers and owners had become powerless or had fled, workers resumed production and managed distribution as well. By this time, strike committees had evolved into workplace councils, representing a new form of working class organization. As a mass, social phenomenon, the Iranian Revolution as a whole was unique and unparalleled. But within

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## Against the Current

act that was unprecedented in the history of the labor movement in Iran.

The militant actions of the oilworkers, and other industrial workers who formed strike committees and later councils to manage and run "their" factories, perplexed many observers. Some had questioned the very possibility of workers' self-activity in an apparently backward context. Others, like Frantz Fanon and some Maoists, felt that workers in the advanced industrial sectors constituted a conservative labor aristocracy which had a stake in the preservation of the existing (colonial, neo-colonial) order. The labor aristocracy thesis has been advanced also by "structuralists" who have argued that structural heterogeneity and labor market segmentation have divided the working class into a conservative, privileged skilled sector with little in common with the mass of workers engaged in low-wage, low-productivity employment.

The actions of the oilworkers—the most skilled and privileged sector of the Iranian industrial proletariat—and their solidarity with the demands of other sections of the working class, fly in the face of such theories. It was precisely the most "pampered" industrial workers—the ones that the Pahlavi regime had actually attempted to mold into a labor aristocracy through the implementation of various profit-sharing and divestiture measures—that played a pivotal role in the breakdown of the Pahlavi economic and political machinery. These were the workers who organized councils in their factories and struggled with the Provisional Government and the Islamic authorities over control of their workplaces.<sup>2</sup>

The emergence of the strike committees (*komite-ye etesab*) and of the workers' councils (*shora-ye kargaran*) has parallels in other instances of working class self-activity in this century. A listing of radical movements where workers took partial control of production would include: Russia 1905, 1917; Germany 1918–1919; Hungary 1919; Italy 1920; Spain 1931, 1936–39; Czechoslovakia 1945–47; Algeria 1962–65; China 1966–69; France, Italy and Czechoslovakia 1968; Chile 1972–73; Portugal 1974–75; Poland 1980. In all these cases workers' control arose during revolutionary periods, or at times of intense social upheaval and transformation. As the above listing contains both advanced and developing societies, it cannot be said that workers' control and/or the formation of councils is specific to one or the other. It is clear that workers' control is a phenomenon of universal force and appeal. It is also apparent that one of the most radical organizational expressions of workers' control is the factory council.

Our premise is that the revolutionary experience of workers' control and the workers' councils in Iran is situated not only in ongoing socio-political processes and the evolution of the working class in Iran, but in the broader historical pattern of working class initiatives around the world. The purpose of this paper is to move away from the one-sided focus on the religious, petty bourgeois and populist character of the Iranian Revolution and toward its working class component.

## II. Background: From Dictatorship to Revolution

The rise of workers' control and the formation of councils did not occur in a vacuum. Throughout this

century, the labor movement has displayed features of militant activity and organization, usually in key stages of the development of capitalist relations in Iran, as well as at times of changes in international relations (such as socialist activity and the October Revolution in neighboring Russia, and during World War II). In the period between the two dictatorships (1941–53) a communist movement emerged in Iran which actively organized workers into what became the largest trade union in Asia.<sup>3</sup> Capitalist development in Iran, initiated in the previous century and spurred by the industrialization program of the 1930s, had produced a new social class, industrial workers, with the capacity to paralyze production and precipitate political crises through militant strikes. The Shah-CIA coup d'état of 1953, however, put a temporary end to independent labor action, in both its organized and spontaneous expressions. Article 29 of the 1959 Labor Law banned trade unions and their confederacies from engaging in any political activities. The incidence of strikes plummeted dramatically in the post-coup period, as first the military and later the SAVAK moved into factories and all workplaces to instill and ensure discipline and subordination.

In the early 1960s, in line with changes in the structure of the world economy, the White Revolution was launched. This constituted a series of economic, political and administrative reforms which were part of the capitalist reorganization of Iran: land reform, nationalization of forests, electoral reforms, denationalization of state industries, literacy corps, and profit-sharing for workers in industrial establishments. Capitalist development in Iran was based on a program of land reform and import-substitution industrialization that was facilitated by massive oil revenues accrued to the state with some assistance from foreign capital (U.S., West European and Japanese). In a very short period of time, "modernization" resulted in significant alteration in the structure of the economy, the pace of economic change, and the living standards of many Iranians.<sup>4</sup> In the decade 1965–75, especially through the Third and Fourth National Development Plans, much progress was made in the development of infrastructure. Road construction and government investment in steel, heavy metal plants, aluminum smelters, and petrochemicals highlighted state industrialization policy. Government policy was specifically designed to underpin the industrialization policy through the creation of a base level of heavy industry and large-scale, capital-intensive plants held predominantly by state-controlled organizations. The main industrial centers became Tehran and environs, Tabriz, Isfahan, Shiraz, Abadan and Ahvaz, where petrodollars bought highly sophisticated means of production. The growing importance of the industrial sector in the economy gave industrial workers a strategic location in the labor process. Growing capital intensity did not lead to a rise in unemployment, especially after the oil price hikes of 1971 and 1973.<sup>5</sup>

The importance of land reform in the expansion of the urban industrial labor force cannot be overestimated. The motivations for land reform may be briefly stated as follows: in line with the changing international division of labor, there was a need to create a broad national market through the destruction of precapitalist rural agrarian production; there was also a need to provide a popular base for the Shah's regime, as well as weaken

oppositional social forces. The land reform achieved both these aims, and did much to proletarianize the labor force.<sup>6</sup> The booming construction and manufacturing sectors took in the majority of the peasant migrants to the cities. By 1976 the industrial labor force had expanded to one-third of the economically active population. Seventeen percent was engaged in manufacturing, and 12 percent in construction. However, manufacturing was overwhelmingly small-scale, light and "traditional." The heaviest concentration was in food and textiles. Out of approximately 250,000 manufacturing units, only about 6,000 employed more than



Workers at a General Motors plant in Tehran before the revolution.

10 workers each. According to the 1976 National Census, nearly 43 percent of those engaged in the manufacturing sector were classified "unpaid family" and "own-account worker." For the urban areas, the figure was nearly 27 percent.<sup>7</sup> A basic differentiation had emerged between a small, modern, highly socialized sector and a much larger backward and traditional sector. These two sectors experienced quite different economic conditions and social relationships.

Rapid industrialization was accomplished for the most part by fiat and without the incorporation of key segments of Iranian society. Political and economic power was concentrated first and foremost in the hands of the Shah and his family but also in a small and growing domestic class of big industrialists. The home market was expanding, the labor force growing, and a layer of skilled industrial workers created. But glaring class and regional inequalities underscored the uneven and differentiated character of capitalist development. Moreover, the absolute authority of the state and its institutionalization of political repression precluded the development of independent trade unions or any other democratic institutions. Indeed, following the suppression of the labor confederation in 1953 and the elimination of Left and liberal opposition, the only institution that remained untouched by the Pahlavi regime and outside its purview was the mosque. Throughout the 1960s and 1970s, the mosque was the only site where grievances could be aired, albeit within a religious discourse.

Throughout the Shah's period, the government exerted tight control over the industrial labor force, especially through forming numerous and dispersed official trade unions, to divide the workers and counter the effects of socialized production upon workers' con-

sciousness and practice. In the oil sector alone, there were 26 state-controlled unions. Many "workers' representatives" at the shopfloor level were officially employed by SAVAK. Many workers were therefore extremely hostile toward the state-imposed syndicates. The government also controlled workplace organization by means of the militarization of many factories, especially the large ones employing over 500 workers. Nevertheless, workers courageously initiated strikes to protest, among other things, the presence of military personnel in the workplace. A notable case of such a



A woman worker prepares the automatic winding machine at the Shahnaze textile factory in Isfahan.

struggle was the protest by workers of the Rambler Motor Co., north of Tehran, in November 1972. Their demonstration was broken up by the police.<sup>8</sup>

The early 1970s was a period when working class protests began to break out once again. There were strikes, demonstrations, slowdowns and absenteeism, over wages, profit-sharing, and job classifications. In addition, but less often, there were protest actions over dismissals, the presence of military personnel in the production units, and mandatory attendance at official celebrations. These actions in the 1970s were for the most part illegal and unreported. They were also sporadic and dispersed, which made it easier for the authorities to suppress them. One of the most dramatic incidents during this period was the strike by textile workers of the Jahan Cheet factory in Karaj (north of Tehran) for higher wages. The owner of the textile factory called in the police rather than negotiate with the workers, and several workers were killed in the ensuing skirmish. The early 1970s had also witnessed the rise of an urban guerrilla movement with a strong orientation to the working class. One of these guerrilla forces, the Organization of the Iranian People's Fedaii Guerrillas, responded to this assault on the textile workers by assassinating the owner.

From the mid-1970s, there was a noticeable pattern in Iranian industrial labor disputes: textile workers, oilworkers, transport workers, machinists, printers, miners and others were demanding higher wages and more fringes, refusing to work as long, as meticulously, and for as little pay as before. But, more and more, protests focussed on profit-sharing and job classifications—which would indicate a questioning and challenging of capitalist control and authority in the workplace, and its capacity to organize production and distribution at will.

In a sense, these worker protests were couching political demands in economic terms.

In 1975, in an attempt to stem working class agitation and bolster productivity, the regime instituted a divestiture scheme, which applied to enterprises of 10 workers and over, while excluding the oil, railway and tobacco industries. Under this "workers' shares" measure, workers were to receive up to 20 percent of the firm's profits (an additional 29 percent to be later divested to the public). This was to be distributed according to seniority and wages. Here the Shah's regime was attempting to replicate in the cities what it had accomplished in the rural areas with the land redistribution program of the 1960s: creating a privileged layer of the labor force which could be counted on for support. The 1975 divestiture law was more effective than the 1963 profit-sharing law (whose main aim had been to tie workers to one place), but not so far-reaching as it sounded. The decree explicitly stated that workers were not entitled to participation in management. Moreover, by 1977, just over one-third of the original target of eligible firms had complied, and the law completely bypassed the masses of workers in smaller manufacturing units, that is, over 70 percent of the industrial workforce.

But the regime miscalculated in its attempt to divide the urban industrial labor force by creating an affluent, conservative stratum, as the events of 1977-79 demonstrate. In 1977 the Pahlavi regime was suddenly faced with serious opposition from shanty-town dwellers protesting the housing crisis and urban zoning policies, factory workers demanding higher wages, and intellectuals criticizing political repression and censorship. The regime's attempt to blame inflation and other growing economic problems on "profiteers" among shopkeepers and Bazaar merchants led the traditional petty-bourgeoisie and the commercial bourgeoisie to turn to their historic allies the Shiite clerics, who had their own, longstanding grievances with the "corrupt" regime and ruling class. A populist alliance was in the making.<sup>9</sup> Between October 1977 and June 1978 several major strikes took place, and a number of factories were damaged by fires. The first indication that the labor force was turning overtly against the regime came in July 1978, when construction workers (many of whom had lost jobs during the recession of 1977) joined the anti-shah street demonstrations, swelling the ranks of the protestors into the hundreds of thousands. Strikes gained momentum in mid-September, when oil refinery workers in Tehran, Isfahan, Shiraz, Abadan and Tabriz struck to protest martial law. This was followed by cement workers, bank employees, and machinists, all of whom made explicit political demands. Some of the striking industrial workers deserve special mention, as their role in the General Strike was indispensable: Ahvaz oilworkers (37,000); Tabriz Machine and Lift Truck Co. workers (2,000); Tabriz Machine Tool Factory (1,000); Arak Tractor Assembly plant (3,000); Aryamehr Steel Complex in Isfahan (60,000 workers); textile workers of Tehran and Isfahan; Sarcheshmeh (Kerman) copper miners; tobacco workers, thousands in the paper industries; and workers in the 40 companies related to the Behshahr Industrial Group (Tehran). When these workers struck, their managers either fled or were expelled. Strike committees were set up to organize and coordinate the mass strikes that engulfed all modern

bureaucratic organizations in the cities. A principal demand of advanced industrial workers was for the dismantling of the "yellow syndicates" and the formation of independent working class organization.<sup>10</sup> The strike committees were the seeds of the organizations to come. The experience of organizing and coordinating strikes in strategic sectors of the economy and key production units provided industrial workers with a greater awareness of their role and a sense of possession of their workplaces.

It is also worth pointing out that the skilled and semi-skilled workers and technicians in the military sector were also affected by the contradictions of the labor process and the general social conflict that overwhelmed Iran after 1977. The Air Force in particular, which had been the Shah's favorite, most privileged and pampered force, and the recipient of some of the most sophisticated military gadgetry anywhere, experienced the emergence of revolutionary committees of anti-regime technical personnel, the famous *homofar*. (The social background of the *homofar*, who did not have a high school diploma, was rural or urban working class or lower petty bourgeoisie.) It was the technical personnel of the main Air Force base in Tehran, in conjunction with guerrillas from the communist Fedaii and the left-Islamic Mojahedin who fought and defeated the Shah's elite Imperial Guard (the so-called "Immortals") during the armed insurrection of 9-11 February 1979.<sup>11</sup>

### III. The Councils

The emergence of workplace councils (called *shora* in Persian, the principal language in Iran), of the idea of workers' control, and in particular of the factory councils, was a product of a revolutionary situation. As the Pahlavi order was being challenged in the most fundamental way, new structures emerged to fill the vacuum, as well as to serve as alternative organs of protest and action against the Pahlavi regime. In general, the councils came about in two ways. In factories where the owners and managers had fled—particularly those connected to transnational firms—workers took over in order to carry on production and preserve their jobs. In other cases, councils that had grown out of organized and militant strike committees insisted on control over or participation in the affairs of the factory. Councils were established in nearly every large and modern industrial plant in the period immediately following the February 1979 Revolution. By all accounts workers were overwhelmingly enthusiastic about the councils. Here was a situation that was fundamentally different from that before the Revolution, when there was no criticism, no open airing of grievances, enormous wage differentials between blue- and white-collar workers, no participation in finances or production goals, and a rigid and authoritarian division of labor within the factory. Many councils proceeded to draw up constitutions stipulating the duty of the councils to intervene in all aspects of the factory's operations: purchase of raw materials and machinery, hiring, wages, output targets, pricing, distribution. A typical council (at the General Motors plant in Tehran) had 21 elected members, composed of 15 manual workers and 6 office staff, one of whom worked fulltime for the council. It met in full every two weeks, and had subcommittees to deal with production control, finance, buying and selling, educa-

tion, discipline, arbitration and sports. It also had a technical/research committee looking into ways of developing the factory's self-sufficiency (prompted by the cessation of supplies from the parent company). The full council countersigned all documents and inspected the books.<sup>12</sup> As such, the councils challenged both the technical and social divisions of labor. Clearly, such a situation, akin to dual power if limited to the factory level, could not prevail.

The councils movement went through several distinct stages. The first phase covers most of 1979 until the occupation of the U.S. Embassy and the resignation of the Bazargan Government in November 1979. During this period councils emerged everywhere, and the August 1979 Islamic Constitution recognized them as a legitimate organizational form. Besides factory councils there were radical students' councils in high schools and universities, councils in other modern bureaucratic organizations in the cities, and peasants' councils in Kurdistan and Turkaman Sahra (northwest region), where the struggle was for land and national autonomy.<sup>13</sup> The second period covers most of 1980, and is characterized by a more concerted effort on the part of the authorities to undermine the independent councils. Both the new president, Abolhassan Bani-Sadr, and his partners/rivals in the Islamic Republican Party (IRP), were involved in this effort. During this period, the government violently smashed the Turkaman councils and suppressed the students' councils in the universities. (The universities were subsequently closed down for two years.) Moreover, the regime attempted to transform the factory councils by appointing managers and by creating "Islamic councils" and/or "Islamic associations" tied to the Ministry of Labor or the IRP. The start of the Iran-Iraq war in September 1980 ushered in a third period, the main features of which are the gradual decline of Bani-Sadr and his liberal/technocratic associates, the ascendancy of the IRP, the increasing subordination of the councils, and growing pressures on industrial workers to increase production and otherwise participate in the war effort. (Some councils mobilized workers, provided them with basic military training, and dispatched them to the war front.) The fourth and present stage began with Bani-Sadr's ouster in June 1981, and includes the internal war against the Left and the full takeover of the autonomous and economic functions of the councils.<sup>14</sup>

The first three stages were marked by the continuing attempt on the part of the new Islamic authorities to undermine the independent councils and gain control over them. Despite their own differences and rivalries, the managers, engineers-bureaucrats, and influential clerics all backed this effort, which involved both force and concession, repression and incorporation. Given the power of the councils over the economy, it is not hard to see why the new authorities felt they had to confront them. In 1979 the government began a program of nationalization which eventually covered about 85% of all firms. This simply legalized the de facto expropriation by the workers' councils, and the workers welcomed and demanded further nationalization. (Insurance companies and banks were also nationalized.) The government was forced to channel considerable capital into wages, while investment was put on hold. In 1979/80 there was, for the first time, a negative

growth rate.<sup>15</sup> This was the inevitable result of the revolutionary disruptions and the unavailability of raw materials and spare parts, as well as the capital flight of 1977-79. But a Central Bank report cited worker discipline as a major problem as well. (At this time, the Central Bank and the other institutions inherited from the Shah's regime were in the hands of the liberal bourgeoisie, while the IRP was securing its influence over the grassroots structures that had emerged in the revolutionary process.) The liberal managers sent in by the government were encountering serious difficulties with the workers' councils, and were not receiving much cooperation from their clerical allies. They were expected to fire all personnel connected with the Shah's regime, share power with the workers' councils (or the Islamic councils), and keep the units operating without reviving old contracts with foreign corporations. In 1980/81 the government declared a \$2.28 billion loss in state-owned industrial units. But the collapse of industrial output was not accompanied by a corresponding breakdown in industrial employment or a decline in wages. Employment in large establishments increased by nearly 2%, while output declined by 18.7% between the third quarters of 1979/80 and 1980/81. Despite the sharp fall in labor productivity, real wages increased substantially as well, shooting up in 1979 and 1980.<sup>16</sup> This was because the councils had doubled wages in many factories for blue-collar workers, while reducing salaries of white-collar personnel by one-third or even one-half. The political power of the councils during this period prevented redundancies and factory closures. The nationalization of banks and almost all large industrial establishments by the Provisional Government due to workers' pressures was instrumental in maintaining the high level of manufacturing employment and of wages.<sup>17</sup>



Inside an oil refinery control room.

It is important to note that none of the councils explicitly called for a socialist republic or the abolition of capitalism; they directed their attacks against monopoly capital, and the domination of big capital, foreign and domestic. The workers' councils did not posit the task of definitely overcoming the capitalist economy and class state. The councils saw themselves as helping to build the foundation of the new social order, but they were not clear as to what that new social order would be. The most radical, left-inspired workers called for a popular

republic, or a popular democratic republic (calls made by the revolutionary Left as well), but this demand was put forward by only a tiny minority of the industrial workers. None of the factory councils challenged or opposed the call for an Islamic Republic. According to various reports on and interviews with workers in the factory councils, the workers did not feel that an Islamic Republic (a theocracy) and the preponderant role of clerics was contrary to or incompatible with workers' control and the management of factories by councils of workers. The councils did challenge capitalist hierarchy and relations of domination/subordination in the workplace, and were unalterably opposed to a return to a Pahlavi-style politico-economic system. But they did not call for a new socialist order.

And yet the councils were revolutionary organs, and may properly be called the socialist element of the Iranian Revolution. Thus the central political question which confronted both the Provisional Government (dominated by the liberal bourgeoisie) and the Revolutionary Council (led by the IRP) was whether these organs could co-exist as a parallel structure and as another center of power. Both wings of the new regime decided they were not prepared to share power with the councils, although their respective approaches to the councils differed. They both agreed, moreover, that in two critically strategic sectors, the oil industry and the military, leftists had to be purged and the committees and councils taken over, if not dissolved. The revolutionary Air Force personnel committees were the first to be disarmed and dismantled by what was still widely perceived as the "revolutionary" and "popular" regime. This was followed by the purging of radical leftists from the oilfields, and in time, from most of the factories and production units.

The oilworkers' councils were rather quickly transformed into consultative bodies. This process was apparently facilitated by their links with the "anti-imperialist" clerics and distrust of the liberal capitalist associates and appointees of Bazargan. The Bazargan government was associated with big capital and international interests, and the oilworkers opposed the government's desire to resume massive oil exports. In contrast, the Khomeini forces were perceived to be more "popular" and "closer to the working class." (These expressions were used also by the Left organizations before the profoundly anti-democratic and anti-working class nature of the petty-bourgeoisie and clerical ruling circles dawned upon them.) Further, while the liberal bourgeois managers made known their hostility toward councils, the clerics publicly supported the councils (though they reserved the right to determine which ones were acceptable). Khomeini and other clerics appealed to the oilworkers for cooperation in the new domestic and foreign policies that the Islamic Republic was to formulate and implement. The radical, nationalist and populist language of the clerics served to coopt the councils movement as well as divide leftist and non-leftist workers. Another factor in the oilworkers' subsumption by the IRP was the Tudeh Party's influence among them. Of all the Left organizations, the Tudeh Party was the closest to the oilworkers, having developed a base among them in the 1940s. The Tudeh Party's active support of the new regime, and particularly its enthusiasm for the clerical wing, affected its supporters among the oilworkers.

But not all the councils easily and peacefully evolved into reformist, class-collaborationist bodies. From the start, the authorities sought to disrupt the most radical and independent councils. Paramilitary groups known as the Imam's committees were often dispatched to the factories to instill discipline and root out "counter-revolutionaries." The factory councils that attempted to coordinate their activities were the victims of both the regime's repression and the Left's impotence. In Gilan (northern region) the most radical factory councils were those at Poushesh (textiles), Tshiba (electrical appliances), Iran Porcelain, Iran Fiber, Gilan Carpet and Iran Barak (one of the largest and most mechanized textile plants in the country). In January 1980 they jointly drew up a nine-point resolution calling for official recognition of their councils and their right to control production and distribution, for approval of their own job classification and profit-sharing plan, for a new budget to expand production and hire additional workers, for "radical change in production to eliminate dependence upon imperialist countries," and for a new labor law "drawn up by the genuine representatives of the workers." In March of that year, these six councils joined others, incorporating nearly 30,000 workers, to form the Union of Workers' Councils of Gilan.<sup>18</sup> The Union of Councils declared itself sympathetic to the Fedaii, but the latter was in the throes of an internal crisis over its approach to the new regime. The fundamental issue was whether the regime was to be "critically supported" or opposed. The Fedaii split in June 1980, dividing the organization into the Majority wing (pro-regime, close to the Tudeh Party) and Minority wing (anti-regime). The split undermined the Gilan Union of Councils as well as a coordinating council that had recently been established in Tabriz. Altogether, the split severely weakened and divided the pro-Left workers' movement, which included the independent workers' councils and the *kargaran-e pishgam*, or vanguard workers, associations of workers around the country that supported the Fedaii.<sup>19</sup> Subsequent to the Fedaii split, the regime was more easily able to close down the councils it opposed. In the first two years of the Islamic Republic, the most radical and independent workers' councils were dissolved, and many activist workers purged, arrested, or killed.

### IV. The Limits of the Councils Movement

In nearly every historical instance of workers' control and independent working class organization, the use of force, and often armed force, on the part of the state is a critical factor in the decline of the movement. Yet the ability of the state to successfully carry out such repression is conditioned by such factors as the organized strength of the working class, its experience in self-activity, and the power of revolutionary parties. We have seen how industrialization and the concomitant proletarianization, were recent phenomena: the scope and depth of both were rather limited. The concentrated proletariat was a tiny proportion of the industrial labor force, surrounded by a sea of semi-proletarians and petty-bourgeois. Pahlavi dictatorship and its state-imposed and state-controlled syndicates had precluded working class experience in independent self-organization. The absence of a democratic and collectivist tradition also militated against the councils movement. The

workers' councils were therefore subordinated partly by force and partly by Islamicization. The councils were vulnerable because the concept of workers' control and independent councils could not be fully developed and implemented in the absence of a consistent and correct understanding of the character of the new regime. The Islamic populism of the IRP appeared very radical. The combination of a maverick anti-imperialist foreign policy (cutting ties with the U.S., Israel and South Africa) and redistributive domestic policies (providing goods and services to the urban poor, instituting subsidies, and reducing income inequality) had enormous appeal, particularly for the massive petty-bourgeois and semi-proletarian layers in the urban centers. All this had an insidious effect on industrial workers and the factory councils. The radical petty-bourgeois ideology of the Islamic authorities masked a profoundly anti-democratic and anti-working class orientation. By succumbing to Islamic populism, many councils unwittingly participated in their own dissolution. This had much to do with the inability of the Left to play fully the role of catalyst and educator within the working class.

When the revolutionary movement gained momentum in 1978, the three major political organizations of the Left were the Tudeh Party (the traditional CP), the Organization of the Iranian People's Fedaii Guerrillas (a Marxist-Leninist formation), and the Mojahedin (a left-Islamic group). Because of the sustained and systematic repression of all opposition by the Pahlavi regime during the 1960s and 1970s, none of these political groups was in a position to play a leadership role in the mass movement, and to define or influence the discourse and strategy of the anti-shah struggle. The Fedaii and Mojahedin in particular were at a decided disadvantage: their organizations, formed in the early 1970s, had been hounded and nearly decimated by 1977. Unlike the Tudeh Party—founded in 1941 and in possession of both a longer history and greater resources—the Fedaii and Mojahedin entered the political arena in 1978 without having had years of experience, development and preparation for the events ahead. Their greatest following was among students in Europe and North America, thousands of whom rushed back to Iran in the months immediately preceding and following the February victory. The Fedaii had a further disadvantage. Unlike the Mojahedin, it was a communist organization in a country characterized by religious (Islamic) fervor and uneven socio-economic development. Thus the Left as a whole was thrust into the 1978–79 Revolution without having been able to develop strong bases among key social forces. Moreover, the Left was attempting to make an intervention in a society where backward ideological and economic features were still strong in the main urban areas.

When the councils movement gained momentum in late 1978, and continued throughout 1979 and into 1980, the Fedaii and Mojahedin (as well as a number of smaller Marxist groupings) took the lead in promoting them. Their newspapers and other literature consistently upheld workers' councils as legitimate and viable organs of popular rule and reconstruction in the new social order, and as a crucial stage in the development of working class consciousness and power. The Tudeh Party, however, was not enthusiastic about the councils,

preferring instead the creation of a nationwide labor confederation such as the French CGT. More importantly, the Tudeh Party was concerned primarily in acquiring for itself a place in the new political rule, and increasingly came to accommodate itself—and the workers' interests—to the program of the government, particularly the radical wing of the ruling IRP. The revolutionary explosion of 1978–79 was in many ways highly propitious for Left intervention. But the Left was weak and divided—each group with its own set of principles, tactics and strategy—and ultimately incapable of fundamentally challenging the Khomeini forces. The latter were older, better organized and more experienced. The relative independence that the mosques had enjoyed during the Shah's period, their traditional ties to the Bazaars, and their links with the masses of urban poor and semi-proletarians gave this alliance its incomparably greater organizational capacity vis-a-vis the emerging Left and liberal opposition to the Shah in 1978–79.

The revolutionary Left was organizationally and politically unprepared for the Revolution. In addition, it confronted a regime that was genuinely anti-imperialist in its foreign policy and often radical in its domestic policies. When the Fedaii split in June 1980 over the question of the nature of the regime, the Left was well on the road to dissolution. By June 1981, when the Mojahedin finally decided to confront the IRP, the Left was too badly divided and weak, and the IRP much more powerful than it had been in the previous two years, to make a difference in the domestic balance of political forces. Concomitant with the decline of the Left was the decline of the councils movement. As a result of the intense struggles within the Islamic Republic (the U.S. Embassy crisis, the war with Iraq, and the IRP war on the liberals and the Left), workers' control lost its priority. A consideration of workplace reorganization was possible during a period when the question of state power had not been settled. This was no longer the case by June 1981.

## V. In Place of a Conclusion

For some time in 1982 there continued to be a coexistence in the factories between workers' councils and Islamic associations. (The division of labor between the two was that the councils dealt with workers' immediate material interests and the factory's operations—i.e., economic questions—while the Islamic associations were concerned with ideological considerations.) The councils were no longer independent and had lost much of their control over internal decision-making. Their struggles mainly centered on wages, benefits and bonuses. It should be noted that workers continue to have some clout and the regime is still forced to make some concessions. In 1983 the Minister of Labor, Ahmad Tavakoli, who had earlier issued a ban on the formation of new councils (even pro-government ones) while trying to come up with legislation to legalize existing labor relations, caused an outcry with the labor law he had drafted. The law stipulated strict ideological preconditions for the membership in the councils, placed the Islamic councils under strict supervision of the Ministry of Labor, and imposed severe restrictions on the individual and collective rights of the workers. It was so biased in favor of management and caused such a controversy that he had to be dismissed. A new labor law has yet to

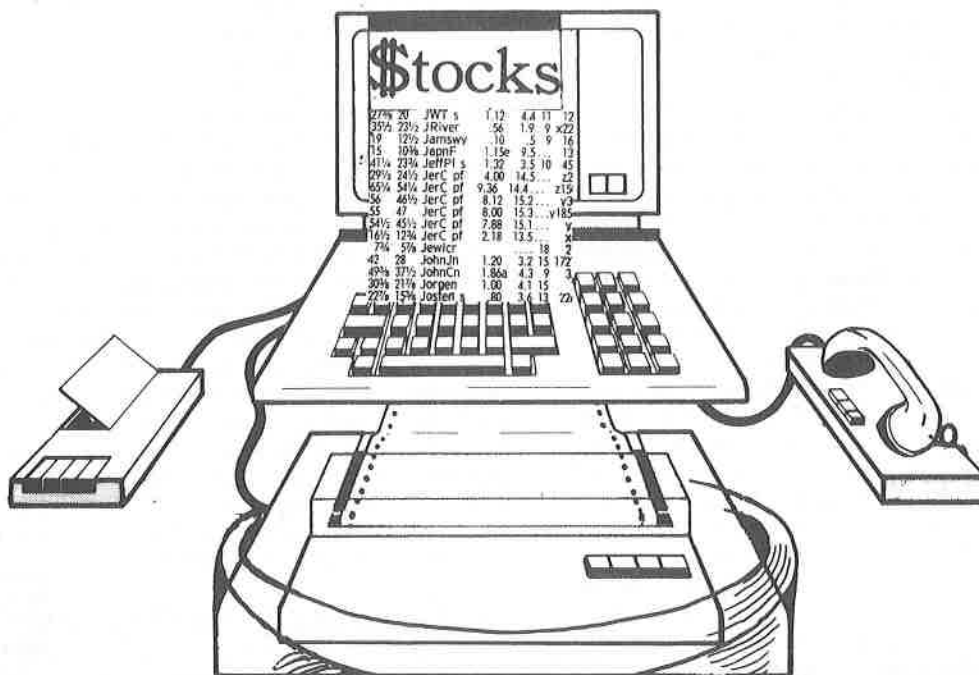
be passed by the Majles (Parliament). Tavakoli's draft labor law has now been added to the list of sensitive legislation related to the property question (land reform, nationalization of foreign trade, and urban real estate), as well as the Islamic Republic's first Five-Year Plan, currently in a holding pattern while the regime concentrates on the war and in satisfying the basic needs of the population. Meanwhile, the idea of workers' control has essentially been abandoned. The new regime has taken over all the economic functions that the councils had delegated to themselves, and has fully restored the old division of labor. This poses potential problems for the state and the new Islamic managers. Even the Islamic associations, though IRP-controlled, are working class phenomena, and this has implications for the class struggle. So far, the post-revolutionary deindustrializa-

tion and post-war unemployment have impeded the development of serious working class opposition to the regime. There have nevertheless been reports of slowdowns and periodic strikes by factory workers. The capitalist, anti-working class ideology of the Islamic regime will become less opaque and more apparent when it comes out of its present transitional period, resolves its internal differences over the property question, and presents a common front to peasant and proletariat. This will entail, among other things, a "development" plan that will no doubt replicate many of the features of the ancien regime's accumulation strategy, including a re-linking with international capital. The story of the councils may be over for now, but the response of industrial workers to a concerted accumulation strategy is perhaps *the* intriguing question ■

1. *Middle East Economic Survey* (Nicosia), vol. 22, March 5, 1979, p. 8.
2. A detailed description of the formation and struggles of the workers' councils, as well as a discussion of the peasants' councils, is contained in Shahrzad Azad, "Workers' and Peasants' Councils in Iran," *Monthly Review*, Oct. 1980.
3. An excellent description of the early communist movement in Iran is contained in Ervand Abrahamian, *Iran Between Two Revolutions* (NY: Princeton University Press, 1982).
4. It is worth pointing out that socio-economic processes which took centuries to unfold in Europe are telescoped in many Third World countries into a few decades. In Iran, "primitive accumulation" and capitalist accumulation proper happened simultaneously and very quickly. Such a pace and rhythm of change create special contradictions in both the agrarian and urban sectors, including agricultural crises and urban "marginalized" populations. There may also be serious resistance to the rapid transformations and displacements being brought about.
5. A good discussion of the Shah's industrialization policy is Keith McLaughlan, "The Iranian Economy 1960-1976," in H. Amirsadeghi and R. Ferrier, eds., *Twentieth Century Iran* (London: Heinemann, 1977), pp. 129-169.
6. The main features of the 10-year agrarian reform program of the Shah were land redistribution, a tenancy bill, the formation of farm cooperatives, and finally, the promotion of agribusinesses. Among Iranian scholars and activists the debate on land reform revolves around the following issues: whether the land reform was politically motivated (to disarm the Shah's critics and to create a social base of support) or economically motivated (for developmental purposes); whether the agrarian program developed the agricultural sector or destroyed it; whether the reform brought capitalist relations of production to the countryside or simply new exchange relations; and whether or not a prosperous peasantry was created. The journal of the Tendency for Socialist Revolution, published in Persian in the U.S., has provided evidence to show that the conventional wisdom on land reform, i.e., that it destroyed agriculture and that social relations remained semi-feudal, is incorrect.
7. Islamic Republic of Iran, *National Census on Population and Housing, 1976*, Table 26, p. 82. (Tehran, Plan and Budget Organization, Statistical Center of Iran, 1981.)
8. Information on working class strikes is derived mainly from Iranian opposition sources, including T. Jalil, *Workers of Iran: Repression and the Fight for Democratic Trade Unions* (London: Campaign for the Restoration of Trade Union Rights in Iran, 1976). A survey of the Western press would also reveal the increase in strikes (e.g., *Le Monde*, 5/10/76).
9. The populist alliance was based on the convergence of all urban classes and social strata in the anti-shah, anti-imperialist struggle: the urban poor, traditional petty-bourgeoisie, new petty-bourgeoisie, working class, clergy, students, and small and middle capitalist (primarily commercial). The main slogan of the populist alliance was "Independence, freedom, Islamic Republic." After the Shah's downfall, the alliance began to break up into its constitutive elements.
10. A fascinating, first-hand account of the oilworkers' strike is a document entitled "How We Went on Strike and Paralyzed the Shah's Regime." It was carried in MERIP Reports, June 1979, and Petter Nore and Terisa Turner, eds., *Oil and Class Struggle* (London: Zed Press, 1980). The demands of the oilworkers of the South and the 4 Nov. 1978 resolution of the very radical workers of the modern plants in Tabriz are contained in a leaflet by the Organization of the Iranian People's Fedaii Guerrillas, "The OIPFG Salute the Advanced Workers of the Oil, Machine Tool and Tractor Assembly Industries" (Tehran, 6 Nov. 1978). (The Iranian Students Association in the U.S.)
11. For a detailed description of these events, see Abrahamian (*op. cit.*).
12. An interesting and instructive description of several factory councils in the first period of the councils movement is contained in Chris Goodey, "Factory Councils in Iran," *MERIP Reports*, June 1980.
13. The fate of the Turkaman Sahra councils is described in Shahrzad Azad (*op. cit.*).
14. The post-revolutionary regime was an "organ of compromise" constituted by the representatives of the "liberal bourgeoisie," the commercial bourgeoisie and the traditional petty-bourgeoisie. Politically, these social forces were organized primarily into the National Front, the Freedom Movement, and the Islamic Republican Party. The liberal/technocratic wing of the regime was first represented by the Provisional Government of Mehdi Bazargan and later by President Bani-Sadr and his associates. The clerical, traditional, and commercial bourgeois elements eventually disposed of their erstwhile liberal bourgeois allies, and took over all the state institutions inherited from the Shah's regime, as well as the structures that had emerged during the revolution (the Pasdaran, Rural Reconstruction Crusade, neighborhood committees, and finally, the workers' councils).
15. Javad Salehi, "Economic Consequences of the Islamic Revolution in Iran." Paper presented at the 15th Annual Conference of the Middle East Studies Association of North America, Seattle, Wash., Nov. 1981.
16. Massoud Karshenas and Hashem Pesaran, "Islamic Government and the Iranian Economy." Paper presented at the 17th Annual Conference of the Middle East Studies Association of North America, Chicago, IL, Nov. 1983.
17. Karshenas and Pesaran (*ibid.*) illustrate how the gap between productivity and wages has been closing up since 1981.
18. Peykar Organization, *Peykar*, no. 49, April 1980.
19. In addition to dividing the impressive workers' movement, the Fedaii split also weakened and divided the large and very militant student movement (including students' councils in high schools and universities, and the *daneshjooyan-e pishgam*, or vanguard students) as well as the women's movement, concentrated at that time in the large and influential National Union of Women, which had been close to the Fedaii,



"The following article is an analysis of Reagan's victory. In view of the importance of the topic we plan to publish other articles on the election. In particular we would like to encourage people to submit articles on the effects of the election on labor and on blacks and the effects of the Jackson campaign on the Left."



## FOUR MORE YEARS—REAGANISM, AMERICA AND THE LEFT



by **BILL RESNICK**

**T**he people have spoken. But what did they say? Some on the left, looking beneath the surface of Reagan's landslide, astoundingly found continued vitality for the New Deal coalition. Others went into despair, finding selfishness, racism, even emerging fascism. Still others divined further advance of a new conservative majority, the product of socio-economic and geographic recomposition.

My analysis suggests they should reconsider. Conservatism is surely gaining, particularly modernized corporate forms. On the other hand, the right has not yet won firm allegiances; much radicalism and combat-

iveness survive; and the upcoming period will not be tranquil. A left could mobilize, though not through a rerun of the New Deal.

### **Election Results**

The good news is that there was no conservative or Republican "realignment."

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- Roosevelt's realigning 1932 landslide carried with it a 100-vote Congressional turnaround. Like Nixon's in 1972, Reagan's Republicans barely gained, and did not achieve Congressional control, losing two seats in the Senate and gaining a puny fourteen in the House, many from conservative Democrats.
- Nor did ballot measures give comfort to militant conservatives. Tax revolt proposals lost in California, Michigan, Nevada, and Oregon. So did welfare and medical cost limitation in California. Bars to medicaid funded abortions narrowly won in Colorado and lost in Washington. Measures to ban pornography from cable TV lost in Utah and Vista, California. On the other side, the nuclear freeze lost in South Dakota, as did a state ERA in Maine.
- "Realigning" elections mobilize millions of new voters around the newly hegemonic party. The 1984 turnout was 53.3% only marginally above 1980's record modern low of 52.6%, this despite big registration campaigns. Reagan did win 62% of the 18-24 year olds (above his national average 59%), but not because they moved to the Republicans. Polls indicate they had preferred Hart in the primaries. In Massachusetts, youth voted heavily for both Reagan and a new Senator, John Kerry, a Kennedyesque liberal Democrat (looks a bit like John, talks more like the late Bobby).
- Finally, Reagan campaigned (actually very brief speeches for TV with people and cities as props) with his commitments safely hidden from view. He proudly said, "We're taking care of more people than have ever been taken care of by any administration in this country." He promised no cuts in social security. His embrace of New Right social issues was circumspect. Nuclear disarmament was "my ultimate goal, my ultimate dream."

Not even the White House staff claimed a mandate for massive conservative reconstruction. Certainly incumbent success, including Reagan's, owed a great deal to shrewd management of the political/business cycle. Like the Nixon forces in 1972, the Reaganites manufactured a boom starting long before the election. This provided the stuff for the TV campaign, "a new morning for America."

Those who think liberalism is alive and well argue that Reagan won by prosperity and personality and that congressional and ballot-measure results reflect majority sentiments. On this basis the AFL-CIO called the election "a personal victory for the President, a political victory for his critics."<sup>1</sup> Frances Fox Piven and the *Nation* excoriated Mondale for running a lacklustre conservative campaign. They believe there is a majority left liberalism waiting to be mobilized—that New Deal and 60's coalition politics need not be changed, just fought for more vigorously.<sup>2</sup>

### The Rightist Momentum

This analysis badly misreads mass political feeling. Not that the right is so popular, not yet at least. But traditional Democratic policy—Keynesian welfare state liberalism—is much less popular. Yes, people support most welfare state programs and are not ready to join the Moral Majority, but they reject the redistributive state, equity as the goal of state policy. "Liberal" is now

a perjorative, associated with failed policies, the cause of the aimlessness, flabbiness, and failure that afflict America. Gary Hart repudiated interest group liberalism and would have won the Democratic nomination but for a determined AFL-CIO campaign, and only in intraparty fights do they have that muscle. Jimmy Carter in '76 ran on a conservative platform. In 1984 New Deal liberals showed their colors only in the most entrenched and safe districts. The strength of conservative notions can be measured by the passion with which they've been embraced by erstwhile liberals.

Conservatism is the fastest growing political movement in the U.S. It has grass roots strength; its cadres are growing. In the 1984 elections, it made considerable advances at state and local levels. Conservatives won two-thirds of the Congressional seats where no incumbent was running. Conservative political economy is shaping debate and popular thinking. If there's political passion within mass constituencies, it's in conservative directions. It's a dynamic movement, with a variety of often conflicting elements, whose overall trajectory is towards expansion and refinement.

### Understanding the Rightward Shift

The question isn't whether there's been a rightward shift, but how deep and durable, and why it's occurred. Answers to these questions require examining how Americans have come to understand the rapid change and disorder of the past quarter century.

Most Americans shared in the economic growth of the 1960's. For the past fifteen years, however, though aggregate statistics show slow growth (stagnation), most families have experienced insecurity and dislocation with periods of swiftly rising inflation and unemployment (especially serious among manual and blue-collar workers), industrial flight, and competition from abroad and other areas in the U.S. As to social life, it's been fluid and unstable for the entire 25 years, with settled forms and responsibilities weakening; increased freedom has been matched by increased instability and vulnerability. International affairs have been dominated by the shock and humiliation of Vietnam and Iran and the threat of nuclear war.

These are the basic materials. How they're understood is the result of political projects—by conservatives, liberals, and the left. Economic and social change may create disequilibrium and openness to new ideas but the political directions taken depend on the strength and imagination of the contesting political forces.

The liberal economic program—basically increased benefits to interest group claimants—was premised on capitalist growth. The unruly partnership among New Deal liberalism, its unions, and capital purged the left and allowed capital to portray itself as the engine of prosperity. Liberalism's vision of success was a good job—preferably managerial and white collar—within the capitalist firm or state hierarchy. It did not challenge capitalist prerogatives or the capitalist growth model. So long as capitalist prosperity continued, it was politically and economically feasible to increase taxes to fund the growing programs. And since liberalism did not rely on working class mobilization but on cross-class coalitions, the period of liberal ascendancy could not prepare

Americans for the economic turmoil of the 1970's and 1980's.

Thus, when capital went into crisis and people felt their economic security in jeopardy, there was no basis for a move left. In every area of the country, the single greatest concern is the loss of jobs and industry. The economy and empire are in danger. People see firms, cities, states, and the U.S. as a whole in competition with other firms, areas, and countries. Not only Buffalo and Cleveland but also Phoenix and Atlanta see the costs of failure and the rewards of success. Personal, family, and community survival, a job for you and your kids, seem based on the capacity to meet the competition, to lower costs to attract industry. And state-funded social services—even those that people support—appear at least for the moment to be luxuries that neither they nor the society can afford to subsidize at previous levels.

In the absence of power, possibilities, and examples of controlling capital for public purposes—much less creating another less threatening economic system—people give in to capital's demands and accept conservative notions. Not everybody blames the crisis on liberalism itself (excessive state spending, lack of discipline). But if they must choose between the poor, other liberal claimants, even marginally helping themselves versus maintaining profits and growth, a productive economy, and national strength, then people take Reagan.

In this process of liberal ascendancy and decline the socialist left had a contradictory role. It made major contributions to building the movements, yet often aligned with liberalism as its most militant wing. It had immense accomplishments, yet often alienated working Americans. Its great failure was that it never managed to create a reputable public politics outside of liberalism. All in all neither the socialist left nor liberalism generated the ideological materials or ongoing movements able to resist the right in a period of capitalist crisis.

## The Post-Industrial Explanation

In contrast to this approach, the post-industrial account explains conservative success in terms of shifts in objective interests determined by social, demographic, and employment changes. According to post-industrialists, rapid economic recomposition is creating new conservative socio-economic groups and transforming older ones. The Republicans become the party and conservatism the ideology of the growing West and South, big and small business, technical, professional, and skilled blue collar groups.<sup>3</sup>

But support for Reagan was very general, not confined to post-industrial workers, the new class, nor skilled blue collars. Nearly all sectors of the working class have moved from the Democrats. Mondale won only among those earning under \$10,000—61–39% under \$5,000 and 51–48% in the \$5–10,000 range. And even here Reagan won white males—54% of the under \$5,000. Reagan won every state but Minnesota, including both Ohio and Alabama, for example, where unemployment is still quite high. The key indicator of a Reagan vote, more closely related than even a belief in personal gain under his regime, was a sense that the economy would strengthen under him.

The only Mondale constituencies were Blacks (90%) and poor women. The New York Times/CBS exit poll showed Mondale ahead 53–45 among union members. Since Blacks are between one-quarter and one-third of union members, this means Reagan received a solid majority of white labor votes. The AFL-CIO's own poll showed a 60–40 Mondale majority but only 56% of whites. Another poll indicated that 52% of white male AFL-CIO members under 40 supported Reagan. For the most explicitly anti-labor President ever, particularly antagonistic to public sector unions, these figures are hardly impressive. It was as if Mondale got support only from those who appreciated and desired the very ameliorative and redistributionist state that everybody else was rejecting.

Post-industrial explanations overstate the structural and underestimate the political. The U.S. is still overwhelmingly working class. Low paid service work has greatly increased, but high-tech workers, technicians, fancy managers, new skilled workers have only marginally increased. Skilled workers are threatened, but of course in previous periods of threat they've moved left. What's changed is the consciousness of working class people, not the numbers of new class positions.

Too many people are convinced that what is good for GM is good for them. This is as true in New York and Dallas as it was in Detroit, which demolished the "Poletown" neighborhood so GM could enlarge. The Reagan vote ultimately arises from the same calculations that have led to Poletown, givebacks, civic tax breaks to foot-loose corporations, and the repeal of unitary tax schemes on demand of the multinationals. Working class people might not like it, but they're worried about their jobs. They may not embrace the new political economy with enthusiasm, but welfare state liberalism offers less. Without an opposition force, capital came to dictate its terms of cooperation. Without other avenues to insure prosperity or ways to understand their position, working class Americans swallow Reaganism.

## The Extent of Conservative Ideological Gains

Conservatives have made progress, but we should not cede them too much. For many years public opinion surveys have described Americans as conservative on global ideas, the overarching notions, and liberal on specific issues. Thus people are fiscally conservative, abhor taxes, and yet support medicare, social security, nearly all welfare state programs. They are moral conservatives yet wary of the moral imperialists and in daily life enjoy their vices. They dislike the big state but support its components like tight environmental regulation, Federal aid to education, and so on. They glory in a resurgent America and U.S. power but are cautious in its use. On civil liberties they seem more liberal on principles, conservative on applications. For example, "free speech" is very popular, but not for Communists. People wish all the best for Blacks and minorities, but . . .

Certainly it's part hypocrisy—lofty sentiments concealing less noble interests. Even so, the confusion is genuine. Americans are conflicted on nearly all important issues. Popular consciousness is multiform, a contradictory melange on social and economic questions.

While few people had a unifying world view, conserva-

tives were on the defensive during the last quarter century, confronted by demands for equality and state action, challenges to authority and hierarchy. Now, with the initiative at last, the conservative project is to reverse the direction, to transform common sense and construct a popular wisdom with a conservative thrust. On the relation of the economy to the state they've taken dead aim at New Deal notions. The New Deal's positive state which maintained the conditions for growth by building infrastructure, stimulating the economy, and educating the citizenry is replaced by the villainous state, its intrusive regulation and support for interest group claims stifling the economy and the real engine of growth and progress—private initiative, entrepreneurial business. Collective action for the public welfare gives way to a new individualism, with even the largest corporations portraying themselves as hard-working little guys. In conservative dramaturgy Herbert Hoover, the New Deal's personification of depression and despair, is played by Jimmy Carter, Dr. Malaise, whose tax and spend policies on behalf of the "interest groups" brought us uncontrollable inflation. And Reagan plays Roosevelt, unafraid and optimistic, appropriating the themes of growth and prosperity, fighting for the average Joe against the interests.

Conservative ideology is not likely to be a blueprint for policy. The state is still popular with its beneficiaries, individual and corporate. When problems arise, people still look to the state. Indeed state and society are so integrated that dramatic reductions are difficult to conceive. Still the whole set of ideas has gained sufficient acceptability to permit elimination of some feeble interests, extinguishment of some democratic claims, and postponement of new public initiatives. More important, since the views shape both Democratic and Republican discourse—Kemp and Dole, Hart and Bradley—major reconstruction in crisis would bear their imprint, probably quite indirect and perverse. Thus for example antagonism to the liberal state could lead to the authoritarian state—not the abolition or slimming of state but its reconstitution under corporate supervision.

### Social Issues

On social issues conservatism is also gaining, though not the easily identifiable rabid currents. The election campaign was filled with subtle and not so subtle racism, sexism, and xenophobia, along with the efforts of the anti-abortion, school prayer, anti-feminist and homophobic forces. While they contributed to the Reagan victory (among some groups and in some regions), it's important to recognize that the repressive agenda is not that strong:

- The anti-abortionists did not succeed in their targeted races. Congressmen, increasingly conservative on economic issues, were reportedly less obtuse and half-hearted in their support for "choice." George Bush openly appealed to sexist feelings. But his "kick ass" remark was tolerated in the same spirit that people ignore Reagan's countless factual errors—they look past the words to the larger point. In Bush's case it was that Reaganism would not yield to the demands of organized feminism or any of the other claimants.
- No doubt many conservatives and godly sectors of the electorate are racist, as they always have been,

even when liberal pro-minority politicians were sweeping elections. But people didn't vote for blacks twenty years ago or against blacks now. Certainly Reagan's opposition to big government is understood as opposition to welfare spending, integration, and affirmative action. The vote for Reagan is thus racist because it denies institutional racism or the existence of racial problems. Nonetheless, Reagan's overwhelming white support is most fundamentally a vote against the redistributionist state. People voted against further help to blacks, or indeed any of the poor, and more precisely against the state that defines this as its primary thrust.

- Anti-gay repressive morality is also not a key base of support. Gary Studds and Reagan both won overwhelmingly in a working class Massachusetts district. The chief issue in Studd's contest was his censure by the House of Representatives for sexual relations with a teenage male page ten years previous.
- Jews, even those earning above \$45,000 a year, voted against Reagan by about 70-30, mostly because of the aggressive fundamentalist campaign, even though Reagan kept his distance. Should the Republicans become too closely identified, they would alienate the young and also the majority secular Christians who are, after all, in competition with the fundamentalists.

People still support the considerable gains of the 60's. But liberalism, while eroding the authority of traditional standards and institutions, did not create new sources of community and stability. People are searching—going back to basics and experimenting with radicalism and novelty, at one and the same time. Traditional notions, many challengers, and all sorts of compromises coexist in an uneasy tangle. So women can say, "I'm for equal rights, but I'm not a feminist." Varieties of traditional thinking and soft bigotry coexist with a desire for democratic relations and fairness. And the contradictions are not resolved; decisions are *ad hoc*, made one at a time, depending on the circumstances, a practical relativism without principles.

In this context the dynamic conservatives are not the primitive right but the modernizers developing new and sophisticated resolutions for the social dilemmas. Crude racism and sexism are out. Gender roles are still celebrated and the family is in. Sex is OK even outside of marriage, as long as you're discreet and don't make a big deal of liberation. Anybody who works hard, competes fairly, and succeeds can take her or his place in one of the managing hierarchies. And even these are being superficially democratized. The meritocratic discourse links the social and economic in the notion that everybody (no distinction on race, sex, or previous condition of servitude) should have the opportunity to compete equally to reach their appropriate station. That's the greatness of America.

This modernizing conservative resolution maintains class relations and relegitimizes privilege as it liberalizes on sexuality, race, and gender and integrates elements of the 60's rebellion. Its weakness is the problem inherent to capitalism—it creates societies without community, solidarity, or moral passion. So if crisis comes, in the absence of a left solution to the problems of personal life and meaning, masses of people could

regress to rightist primitivism. Still, modernized conservatism represents a greater challenge than the primitives and regressives.

## The U.S. Electorate—Popular Consciousness and Affiliation

While rightist ideas and movements have gained, the right is not hegemonic. It has not won durable long-term allegiances from the American people. A bare majority even bother to vote. And while self classified Democrats declined from a post war high of 53% in 1964 to 36% on election day, Republicans only increased from 25% to 34%; "independents" took the rest. And split ticket voting is increasing.

There are many factors behind the decline in party commitment. First, there is the complexity and conflict in popular ideology. Second, people are drawn in different directions by cross-cutting interests. Our friend Mr. Stone Working Class no longer exists—if he ever did. His father and sister get all sorts of state benefits, yet he must pay taxes. His company trades overseas; his sons need protection to survive. He worries about the Russians, and the threat of nuclear disaster. His daughter owes her "non-traditional" job to affirmative action, but his youngest son can't get a decent job. Whom did he vote for? Third, though none of these issues are irreconcilable, even if people wanted to sort out this tangle of ideas, feelings, and interests, there are no cultural supports for the task. Political talk is loose and superficial. In appealing to all voters, party claims get homogenized, emotionalized, and extravagant. Kevin Phillips, the Nixon administration's political analyst, recently retracted his 1969 prediction of an emerging Republic majority based on social conservatism, patriotism, and nationalism. He now sees not realignment but dealignment.<sup>4</sup> Durable identifications or affiliations seem a thing of the past. While both parties have a loyal core, neither is very popular. So the public is highly politicized in holding government responsible for economic and social well-being, but depoliticized in terms of real engagement with parties, policy, or ideology.

Popular suspicion, withdrawal, and atomization favor the right. Disillusion with liberalism and the breakdown of class organization and opposition movements force people into individualism and competitiveness to survive and leave them receptive to rightist ideas. Still, the right has not yet fashioned a durable majority. The question arises: can the Republicans exploit their ideological momentum and election victory to consolidate their position?

## The First Reagan Administration—An Assessment

To get a sense of what the second Reagan Administration might do, we can look at the first. What has Reaganism been? What has it learned?

Military funding has expanded, deregulation has dramatically changed some industries (airlines, trucking, banking), corporate profits have increased, government support for affirmative action, environmental protection, etc. has been curtailed. But it's striking how little they've achieved in terms of their proclaimed goals. While inflation is down, the promised surge in productive investment has not occurred. The welfare state is basically unchanged. True, the Reaganites have punished the working poor and free-lanced a number of merciless things, as in the purge of thousands of dis-

abled adults from social security. But while sustaining cuts the claimant state remains as before—not much, degrading, and punitive. As to social policy, they've avoided the divisive issues and the moral imperialists are angry.

But assessing their performance against their public rhetoric draws attention from the dynamic forces in the administration, the "pragmatic" conservatives of the White House staff and the Senate. Though losing control on some issues (tax cuts for business and expensive weapons systems), they've steered a course towards gradual consolidation of a conservative state. This broadly political goal can be seen in many areas.

- They've been whittling down the state. Contracting out has received a boost. Public hospitals are disappearing; and they're encouraging the growth of private education.
- They've been undermining the economic and social bases of oppositionist thought and organization. This has included defunding progressive organizations and weakening unions, NLRB enforcement, etc. The press can never be too supine, and they've been putting on the pressure, as in Grenada.
- They're enlarging the ranks of reactionary intellectuals by supporting rightist think tanks and university departments. They've colonized the state apparatus, e.g. the Legal Services Corporation and the National Endowment for the Humanities are channelling grants to reactionary groups. And they're learning how to mobilize the technologies and capacities of the mass media.
- They've been strengthening authority at every level—family, school, workplace, and state. In particular the national security apparatus, including the FBI, CIA, and their computer systems are greatly expanded.
- They're changing the basic incentive structure. The carrot is getting bigger and so is the stick; the economy of winners and losers means rewards for conformity have increased, and so have the risks of rebellion.
- They've been preparing for a more aggressive foreign policy, heating up the cold war and anti-Communism, expanding the armed forces and special units, promoting a resurgent America and calling the nation to glory.

## The Second Reagan Administration—The Conservative Project

The pragmatic conservatives now in charge would like to continue moving in these directions, thoroughly modern conservatives trying to build a new Republican Party. In 1980 Walter Dean Burnham doubted that the Republicans could transcend minority status because of their inflexible commitment to social repressiveness and economic stodginess.<sup>5</sup> He was wrong. They're avoiding the social issues and challenging to become the party of growth and prosperity.

Their major obstacle lies within their own coalition. Too many young rightists anxious to push their ideas: rabid anti-Communism, New Right positions on social issues, radical attacks on the "entitlements"—social security, public education, etc. Any of these would make the Republicans very unpopular, but the militant conservatives are too well placed to be completely con-

tained. And they're angry, believing that the halfhearted support Congressional candidates got from the Reagan campaign was deliberate; the White House staff had no interest in an uncontrollable far rightist Congress. Tensions surfaced at the Republican convention when Georgia Congressman Newt Gingrich called Robert Dole "a tax collector for the welfare state." While the disoriented rightists in the first administration could not break with Reagan before the election, that discipline is no more and struggles will intensify. Further, since Reagan seems incapable of distinguishing among differing rightist positions, there will likely be endless faction fights, each wanting to make one last appeal to the Gipper.

### The Democrats

With working class constituencies weaker and disorganized, business influence in the Democratic Party is greater than ever. Except for a dwindling complement of committed liberals and the Black Caucus, who will cooperate with the modernizing conservatives.

The Democrats will fight on the details, not completely abandon the constituencies whose votes they need to keep office. They will contest some areas of foreign policy, do the peace routine. But wanting to appeal to the "middle class," they're desperately frightened of being too closely identified with their left. The Rainbow Coalition will be less welcome in the Democratic Party than the most reactionary right in the Republican.

Basically they've accepted the demise of the New Deal and are adopting the same policies as the moderate conservatives. They know the country has turned right, but their conservatism is not just opportunism. They have no confidence in or vision of public or democratic guidance of the economy, and no economic strategy besides encouraging business growth. They'll wait for the Republicans to stumble, or join them if they succeed. If the economy and social life stabilizes, they'll seek credit, competing with the Republicans to present themselves as the party of growth and dynamism, and a bit of compassion. In the event of crisis, they'll distance themselves from the Republicans, combine some of the old rhetoric with a dash of industrial policy, and hope to win elections.

### The Wild Card—The Economy

In the game between Democrats and Republicans, the economy is the wild card; it can snatch defeat from victory. Regardless of how well the Republicans rein in their crazies and stress the moderate path to rightist paradise, they need economic success to win. Right now they have good reason to be nervous. The "recovery" always seemed a calm between storms and the signs are ominous—the deficit, interest rates, balance of payments, collapse of U.S. export industries, the international debt bomb, unbalanced investment patterns. A devastating recession generalized throughout world capitalism is the spectre that no one will acknowledge.

Despite the apprehension, they'll do little right now. After much infighting the deficit will likely be cut some, through both tax increases and spending cuts, some quite vicious, some even hitting the military. But no sweeping economic initiative has a constituency that counts. Everybody in Washington is afraid to risk a sudden jolt to the house of cards now assembled.

### The Left

Today's political and economic environment resembles 1980, though more advanced—continued social and economic dislocation; the country moving right though much confusion and contradiction; strong, threatening but divided conservatives; weak and feckless liberals; the left in disarray; and the air of impending economic crisis. Four years ago the left assessed this situation to the effect that Reagan will do lots of damage but his program can't work, and his multiple failures will be repudiated at the polls. The strategy was: to work with the Democrats as the best way of defending left possibilities; to build movements that will not offend a more conservative country; to rally the have-nots and those hurt by Reaganism under the theory that they would fairly automatically recognize and vote their interests (thus voter registration campaigns).

Not only did this effort to regroup the "progressive coalition" within the Democratic Party fail, but the socialist left came out of the worst recession in forty years without anything resembling a cohesive political force. Most of our movements are weaker for having concentrated on building Democratic strength and electing Democrats. It goes without saying that the U.S. is still without a popular vision of socialism; being left is being for the welfare state or the Russians.

But what if the crisis had deepened, as it might next time? What if Reagan's luck doesn't hold out? Won't the country repudiate Reaganism and turn to the Democrats? Perhaps not; England hasn't turned to the Labor Party. Though in contrast to the Labor Party, the Democratic Party could more easily throttle its left and present itself as a safe capitalist alternative. If the Democrats thus won in '86 and '88, they would pursue conservative policies—the kind Jimmy Carter was turning to, as Mondale promised in his campaign, and as the Party is now portraying itself. At best they could manage a stabilizing reconstruction based on an enlarged state serving capital, a conservative formation, less authoritarian and hard on the poor than the rightist variant. If it avoided expulsion as this process unfolded, the left would function as the last welfare state liberals, not the position for building an American socialist movement for the next century. We'd become the conscience of soft reaction.

More likely, Democratic efforts would not bring stability. They would then be replaced by a more determined and dangerously radical right, with the left even weaker, implicated in Democratic failures. This sort of alternation of Democrats and Republicans, each failing to resolve the crisis, would insure at some point, and regardless of the economy, some sort of conservative formation. It should be emphasized, in the absence of a left able to contest the right and demonstrate other options, crisis will lead only to conservative victory—perhaps the soft conservatism of the Democrats and modernizing Republicans, or a hard, mean, militarized rightist formation.

This latter possibility haunts many on the left. Considering the weakness of the left and labor, it's hard to conceive a severe and prolonged crisis having any other outcome. They see almost anything as better, and choose to work within the Democrats, certainly through election periods, as the best way of escaping this fate. The problem is of course that subordination to the Dem-

ocrats means leading movements into electoral politics and safe "non-controversial" positions, thus enfeebling socialist currents and possibilities. Many are ready to pay that price.

But the choice is not joining the Democrats versus some sort of purist abstention from American politics. Staying independent of the Democrats doesn't mean abandoning concern for the poor or oppressed, stopping agitation for civil liberties, or giving in to the arms race. It doesn't mean ignoring rightist gains, nor writing off the possibility, indeed the necessity, of influencing national politics and stopping the right. When fundamental provisions for the poor, civil liberties, public education, or union rights, for example, come under attack by the right, an independent left would want to form tactical coalitions with liberal elements, including those in the Democratic Party. A strong left movement would be able to pressure whichever party is in power to include democratic provisions in any program of economic reconstruction. In the event of severe crisis with an authoritarian right threatening to take over, the left would want to join with other forces who supported democratic forms. But making tactical coalitions is different than shaping left politics to insure acceptability to the Democrats. Questions of coalition politics are difficult. But it would be good to have a movement that had to face those problems. We won't as the very junior partner of the Democrats, careful not to offend, and thus never developing the substantial movement that would force them to take us seriously.

Getting close to the Democrats, accepting the limitations they impose on both program and organizing, may be the least effective way to prevent rightist ravages or takeover. Leftists who decide to do Democratic Party politics somehow think they are relevant; in fact, they become less able to exert influence. Democrats do not respond to left intellectuals and cosmetically enhanced left programs; they respond to mobilized groups and mass sentiment. The Democrats are now distancing themselves from their traditional constituencies, and will strongly defend them only if these reorganize and if the left mounts a challenge. The Democrats will support progressive initiatives on the economy, or any other area, only if mass pressure is very strong.

The leftists who did voter registration learned a hard lesson; the Democrats put few resources and little energy into mobilizing the great mass of non-voters. The Democrats do not wish to disrupt American politics. They still control two-thirds of state governments, and Democratic incumbents have little interest in mobilizing the disaffected. Do not expect the Democrats, leery even of registering voters, to lead reform or defensive struggles.

Even if the Democrats were interested in rousing alienated sectors of the working class and poor, their tactics and positions would hardly provide the inspiration. The logic of capital has taken command of consciousness. People feel that what is good for business is good for them. Appeals for fairness and the welfare state, or its constituencies, will not inspire people, except for those most dependent.

The conditions for rousing a working class and poor movement are two-fold: First helping to form strong enough forces so that people perceive an alternative way of defending themselves. Second, to demonstrate a dif-

ferent way of managing the workplace and investment, so that people come to believe that struggling against capital makes sense over the long run. We have come to a historic turning point. Liberal politics, for fifty years the chief challenge to conservative domination, has been discredited. Conservatism will maintain the initiative until the left builds a vision and movement sufficiently compelling to win popular confidence. The Democratic Party will take no part in this; it is not interested in challenging capital, whether through struggles, some inevitably becoming disruptive and militant, or in building a vision of a different society.

Such a movement could be built, with patience and hard work. The foreseeable future will be volatile. Social and economic change will be fast and furious. Popular consciousness is in upheaval; since the 1950's more people than ever have gained the position to make democratic claims, the type that could challenge capital. It's more clear than ever that misery, want, thwarted lives are the result of social arrangements not nature. The collapse of liberalism does raise opportunities for a different sort of left in the U.S., combining compassion with democracy and a socialist growth program.

Tensions between the Democrats and their constituencies will create an opportunity for political alignments to the left. Should the Rainbow Coalition hold together and build itself into an autonomous grass roots movement, it could be the vehicle for independent left politics, particularly if it can combine its redistributionist emphasis with an alternative growth program. Certainly it shouldn't be written off.

And struggle from below continues. While successful takebacks outnumber strikes, the U.S. working class remains combative. And if conservatives are now shaping the terms of debate, the context was set by the struggles of minority, feminist, gay, ecological, and other movements. Some of their gains may be eroded and the movements weakened, but their basic successes, critique, and goals as well as the movements themselves are permanent features of this society, always a base for intensified struggle. In the coming period, with assaults on workers in many industries, with continued dislocation of people and communities, and with safe, well paid, and dignified work in short supply, struggles are likely to display complex combinations of economic, workplace, and social issues.

In the short run a severe economic downturn would mean that politics would center on industrial policy, which would permit left organizing and wide ranging discussion. But crisis is not the sole condition for left advance; the 1960's was a period of sustained capitalist growth and sustained left struggle. Even without economic crisis U.S. politics will remain unsettled and full of opportunity■

1. *AFL-CIO News*, Nov. 10, 1984.

2. "Four More Years of Resisting," *The Guardian*, Nov. 21, 1984, p. 1; "After the Fall," *The Nation*, Nov. 17, 1984, p. 3.

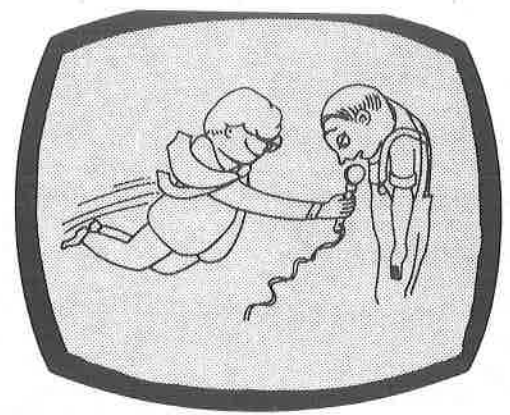
3. Jim Shoch, "Politics in Post-Industrial America: The 1984 Presidential Campaign," *Socialist Review*, no. 77 (September-October, 1984).

4. Kevin Phillips, *The Emerging Republican Majority* (Arlington House, 1969) and *Post-Conservative America* (Random House, 1982).

5. Walter Dean Burnham, "American Politics in the 1980's," in his book, *The Current Crisis in American Politics* (Oxford, 1982).

# THUROW'S ZERO SUM SOCIETY

by Brad Rose\*



Recently, while turning the late night television dial trying to find something that might act as a soporific, I discovered the infamous Phil Donahue interviewing not Ralph Nader or Liz Taylor, but rather two unemployed industrial workers, one a young steelworker, the other, an 18 year veteran of a Ford plant. In addition, there was a satellite hook-up with a professor from MIT, Lester Thurow. The discussion centered on the general economic crisis and what people thought were some of the causes and possible solutions. Viewers called in, asking questions and making comments. One caller suggested that the two unemployed workers might still be employed if they hadn't asked for such outlandishly high wages. Donahue, in his inimitable fashion, echoed and amplified the caller's uncharitable question, saying to the young steelworker "Well what do you have to say to that?" Following a somewhat painful pause, the steelworker, with a mixture of shame and bewilderment, conceded the caller's point. Then, Donahue, turning to the presiding 'expert,' asked Thurow what he thought was responsible for the current crisis. Thurow explained that it was not greedy workers, but increasingly unproductive and obsolete American industry, that had precipitated the crisis.

What struck me as most interesting about this scene was that the young steelworker had to some degree internalized the voice of bourgeois hegemony, blaming himself and his co-workers for the crisis. Thurow, on the other hand, was clear that capital was to blame and said so very plainly, on national television. Throughout the remainder of the program Thurow presented a well thought out, moderately left view of the crisis in the American and world economy.

Lester Thurow has been hailed as one of the 'new' generation of left economists. (Mother Jones) His articles analyzing the sad state of the American economy appear in *The New York Review of Books* and the *L.A. Times*. He has even served a stint on the editorial board of *The New York Times*. Given this background, it is not surprising that, despite his televised statements blaming capital for the crisis, Thurow is not an opponent of the capitalist system. Instead, as we shall see, he proposes a program of reforms designed to make the system work more smoothly and equitably. These reforms center around an enlarged role for the state sector in directing investment and promoting full employment. As such, they position Thurow in the mainstream of neo-corporatist proposals for solving the capitalist crisis through state intervention to aid private capital.

What follows, is a brief look at Thurow's ideas concerning the American economy as they are developed in his book, *THE ZERO-SUM SOCIETY, DISTRIBUTION AND THE POSSIBILITIES FOR*

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*ECONOMIC CHANGE* (Basic Books, 1980).

Thurow begins by establishing the fact that America is faced with a significant decline in productivity. In the period between 1972 and 1978, the productivity of the U.S. grew at a rate of 1% a year. For the same period, West Germany's growth was 4% and Japan's 5%. As a consequence, Americans have suffered a relative decline in their standard of living. Thurow warns that this relative decline may have a profound effect upon America's domestic politics. "As gaps in living standards grow, so does dissatisfaction with the performance of government and the economy. The larger the income gap, the more revolutionary the demand for change" (p. 6).

Thurow reminds us that "hard-core conservative solutions" involving massive reductions in social expenditures or elimination of regulations on business, are not necessarily the best or most certain way to tackle the crisis. A return to the virtues of "free" enterprise, hard work, and less government, may sound like a reasonable way to turn the economy, but in fact, "...none of our competition became successful by following this route" (p.7). Quite the contrary. According to Thurow, government intervention in the economy and social spending are two essential characteristics of a healthy and successful capitalist economy.

Thurow poses the question, "Why are there so many social and economic problems plaguing...our system of political economy?" He suggests that the problems of unemployment, inflation, burdensome and inefficient regulation, energy development, and environmental decay, do have solutions, but that these solutions have tremendous economic and political costs. The real problem is that we have not found an adequate way to choose who will pay these costs. Thurow likens the problems facing the economy to a "zero-sum game." ("A zero-sum game is a game in which accumulated losses exactly equal total winnings. All sporting events are zero-sum games. For every winner there is a loser and winners can only exist if losers exist"[p.11].) The problem with the American political and economic system, Thurow tells us, is its inability "to allocate losses."

When there are economic gains to be allocated, our political and economic process can allocate them. When there are large economic losses to be allocated, our political process is paralyzed. And with political paralysis, comes economic paralysis (p. 12).

This problem is particularly acute today because the "losers" are no longer content with the losses allocated to them.

With the civil rights, poverty, black power, and womens liberation movements, many of the groups that have in the past absorbed economic losses have become militant. They are no longer willing to accept losses without a political fight (p. 12)



The problem remains, both for Thurow, and for capitalism, how those decisions that must be made in order for capitalism to function, can be made without precipitating political upheaval from those who have traditionally absorbed the cost of restoring capitalism to "health."

Thurow's solution is a greatly expanded role for the capitalist state. Government must have the power first to decide what policies and programs can meet the problems inherent in the capitalist economy, and second, it must have the power to decide just who will pay for the implementation of these policies and programs. Government (i.e. the state) must have the power and authority to implement programs for such things as unemployment, elimination of restrictive corporate regulation, capital investment in high technology industries, and the like. In addition, government must ultimately have the power to alter the "distribution of income, if it is to solve our economic problems" (p.17).

For Thurow, not only is the state the mechanism for restoring capitalism to some form of "health," but it is also a means for redressing the social and political imbalances that accompany capital in its "normal" functioning. In his view, the state can accomplish what capitalism has heretofore been unable to achieve, a smoothly functioning economy and social and political justice.

Let's take a look at the program that Thurow advocates.

"Major investment decisions, have become too important to be left to the private market alone . . ." (p. 192). If America is to solve such pressing problems as the development of new sources of energy, or a recovery of competitive levels of industrial growth, government must ". . . get more heavily involved in the economy's major investment decisions" (p. 192). What kind of involvement might this be? Thurow quickly assures us that,

We do not need central economic planning in the sense of an agency that tries to make all economic decisions, but we do need the equivalent of a corporate investment committee to redirect investment flows from our "sunset" to our "sunrise" industries (p. 95).

Thurow's argument is that "investment committees" already play an essential role for America's largest corporations. For example, the directors of U.S. Steel, acting as members of their corporation's investment committee, are shifting their corporation's resources to oil. Indeed, a prime function of conglomerates is to do just that—to shift corporate resources while seeking to hedge against declining industries. Thurow suggests that it would be foolish for the American government to ignore a vehicle that has worked so well for private industry. Consequently, he advocates the establishment of a national investment committee modeled along the lines of existing private corporate investment committees, to help direct future American investment into a variety of "sunrise" industries.

In addition to a national investment committee, Thurow suggests that a national investment bank be established. This bank, working in conjunction with the national investment committee, would direct investment into designated areas by offering low interest loans to companies willing to venture into new areas of production.

The third plank of Thurow's plan is the abolition of

corporate taxation. Thurow apparently shares with Ronald Reagan the belief that it is unnecessarily burdensome corporate taxes which are to blame for capital's failure to invest. (The fact that it is the rate of profit, and not the rate of taxation which determines both when and where capital will invest, seems to escape Thurow. I will return to this point below.) Thurow advocates the abolition of corporate taxation and suggests instead the institution of a progressive income tax. As he succinctly puts it, "There is nothing wrong with profits making someone rich, if we have a fair system of taxation" (p. 94).

The three part plan so far described, a national investment committee, a national investment bank, and the abolition of corporate taxation, are all proposals for the role of capital in the American economic "equation." Thurow also has some interesting proposals regarding labor in this 'equation'.

There are a number of inequities that arise under a market economy. Not least of these is the distribution of income. Thurow suggests that one goal of an enlightened capitalism should be to redress such inequities. In order to achieve this, ". . . Our general equity goal should be to establish a distribution of earnings that is no more unequal than that which now exists for fully employed white males," (p. 201). This would, in effect, raise the income of workers generally, to that of the highest paid sector of the working class. We might well wonder how this is to be achieved. The only way to accomplish this under capitalism would be to have either a shortage of labor (which seems unlikely given current rates of unemployment), or to establish the same effect by creating full employment. Thurow proposes full employment. ". . . The principal way to narrow income gaps between groups is to restructure the economy so that it will, in fact, provide jobs for everyone" (p. 203). "Since private enterprise is incapable of providing jobs for everyone who wants to work, then government must institute the necessary programs" (p. 204). It is important to note that Thurow sees government not as a temporary measure designed to correct the dislocations of an occasionally faltering economy, but as a permanent feature of a normally functioning capitalism.

One might ask just how is full employment going to be financed? Unfortunately, Thurow is extremely vague. He simply says that if we consider the potential social benefits which will arise from full employment, the real goods and services that will inevitably be produced, and the increased GNP which will result from increased tax revenue, then the costs will not be as high as they might at first appear.

A major aspect of Thurow's program is the redistribution of income through a restructured tax system:

When one reviews what must be done—massive public investments, budget surpluses to generate more savings, large compensation systems, increases in income transfer payments and tax cuts for the lower middle class—it is clear that one of the basic ingredients of future progress is a tax system that can raise substantial amounts of revenue fairly (p. 193).

Remarkably little is said about just what the sources of these new and extensive taxes will be. Thurow mentions in passing that some of the money may come from taxes

on energy, ("a large excise tax on gasoline consumption") but that most will come from general revenue. Financing through general revenue presupposes rising incomes that would in turn, generate rising income tax revenues. But this, in turn presupposes increased capital investment and rising profits that would translate into greater incomes for those who would be paying more taxes. Rising capital investment does not necessarily occur in an economy that is plagued by significant amounts of idle capacity. In addition, there is no reason to assume that eliminating corporate taxation leads automatically to domestic investment. (Recent tax breaks provided by the Reagan administration to U.S. business bear witness to this.) I'm sure however, that Thurow would argue that it doesn't matter just where corporate investment takes place, as long as incomes from that investment are "fairly" taxed.

The fact is that the abolition of corporate taxation would increase the availability of capital for investment. What remains to be seen is whether increased investment would occur, anyway. The fundamental determinant of investment is the prospect of profits. Making capital more available or more "fluid," does not automatically create the conditions necessary for profitability. More money available to U.S. business could just as easily lead to mergers and further concentration of capital. One might argue that business could be "forced" to invest, but I suspect that this is not what Thurow would advocate. Forced investment comes dangerously close to central economic planning, something both Thurow and U.S. business adamantly oppose. Unfortunately, Thurow does not address this question of private investment incentive, though it is essential to his proposal to eliminate corporate taxes.

If capital is to be extremely mobile, (which is the ultimate goal of Thurow's proposal for a national investment committee) moving agilely from "sunset" to "sunrise" industries, then many employees of corporations are going to be displaced. Thurow proposes a government system of compensation for these individuals.

If such a policy is ever adopted, we have to develop techniques for paying compensation to the individuals who are going to be hurt. Support for failing firms should be minimized, but support for individuals to help them move from "sunset" to "sunrise" industries should be generous (p. 192).

Funds for retraining, relocating, and getting through periods of unemployment would be costly, but we are assured, "What we lose in overly generous compensation, we will more than make up in faster economic change" (p. 210).

Reading the proposals contained in THE ZERO SUM SOCIETY, I get the distinct impression that we can have our economic cake and eat it, too. For Thurow all things are possible under capitalism. For instance, full employment: Notwithstanding social democratic dreams, full employment is neither achievable nor permissible by capitalism. The "reserve army of the unemployed" is not just an unfortunate side-effect of a poorly functioning economy, but is rather capitalism's penultimate weapon against labor. The threat of unemployment plays no small part in determining capital's bargaining power when it confronts the demands of the working class. It seems unlikely that

capital would stand idly by and watch this weapon politely removed from its arsenal without offering some form of protest. As Thurow correctly points out, full employment would raise the wage level dramatically, but what he doesn't point out is that full employment could also create the conditions for upsetting the "balance" of power between capital and labor, tipping the scale of economic power in favor of a working class that might not be satisfied with just higher wages. It is not unreasonable to imagine an increasingly empowered working class, freed from the threat of unemployment, demanding power over decisions concerning production as well as distribution.

Co-ordinating capital investment is not a new idea. Some degree of capitalist co-ordination through the medium of the state, is possible and likely. (eg. the Japanese state's sponsorship of national cartels). However, I would argue that due to the essentially competitive nature of capitalism, and the subsequent search by each individual capitalist for an above average rate of profit, the prospects for investment co-ordination are severely limited. It is difficult to imagine any, even the most well intentioned capitalist, voluntarily surrendering the right to "freely" seek the highest rate of profit, simply because it would be beneficial for society generally.

Thurow argues that elimination of corporate taxation would create incentives for increased investment. This is only partly true. As I mentioned earlier, idle capacity is a very strong argument against building new plants. But even if there were no idle capacity, there is no guarantee that increased availability of capital would automatically result in new investment. Even if we assume that all goes according to plan and newly "freed" capital does invest, there can be no certainty that new investment would occur in the U.S. Of course, new investment overseas could result in a rise in gross revenues, assuming that higher individual incomes were progressively taxed, but this would do little to solve the original problems of revitalizing American industry and providing full employment. Furthermore, it is more likely that elimination of corporate taxation would reduce, not increase, government revenues. This, in turn, would only restrict the ability of the state to remold the economy.

This real problem at the heart of Thurow's proposals is the ultimate inability to deal with the crisis of international capitalism at the limited level of the national state. Just as legislation to insure full employment is doomed by the necessity for capital to have access to the reserve army of the unemployed, so, too, will be doomed attempts by national investment committees to force capital to stay at home when profits are to be made elsewhere. The roaming tiger of international capital will be tamed neither by socially conscious legislation nor steadfast national committees.

Finally, it may be the prerogative of economists to refrain from discussing the more mundane issues of political implementation, but I would think that a program as adventurous and optimistic as that offered by THE ZERO SUM SOCIETY would be accompanied by at least one political scenario. The "best laid plans" are not plans at all without some attention paid to "how we get from here to there." Regarding the essential question of political strategy, Thurow remains as silent as the factories of America's heartland ■



**"INSIDE THE**

# BEHEMOTH

**THE U.S. MILITARY TODAY"**

By Tod Ensign\*

**T**hree hundred "manpower experts" drawn from the Pentagon, defense-oriented think tanks, and academe, gathered at the US Naval Academy at the end of 1983 to assess the first decade of the "all-volunteer" military. Although most participants agreed that the military had, on the whole, been

successfully weaned from conscription, roughly a third of those present expressed the view that it would be necessary to restore the Draft by 1990.

Ten years ago, the American armed forces were in dire straits; at least from the command's point of view. The long ugly war in Indochina had virtually destroyed the morale and fighting spirit of many combat units. During the years in which the fighting in Vietnam was most intense, the Pentagon issued nearly a million "bad" discharges and, at any given time, upwards of 100,000 GIs were carried on the rolls as deserters. Overt expressions of anti-war sentiment, coupled with "fraggings" of gung-ho officers, inhibited many commanders from committing their troops to combat.

For the first time in American history an anti-war movement had grown so large that its influence extended directly onto the battlefield. Each jumbo jet returning from Vietnam disgorged another load of disaffected vets. Some joined the anti-war movement, although some of them withdrew from society, at least for a while, embittered by their war experience.

By 1973, revulsion with Vietnam had become so widespread that Congress refused to renew the Draft. For the first time since 1940 the US military lacked the

power to conscript. This posed a serious problem inasmuch as roughly two million troops were needed to operate and staff the hundreds of US military bases which were in nearly eighty countries.

Sensing the growing anti-Draft sentiment within Congress, Nixon created a study commission headed by IBM chief Thomas Gates in 1969 to advise the government on how an "all volunteer" force might be achieved. The Gates Report offered two principal recommendations: to raise military pay and benefits so that they were competitive with the private sector and to eliminate the time-encrusted traditions of military life which young people found abrasive or demeaning. The armed forces could attract and retain a voluntary workforce, the Commission concluded, only if it resembled civilian life as much as possible.

Congress willingly appropriated the vast sums necessary to bring GI pay and benefits up to civilian levels. However, the commission's second recommendation proved to be more of a problem. Initially, the brass implemented a number of changes such as allowing beer in the barracks and modifying some of the more sadistic training practices. Nonetheless, many of these "reforms" were largely cosmetic, leaving intact a system which is autocratic, racist, and sexist to its core.

Before long, these changes began to reveal a contra-

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## Against the Current

diction. If young people are lured into the military by the vocational opportunities and pay it offers, how will they react when they're called upon to perform the foul tasks of an imperial army? Many of the age-old traditions modified in response to Gates' recommendations may be important to the process whereby troops are indoctrinated so that they will kill and be killed without asking any questions. This "problem" has been bothering military leaders since Vietnam, although it is only discussed publicly in the most guarded terms. As Army Chief of Staff Edward Meyer lamented: "There's never been a time when the values of the nation and the *values required of an army* have been so disparate. The values of a profession that heretofore were part and parcel of a *cumulative adolescent experience* can no longer be taken for granted [emphasis added]."

It is my impression that all the military branches have been briefly reviving many of the old "traditions." Some units, such as the Army's Airborne brigades and the Marines never strayed far from the "hard-ass" approach to training and indoctrination anyway. A visitor to Ft. Bragg, N.C., today will see troopers of the 82d Airborne (recently returned from Grenada and Honduras) being put through their paces in a style reminiscent of John Wayne's World War Two films.

### The Racial and Sexual Composition Changes

With the goad of the Draft removed, the enlisted ranks today are devoid of college-educated whites. They are found, however, in large numbers in the officers corps. ROTC, which was the focus of many campus protests during the Vietnam era, has rebounded in recent years: from a low of 63,000 cadets in 1973 to nearly twice that today. This program is particularly important to the Army and Navy who derive 75% and 48% of their officers, respectively, from it.

The racial, sexual, and class composition shifted so that by 1976 half of all recruits in the combat arms were black or hispanic. Re-enlistment rates among Third World GIs were also significantly higher than among white soldiers. Hundreds of millions were spent annually on TV and print advertising which dangled the promise of a steady job and "adventure" before underemployed youth. Recruiters also began to sign up female prospects. Previously, women had been consigned to separate women's corps, where they performed only nursing and clerical tasks. The proportion of females in all branches had increased from 1½% to 9% by 1978. Although women were allowed greater choice in job assignment, many categories have remained closed to them, supposedly because they lack the requisite physical strength or agility.

As the color and sex of the rank and file changed, many officers began to complain about "declining standards." They made liberal use of their draconian discharge system to rid themselves of those branded "underachievers." By 1979, half of all Army recruits failed to complete their initial term of enlistment.

The slick Madison Avenue campaigns, with their emphasis on the individual GI's career goals rather than national service or patriotism had another unintended effect. The largest union of federal employees, the American Federation of Government Employees

(AFGE), disclosed plans to enroll GIs as union members. The AFGE's leaders, headed by the newly elected Kenneth Blaylock, reasoned that since they were already representing thousands of civilian DOD employees who worked alongside GI's, they could gain added strength by bargaining on behalf of uniformed workers as well. Other federal employee unions, such as NAGE and the Association of Civilian Technicians, as well as GI rights organizations like Citizen Soldier, applauded the AFGE's initiative.

Predictably, both the Pentagon and the Armed Services committees of both houses of Congress reacted with horror to the proposal. Spokespersons raised the spectre of union bosses interfering with troops on the battlefield. Reactionaries like Senator Strom Thurmond (R-SC) and G.L. "Sonny" Montgomery (D-Miss) in the House, who led the vociferous attack, may have known that more support existed for unionization than appeared on the surface. It was later disclosed that the Air Force had conducted a confidential survey which found that 40% of its personnel approved of unionization.

Citizen Soldier conducted its own informal poll by mailing questionnaires to 12,000 military households. Among lower-ranking non-commissioned officers (E/5 and below) who responded, 61% stated that they favored unionization now, while another 30% were "undecided." Only 9% were flatly opposed. Even among the senior NCO's 41% supported unionization, with an equal proportion declaring themselves "undecided" about the issue.

Many of the GIs who returned the survey forms added comments about specific grievances which, presumably, had fueled their interest in union representation. Among the most common complaints were: inequitable assignment and promotion practices, substandard living conditions, an erosion of pay and other benefits, and negative experiences with the military's justice system. If a similar poll were conducted today, it's certain that the military's vast urinalysis drug-test program would be near the top of the complaint list. I'll have more to say about this later.

Despite the Pentagon's rhetoric about the military "taking care of its own," soldiers' response to unionization suggested a different reality: that the average GI today feels vulnerable to institutional injustice and would support an independent agency which could defend his or her interests.

The AFGE leadership seemed surprised by the furor which their "modest proposal" had aroused. In testimony before Congressional committees that were considering the anti-union legislation, they stressed that GI unions had existed for years in the armed forces of several of our NATO allies (e.g., Holland, Germany, Denmark) without affecting combat readiness.

Several constitutional scholars testified that the prohibitions on union activity were overbroad restraints on the free speech and associational rights of both GIs and their civilian allies. Despite the threat such laws pose for all labor unions, the AFL-CIO leadership chose to sit on its hands (shades of PATCO!) and the legislation sailed through both houses of Congress and under the eager pen of Jimmy Carter.

To date, there's been no legal test of either the criminal statute or the DOD regulations, which cover active-duty

personnel. It appears that the military has refrained from prosecuting GI rights activists under its provisions. However, its "chilling" effect, particularly on vulnerable GIs, cannot be doubted. It has had the effect of further isolating servicemembers from their natural allies within the American labor movement and has made agitational work among GIs, always a difficult task, that much more arduous.

As the recession of the post-Vietnam war years persisted into the 1980s, the Pentagon had no difficulty meeting its recruiting goals. In fact, entrance standards have been raised several times so that by now virtually all recruits must possess a high school diploma and achieve respectable aptitude-test scores. These policies constitute additional barriers to black and hispanic youth, for whom in the past, the military constituted an employer of last resort. Except for the dangerous and dirty "combat arms" (infantry, artillery, and armor) the percentage of whites has steadily increased in the last five years. Nonetheless, the military has been buffeted in recent years by many of the cultural and social changes which have taken place in civilian society since Vietnam. Some of these trends are in conflict with various aspects of the military's ideology: blind obedience to authority, patriarchy, and heterosexuality.

Let's look at how some of these currents have affected life in the military.

## Feminism and the Women's Movement

Until quite recently women's role within the military was restricted to nursing and office work. With the pool of available male youth shrinking, recruiters turned to women and today almost one in every ten GIs is female. Beneath the surface however, misogyny remains strong, especially in units most concerned with combat. The excellent documentary film, "Soldier Girls" (1980) sheds light on these attitudes. It follows a group of mostly black female recruits through their Basic Training course and demonstrates that the *way* women are socialized often conflicts with military values. When some of the recruits are troubled by one of their sisters who's having a rough time, the drill instructors harangue them for being "softies." The women who are praised as the most "successful" trainees are those who behave the most like men. Some of these women outdo even their teachers in their cruel authoritarianism.

Yet, despite its growing dependence on women GIs, the military has continued to deny them access to many career fields on the pretext that these positions might involve them in combat in time of war.

## Gay Rights

There is probably nothing which disturbs traditional commanders more than the thought of their troops engaged in homosexual coupling. They are adamant that homosexuality must be suppressed if the camaraderie of armed men, living, sleeping, and fighting together is to be preserved. Despite a growing public acceptance of alternative lifestyles, including homosexual couples, the armed forces has one consistent message: stay in the closet or get out.

All the service branches have regulations similar to those of the Army, which justifies punishing homosexu-

ality because: "it impairs military security, the military image, ease of making personnel assignments, and accomplishment of the military mission. Like so many other things in the military, these assertions are treated as self-evident truths which need no substantiation whatsoever.

A career military lawyer told the author that the military's campaign against homosexuals is likely to continue. According to him they'd like to keep gays out altogether, but any who manage to get in will be tossed out at the first opportunity. While most gays who attract the command's attention are simply discharged or denied re-enlistment by various means, a few are court-martialed and given prison terms as a warning to others. In one recent case handled on appeal by Citizen Soldier, Joann Newak, an Air Force lieutenant with an unblemished record, was given *seven* years in prison for her off-base, off-duty affair with another airwoman. Following an intensive political campaign which was joined by a number of gay rights and women's organizations, Joann was finally released after serving fourteen months of her sentence. Her appeal to the Court of Military Appeals continues.

Military and federal courts have consistently upheld these anti-gay practices against legal challenges that they violate citizens' associational, equal protection, and privacy rights. In September 1984, the nation's most influential Court of Appeals, in Washington, D.C., affirmed the military's right to discharge gays. The unanimous opinion, written by Judge Robert Bork (who many expect to be Reagan's next Supreme Court appointee) agreed that such discharges "advance a crucial interest common to all our armed forces. . . . The effects of homosexual conduct within a naval or military unit are almost certain to be harmful to morale and discipline." While agreeing that the Constitution does protect many types of conduct and groups of people, Bork denied such protection to gays: "we can find no constitutional right to engage in homosexual conduct and, as judges, we have no warrant to create one." As with Joann Newak, there was no showing by the military that the homosexual activity of the Navy petty officer in this case had any effect on his military performance.

Gay rights did win one limited victory in April, 1984, however, when a federal magistrate in Bangor, Maine refused to allow the Army to discharge an ROTC cadet for statements she'd made which they interpreted as being homosexual. One of the witnesses for the cadet was Dr. Wardell Pomeroy, a co-author of the Kinsey Reports, who testified that under the Army's definition of homosexuality, as many as 46% of all American males and 28% of its females would be classifiable as homosexual.

The Pentagon's justification of its no-gays policy on the grounds that they may incite heterosexuals to violence is particularly cynical. Like Southern governors during the Civil Rights struggles of the Sixties, the brass pretends that it is powerless to enforce order and to protect gay GIs from homophobic attacks. By endorsing stereotypes of homosexuals the command silently encourages the prejudice which it worries will disrupt "morale and discipline."

### Drugs and the Right to Privacy

One of the most enduring changes to have emerged from the Sixties, like it or not, is the widespread use of drugs. In 1980 a highly publicized accident aboard the carrier Midway in which six were killed, led to an investigation which found a number of sailors had been smoking marijuana at the time. The Pentagon conducted a study of Marines which found that 47% of all first termers had used marijuana or opiates within the previous six months. Polls of the other branches uncovered comparable patterns of use.

Rather than explore the reasons *why* so many GIs chose to blot out reality or become "high," the Pentagon embarked upon a vast campaign to detect drug use and punish the miscreants. Alcohol, which has historically been the military's drug of choice was mentioned also, but only in passing. Thousands of portable drug-detection machines were distributed to military units around the world to conduct the "first stage" screening. Before long, tens of thousands of urine samples were being collected and tested each month. In some units, the samples were taken randomly, in others, every GI was expected to provide urine. The program grew rapidly; in 1983, one and a half million samples were taken and the program continues unabated.

The manufacturers of the first stage equipment warn in their promotional literature that a 4-5% error rate can be expected and that a confirmatory test on more sophisticated equipment is desirable.

With thousands of samples being handled each day, the possibilities for error and abuse are endless. One "positive" result was enough for a GI to be stripped of his or her security clearance and reassigned to other duties. Career soldiers with perfect records found that they could be denied the right to re-enlist (thus ending their pension eligibility) because of a "positive" finding. A number of other substances, such as herbal teas and poppy seeds can mimic the chemical reaction of THC residue.

So many complaints were registered that the Pentagon finally appointed a study commission headed by Major General David Einsel to study the whole program. Its report, which was released in December 1983, found serious quality control problems at four military labs. At one, in Ft. Meade, Maryland, 97% of the 21,000 tests conducted during parts of 1982-83 were found by the commission to be "not legally or scientifically supportable."

The Einsel Report has caused a deep stir within the

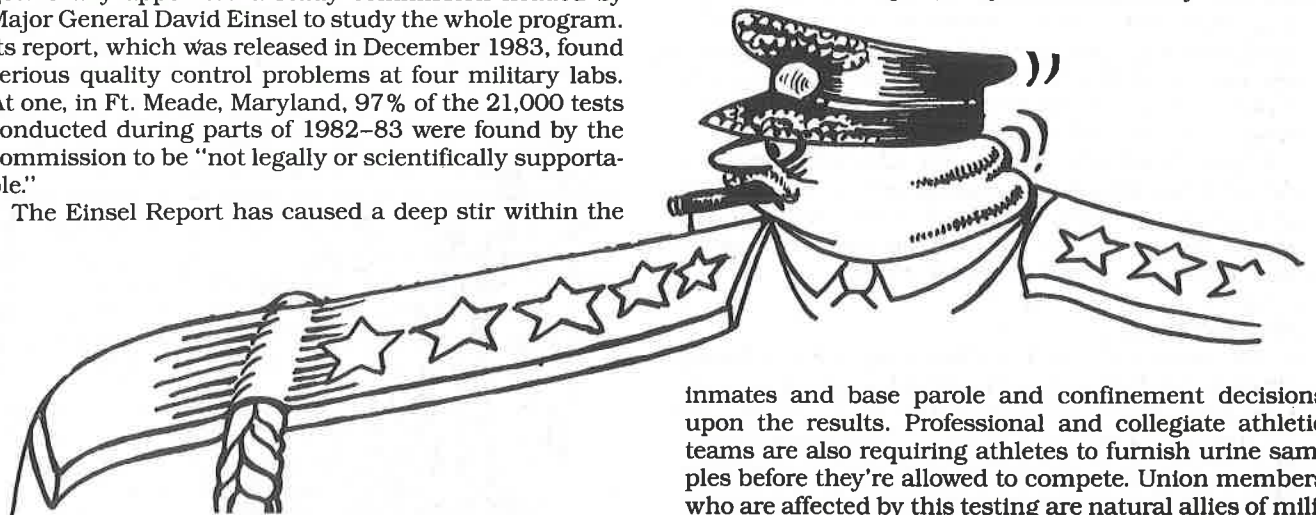
military, but the services have been slow to correct personnel records and upgrade discharges that were based on false findings. In June, 1984, for example, the Army announced that 52,000 soldiers, who'd suffered adverse action due to false "positives" could apply to correct

their records. However, there's no evidence that any special effort is being made to locate those who were unjustly accused. Things have gotten so bad that the usually pro-military *Army Times* recently editorialized: "The Army's drug testing program simply doesn't work... thousands of soldiers who have been accused of drug use on the basis of urinalysis are in limbo. The drug-testing program should be suspended immediately pending a thorough investigation by Congress."

Despite the criticism, the military leadership continues to support the testing program. The military's highest court held last year that compulsory urine testing did not violate the GI's right to be free from unreasonable search and seizure and from being forced to provide evidence against him or herself.

Citizen Soldier has undertaken the appeal of Sgt. David McGowan, 26, of Chicago, Illinois, a black GI who was imprisoned for six months for refusing to provide a urine sample after a previous test that had registered what he contended was a false "positive." Despite an exemplary nine-year career as an Airborne Ranger, David was given the maximum sentence by his court-martial. In his appeal, we have raised the constitutional issue of his associational and privacy rights. The drug test he was convicted of refusing measures only residues from pot smoke and these have no physical or psychological effect; hence a positive means nothing more than exposure to marijuana smoke sometime in the past. Given the fact that traces of THC remain in the blood for up to four weeks, this is yet another example of how the military abrogates GI rights to privacy by punishing soldiers for what they do off base.

Urinalysis testing for drug use is spreading to the civilian sector. Labor unions, particularly those that represent civil servants, mass transit and transport workers, are being called upon to defend their members against punishment based upon these same tests. Both the Chicago and New York mass-transit systems, for example, now require urine samples whenever a worker's involved in an accident, no matter who's to blame. A number of state prison systems randomly test their



inmates and base parole and confinement decisions upon the results. Professional and collegiate athletic teams are also requiring athletes to furnish urine samples before they're allowed to compete. Union members who are affected by this testing are natural allies of military personnel who live under the most comprehensive testing program in existence. However, due to the lack of any autonomous GI organizations, it's unlikely that any such cooperation will occur, no matter how desirable.

## Outlook for the Future

A pundit wrote once that Generals spend their time preparing for the *last* war, not the one that lies ahead. Certainly the Pentagon has conducted a thorough study of the Vietnam war. Last year, an internal memo from the Army Chief of Staff was leaked (perhaps intentionally) in which he argued against the commitment of any US ground forces in Central America unless broad public support could be secured in advance.

The principal lesson of Vietnam, militarily speaking, is that a motivated army that's willing to absorb heavy losses and that enjoys a superior knowledge of terrain and the populace among which it fights, can defeat an opponent that enjoys overwhelming technological superiority.

An analysis of the performance of the US military in Vietnam reveals several deficiencies, that can be summarized as follows:

- The US became overly-reliant on high-technology weaponry, while the morale and fighting spirit of its personnel were allowed to decline.
- The quality of leadership of its officers had declined because they were no longer held accountable for their performance in combat.
- Unit cohesiveness and military "esprit" have deteriorated as business management practices have replaced traditional military values.

Let's evaluate each of these issues separately and assess their significance for progressive organizers and movements in the future.

Liberals like Gary Hart are concerned whether American troops can any longer be considered reliable fighting units, especially for extended combat. According to a Congressional study released in July 1984, "combat readiness" for both the Army and Navy, had declined during the first three years of the Reagan Administration despite a 25% boost in military spending. Obviously, the infamous \$7,000 coffee pots and \$1,100 plastic spool caps don't contribute much to defense capacity. Viewed in economic terms, the profits are found in selling high-tech weapons-systems which can take years to develop, not in pay and benefits to servicemembers. Last year, for example, an Air Force request for funds to add 25,000 personnel was cut to provide for 2,000. At the same time, big-ticket weapons spending zoomed into the stratosphere.

Letters from servicemembers which appear in the *Army Times* and *Navy Times* document the perception of many career troops that their benefits are imperilled. Many refer to the Grace Commission's recent recommendation that the entire military pension system be overhauled and the cessation of the GI Bill as evidence of the Pentagon's priorities.

The recent disasters in Beirut point up the truth of the second deficiency; that the officer corps is no longer held accountable for gross dereliction of duty. Although a Congressional investigation recommended that senior Marine officers be tried for dereliction in the deaths of 250 Marines, President Reagan declared that none of them would be held responsible, despite their failure to establish a proper defense perimeter. The replay of the suicide mission-tactic in September 1984 at the Embassy annex was facilitated by Reagan's refusal to hold incompetent officers to account.

The military's post-mortem on the abortive attempt to rescue the US embassy hostages in Teheran in 1980 provides another example of this laissez-faire attitude. After severely criticizing the planning and execution of the debacle in which eight died, the report ends on an idiotic note: "no judgement of the able men who planned . . . or executed this mission is intended, nor should be inferred."

Another factor which has contributed to the callous attitude about the health and safety of lowly GIs is the "Feres Doctrine." This takes its name from a 1950 Supreme Court decision which held that the government cannot be held liable for *anything* which occurs to GIs while they're on active-duty, even if a negligent or intentional act by the command caused the injury. This heartless rule, which has been repeatedly upheld ever since, encourages a reckless disregard for what most employers would consider normal safety practices. Last year eight paratroopers were killed in the Mojave Desert when they were ordered during an exercise to jump into winds that were clearly hazardous. The widows were given a flag for their husbands' coffins and perhaps a survivors' pension. Vets who were exposed to radioactive fallout during atomic-bomb tests in Nevada and the South Pacific and to toxic Agent Orange in Vietnam had been told in essence: "sorry 'bout that, but we're not liable."

It's difficult to pinpoint the reasons for this timidity and refusal to hold officers to account. There was a time in American history when its military leaders were evaluated primarily on their ability to lead troops in combat. A story is told about a time during the Civil War when President Lincoln was being regaled with accounts by his aides of General Grant's chronic drinking. "I have just one suggestion," old Abe finally interjected, "find out what Grant's drinking and send a case of it to each of my other generals."



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As business management techniques have replaced traditional "warrior" values, the organization of work within the military mitigates against the kind of unit "esprit" which is essential to a fighting force. In Vietnam, unit cohesiveness unravelled because officers and enlisted alike were constantly being rotated on individual tours of duty. Officers were limited to a single six month tour so that as many as possible could acquire the "combat experience" deemed necessary for promotion. Many of them were just beginning to acquire useful skills when they were rotated back to "The World" (as GIs called it).

A military which has come to pick its leaders on their ability to pass standardized tests to accumulate graduate degrees in sociology, shouldn't be surprised if these skills don't translate into the ability to survive a night rocket attack.

Recently, the military has tried to re-establish some of the unit identity lost during Vietnam. The Army recently created a model training program for its 7th Infantry Division at Ft. Ord which is described by an officer as follows: "We are going to talk about this Division's history, traditions and heroes, not only during meals, which will be eaten as a unit, but also around a bonfire at night, at the end of a day's training."

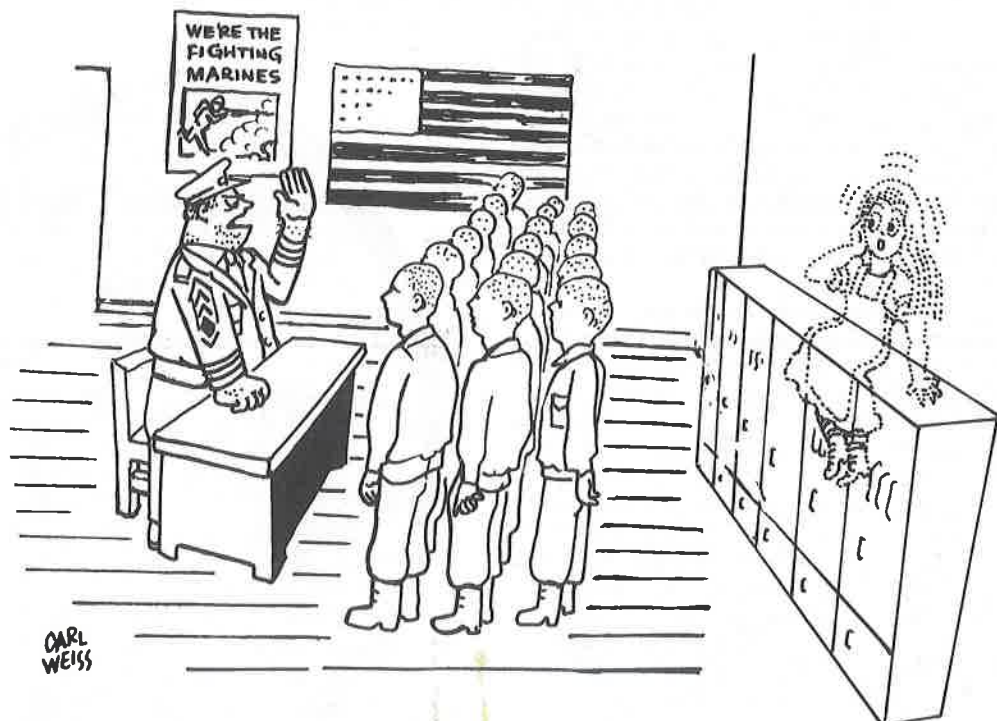
The short term prospects for political work on any of the issues that confront GIs today, are not encouraging. The fairly extensive network of GI coffee houses and counselling centers that worked with thousands of servicemembers during the Vietnam war years, has disappeared. A few counselling organizations, like Central

Committees for Conscientious Objectors (CCCO), Citizen Soldier, and the National Lawyers Guild's Military Law Task Force still exist, but they engage primarily in legal defense work. Despite the victimization of thousands of innocent GIs by the urine-test program, no coherent opposition movement has emerged. The only challenges to the program have been in the courts.

The spontaneous mass uprising of GIs against stockade conditions at the Presidio in California and Ft. Dix, New Jersey during the late '60s are just memories today, despite the continuing oppression of many GIs by the military justice system. Recently, the Manual for Courts-Martial was revised for the first time in 15 years and a requirement that the Staff Judge Advocate (SJA) prepare a complete legal analysis of any conviction was discarded. Also, punishments for certain offenses, particularly drug related crimes were greatly increased. The SJA Review was an important safeguard for many defendants, whose convictions can now be approved virtually overnight. Again, due to a total lack of organization, not a word of protest has been heard about these changes.

In the long term, it's possible that self-organization among GIs will again occur—if the military is unable, or unwilling, to correct the problems outlined above. As activists, we must find ways to support the legitimate struggles of lower-ranking servicemembers for their civil and human rights. At the same time, we need to reach them with an anti-war, anti-interventionist message, so that they'll respond militarily only when it serves the legitimate interests of their class■

## ALAS! IN WONDERLAND...



"Do you solemnly swear to fight only in a war you genuinely believe is just?"



# THE \$ STATE OF FISCAL CRISIS

Jared Epstein

**T**oday all socialists recognize the need for unity on the left as Reaganite retrenchment pits advocacy groups against each other in a fruitless search for a greater share of a shrinking pie. Yet the theoretical perspectives offered by socialist intellectuals offer little hope that such unity will come about. Objective conditions do not generate conditions conducive to a unified, class based politics, we are told. Well paid unionized workers in the private sector respond to the tax revolt of the radical right, while state workers and state clients support initiatives by elected officials to increase taxes on the employed as a means of financing social welfare outlays. Without the aid of any social theory which might illuminate the means and ends of their day-to-day struggles, leftists support Democratic candidates in their quest to zap labor to increase the social surplus, retreat to theoretical concerns devoid of any pretense of being politically significant, or take to the streets in the conviction that the only answer to contemporary problems is socialism. Yet such "solutions" resolve nothing at all. Liberal rhetoric leads to anti-labor strategies not compatible with socialist aims, academic Marxism attracts fewer and fewer converts with time, while revolutionary fantasies quickly promote withdrawal and despair when leftists see that socialism is not around the corner.

Perhaps the first to call the left's attention to the squeeze on state revenues and its consequences for the economy as a whole, James O'Connor offered the most provocative analysis of crisis tendencies in this country in *The Fiscal Crisis of the State*. His arguments, however, have not received careful scrutiny, especially amongst leftists who look to social theory to illuminate the possibilities of left mobilization. O'Connor argued that a capitalist society any state which long ignores the needs of private capital accumulation risks losing its main source of revenue: should accumulation come to a halt, the state would be bereft of funds. As it is, the state's provision of outlays to assist accumulation, such as infrastructure, transportation and education, actually makes accumulation more rapid than it would be otherwise. But such accumulation is *capitalist* accumulation: there is no planning to take account of the contradictions before they arise. The result is environmental degradation, technological unemployment, abandoned cities and regions and so forth. . . all of which inspire the losers in the capitalist game to make demands for compensation on the state. However, rather than assisting accumulation, such state expenses constitute a claim on wealth already produced, on the social surplus. Moreover, because the state cannot risk offending the properties classes, the state finances such expenditures out of the prockets of the working class. This tax exploitation, gives rise, in turn, to tax revolt. In O'Connor's terminology, the state's provision of productive *social capital* outlays makes accumulation more rapid than it would otherwise be, but rapid accumulation gives rise to increasing demands for unproductive *social expenditures*. The latter cannot easily be financed because although production is increasingly socialized, private capitalists still appropriate the surplus. Nevertheless, the fact that the polity is democratic insures, in O'Connor's view, that demands from the poor for social welfare outlays will be met, and such outlays fuel inflation and fiscal crisis, thus ultimately threatening the state's ability to assist accumulation.

O'Connor believed that the state could solve the fiscal

crisis and ameliorate the broader economic crisis by adjusting budget priorities so as to favor the engine of capitalist accumulation and growth, the large corporations. It would do this in two ways. First, through promoting innovation in the public sector, it would further cheapen the provision of necessary services for social capital. Second, it would transform what were formerly purely unproductive services into services that were at least indirectly productive for capital. In the process, net investment opportunities would increase, promoting more rapid accumulation through the economy, expanding the tax base and, in turn, boosting revenues at both the national and local level. In particular, the introduction of advanced technologies in transportation would reduce costs in the economy through cheaper means of travelling and the placement of such systems near corporations, along with new housing and industrial development. Funding to keep the poor off the streets could be channeled toward innovative programs to transform the rebellious into productive workers in the state sector, simultaneously allowing for the transformation of hitherto unproductive expenditures into productive ones. "The state and monopoly capital hope to ensure additional savings by developing 'halfway house' programs for mental patients and criminal offenders. Local government and nonprofit hospitals increasingly turn to private corporations to operate hospitals and nursing homes. . . The list of new budgetary priorities and state programs that can improve productivity and/or profitability in the private and/or state sector is close to endless."<sup>1</sup>

From the left's perspective, lower the development of the "social-industrial complex" thus envisioned by O'Connor was truly frightening prospect. If, after all, the state could successfully assist large corporations in educating the children, rebuilding the slums, cleaning up the environment, etc. . . the socialist imperative might lose some of its force. Capitalism might be able to deliver the goods after all. It is evidence of the terror inspired in the hearts of many socialists that ten years after the publication of this most widely read of works there has not been one critical assessment of its theses to come from the pen of an American Marxist.

Yet O'Connor's analysis in *The Fiscal Crisis of the State* has been incapable of predicting or explaining the actual path taken by the fiscal crisis. This is because it took off from certain assumptions which have been

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common to much radical thinking since the 60's, but which simply cannot be justified, either empirically or theoretically. First, O'Connor, like many others on the left, thought that the mere existence of democracy would virtually rule out the possibility that the state would take steps to reduce unproductive welfare and social service expenditures. But this belief has been controverted throughout the 70's and the 80's by the sharp decline of the state's provision not only of welfare, but of all kinds of services needed by the working class, even though democracy has obviously remained well-entrenched.<sup>2</sup> Second, O'Connor radically overestimated the power of so-called "corporate liberal" planners to override the needs and desires of individual private capitalists so as to dictate government policies in the interest of overall capital accumulation. In fact, one of the paradoxical developments of the 70's and early 80's has been the increase in state spending precisely to subsidize individual private capitals in ways actually harmful to capital accumulation as a whole.<sup>3</sup> Meanwhile, state planning has been progressively dismantled. Far from the rise of a new social-industrial complex, we have witnessed instead the increasing takeover by private enterprise and the free market of social services previously carried out by the state. Finally, because O'Connor overstated public sector workers' indispensability to the operation of the economy, he overstated the leverage which they could and would exert. To explain, substantiate, and follow out the implications of these propositions will be the task of the remainder of this paper.

### Corporations at the Public Trough and the Decline of State Planning

Ironically, to the extent that the state has continued to be an unproductive drain on the surplus and a source of fiscal crisis in the 70s and 80s, it has done so in response to the initiatives of individual capitals to milk the government treasuries. Supported with federal aid and tax exempt status (and under no pressure to respond to the demands for responsible government), public authorities, dominated by financial interests, have undertaken countless numbers of construction projects in the interest of themselves, the bankers and the builders. The mechanisms by which they marshalled support for sports stadiums, convention centers, and office towers were straightforward:

Bond market representatives can persuade a state to back up authority bonds by suggesting that if the state does not do so, its general credit will suffer. The financiers convey the impression that the bond market and the facilities it supports comprise a system that no one in elected office can afford to damage: 'Play the game our way, or public investment with private funds will come to a halt.' Governors convey this message to their legislatures, with the result that favored projects in every district of the state become linked indirectly to [the financiers'] support for the public corporations. The investment community ties together unrelated transactions in order to influence government decisions.<sup>4</sup>

Far from aiding state and local governments, these construction projects put them in a worse bind. On the one hand, they represented the ceding to the private sector of *revenue producing* services formerly provided by the government, directly and the assumption of *expenses* for traffic problems, fire hazards and sanitation burdens which were occasioned by these same projects. On the other hand, government borrowing for

these same projects fueled, upward pressure on interest rates, crowding out government planners who sought funds simply to finance productive capital outlays, let alone implement productivity enhancing strategies.<sup>5</sup> It should be stressed that this source of government expansion often was made possible only in the wake of the abandonment of principles of democratic rule. After New Yorkers voted down a bond issue to increase prison construction, for example, Governor Cuomo convinced the New York State legislature to let the Urban Development Corporations issue the bonds instead.<sup>6</sup> In Michigan, payments from the state to schools and local communities halted when the state budget director refused to issue bonds until interest rates dropped. He channeled existing funds toward the construction of a new prison.<sup>7</sup>

The overwhelming trend was to increase state expenditures on unproductive projects designed to bail out individual corporations precisely *at the expense* of those productivity enhancing expenditures on social capital which O'Connor predicted.<sup>8</sup> To make matters worse, those relatively few demonstration projects for rapid transit systems, prefabricated housing and syn-fuel plants which actually were undertaken yielded few concrete benefits. At best they speeded up technological developments which private capitals would have provided anyway. The reason is straightforward: "The likelihood that an innovation will succeed commercially seems to depend on cross fertilization between a company's research and marketing staffs. Given the average government agency's isolation from the markets, the wonder is not that more [government-backed] commercial Research and Development projects don't work, but that any ever do."<sup>9</sup> Thus, the public sector managers who were to have played the leading role in O'Connor's scenario for the social-industrial complex have increasingly lost influence, due both to competition for scarce funding and to the perceived economic inefficiency of government bureaucracies.

### The Deepening Fiscal Crisis and the Attack on Public Workers

In the late 70s and early 80s, the generalized economic crisis brought an ever-shrinking pie and with it ever-increasing pressures on state treasuries. Meanwhile, the corporations increasingly benefited from the long term trend toward corporate immunity from taxation, as well as their increasing ability to tap state treasuries for subsidies. All this meant, of course, shrinking funds available for state services. To recoup, the state sought to increase the tax burden on the working class and professionals who, in turn, took out their frustrations on that most visible of taxes, the property tax.<sup>10</sup> The right wing capitalized on anti-tax sentiment, successfully enacting propositions which favor the wealthy in the name of the exploited, while making it difficult to levy new taxes of any kind. Populist forces on the left, tried to create their own tax revolt, but more often than not failed. In the absence of a full mobilization by the ranks of labor, defeat was perhaps inevitable.<sup>11</sup> Meanwhile, the increasing limitations on tax revenues and expenditures inspired searches for alternative arrangements for the provision of public services. Borrowings of special districts and public authorities grew faster than before, rising from 31% of total state and local govern-

ment security sales in 1970 to 54% in 1979.<sup>12</sup> Although Congress trimmed hospital, housing, and economic development loan programs in the early 80s, states and localities responded with new forms of tax-exempt financing. As a result, between 1979 and 1983, the total volume of tax exempt bonds rose 8 per cent to \$89.5 billion.<sup>13</sup>

Crowded out of capital markets and receiving less and less intergovernmental assistance from Washington over time, state and local government officials confronted acute fiscal crisis. They responded with an unprecedented assault on social service expenditures, and this took the form, above all, of an attack on the wages, conditions, and employment of public employees. The public employees' lack of strength stemming from their position in the economy became crystal clear. O'Connor had been of the opinion that the public employees would wield *increasing* power because they provided services necessary for capital: to attack public workers would be to jeopardize corporate profits. Yet, quite clearly, managers in the public sector had no fear of the consequences of a halt in public service "production." Their all-out assault on the economic condition of public sector workers provoked strike after strike, but they were not deterred. Indeed, elected officials in Pennsylvania in 1975 actually *encouraged* a strike by public employees and the halt of "essential services" which it entailed as a means of saving money.<sup>14</sup> As the president of the National Public Employer Relations Associations explained: "Unlike manufacturing concerns, when (public) employees go on strike, we make money. Taxes keep coming in and user charges keep coming in."<sup>15</sup> Resistance from public employee unions in the face of such attitudes drew forth a more significant response from the state: between 1970 and the middle of 1981 military forces served as replacements for striking public employees forty-six times.<sup>16</sup> Clearly governments were willing to do what was necessary to crush the public workers and their unions. When one public employee union in Detroit opposed a proposed wage freeze, Mayor Coleman Young promptly issued 600 layoff notices.<sup>17</sup> If the public employees offered indispensable services to capital, no one seemed to know it.

## Contracting Out

Other officials found ways to manage retrenchment which were easier than confronting the public unions head-on. "Officials in several governments mentioned that they turned to contracting (out of state services) because they were afraid that federal funding would be cut back and they felt it would be easier and less sensitive politically, to adjust to such cutbacks if services were contracted than if public employees were directly affected."<sup>18</sup> Contracting out thus offered a way to cut back the level of services provided and to capitalize on cheap, nonunion labor, without having directly to confront the unions.<sup>19</sup>

In Texarkana, Texas, for example conventional textbooks were replaced with materials designed by the contractor to accompany a low-cost teaching machine that combined audio instruction with a picture . . . The contractor hired teachers from a waiting list of applicants for regular teaching jobs in the Texarkana school system; paraprofessional aides, recruited in part from the local semiprofessional football team, were widely used. The program focused on the individual far more than is the case in the

average public school classroom. Students who did well were rewarded with trading stamps, transistor radios, and even a small television set.<sup>20</sup>

At the other end of the country, in Philadelphia, where the school system has been called "little more than a day care center for the kids and an employment agency for the teachers' calls for performance contracting out were once again heard.<sup>21</sup>

County and municipal governments which contracted out the task of managing public hospitals reaped economic gains, but only by cutting back staff, which reduced the quality of medical services, and requiring deposits before providing care, which screened out the poor.<sup>22</sup>

As public sector strikes are illegal in many states, those advocating contracting out of state services frequently in fact risked an increase in labor militancy from workers formerly employed in the public sector. In response to this threat, public sector managers increasingly turned to subcontract only a *part* of an activity to the private sector, thereby creating competition between private and public producers of the same service.<sup>23</sup> In Minneapolis, Phoenix, New Orleans, Kansas City, Newark, and Oklahoma City, for example, part of the residential refuse collection is provided by private concerns, the rest by the cities themselves. Such modes of organizing production make labor unity all the more difficult to achieve, as private and public sector unions have different interests (the private sector unions often favor contracting out).<sup>24</sup> The implications for working class militance are devastating. According to Phoenix Deputy City Manager Glenwood Wilson: "If either city or private workers go on strike, we're not shut down completely."<sup>25</sup> Meanwhile, the unions are called upon to assume the role of policing the workforce, aware that should productivity decline they may lose their jobs.<sup>26</sup> The impact of this attack on the working class is all the more severe as it comes at the same time that the ranks of the unemployed rise.

Yet contracting out has seldom generated the savings conservative ideologues promised, for corruption has been commonplace throughout the land. A San Diego County Grand Jury audit discovered that a contractor hired to run a county alcohol-recovery program was "treating" non-alcohol patients and employing county employees for other purposes.<sup>27</sup> Corruption was a way of life in Massachusetts in the 60's and 70's, according to a special commission investigating state and county design contracts.<sup>28</sup> In New York City private sanitation concerns were under the control of the mob, and rates charged 30 percent higher than would have been expected.<sup>29</sup> Meanwhile, individual capitals continued to lobby for public assistance. Monies for public works projects were pork barrel endeavors: new buildings, bridges, dams and canals were built, often at the sake of maintenance of existing networks. Bribes and illegal payoffs, rather than rational economic calculation, determined which projects would receive government support.<sup>30</sup>

## The Move Toward Privatization

In this environment, many far sighted capitalists have come to believe that removing government entirely from involvement in many services will assist economic recovery. Services formerly financed with tax revenues will be paid for directly by private parties if they meet

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the needs of the private sector. Cutbacks of federal aid for mass transit will cause "inefficient" lines to be halted, opening space for the introduction of alternative modes of transport such as vanpools and jitneys which rely on nonunion labor. For more substantial outlays, large corporations who benefit most from improved access can be expected increasingly to foot the bill for transport improvements, especially as they play a larger role in transit development at the local level and use their influence to enact zoning ordinances reflecting their needs. Corporations contributed millions to improve highway construction in New Jersey, others are pursuing the planning of an elaborate rail line in Dallas.<sup>31</sup> As they lose federal government subsidies, such endeavors also escape from the restrictions of the Davis Bacon Act which requires payment of prevailing wages for construction projects financed from federal funds. San Diego, for one, has financed its own light-rail trolley line at a cost of \$6 million per mile; privately-initiated subway projects in Washington, Miami, Buffalo, Baltimore and Atlanta incurred costs of \$75 million per mile.<sup>32</sup>

If corporations are showing greater concern for the transport of their employees to work, they are also taking steps to compensate for cuts in the system of public education, which has not suitably molded a new generation of workers. "Business and industry spend more than \$30 billion a year on educating and training their employees, a figure almost as large as the annual expenditures of the nation's public colleges and universities. . . . The largest private employer in the United States, AT&T, spends \$1.1 billion on education, and on any given day 3 percent of its employees are in class."<sup>33</sup> Meanwhile, where garbage collection has been cut back due to government fiscal crisis, retail stores are simply paying for their own increased pickup as in Denver, where managers believe cleaner stores will attract customers.<sup>34</sup> Finally, should corporations be unable to attract professionals because of a shortage of housing, they need only follow the lead of California concerns who build housing themselves.<sup>35</sup> Generous tax breaks, of course, facilitate such endeavors, but the fact remains that the production of "state" services is increasingly carried out by capitals in the private sector. It is perhaps a sign of the times that we know of such endeavors at all because privately-employed mail carriers are increasingly handling work done by workers in the United States Postal Service, as nonunion labor usurps the jobs of organized labor.<sup>36</sup>

But attacks on public employee unions have broader implications. Cutbacks most often fall on minorities, the last hired. Thus, those mobilizing opposition to cuts must understand the implications of heightened minority unemployment. For, *workers in the private sector will not benefit from cutbacks within the state which serve to feed racist divisions throughout the society, thereby diminishing their own bargaining power.* As unemployment rises, so does the potential ranks of the prison population, and in a period of heightened use of prison labor, *unionists must come to see that they have nothing to gain from the incarceration of ever more blacks and Latinos.* Political opposition to the rise of punishment for profit now takes on new meaning, for not merely union jobs are at stake. Organizers should follow the lead of a local of the International Union of

Electronic Workers. It successfully mobilized opposition to an attempt of General Motors to subcontract wiring assembly work to Yazoo Industries, which had planned to employ inmates at the Mississippi State Penitentiary at Parchman.<sup>54</sup>

Finally, *the unemployed must come to see that the labor movement remains the most significant obstacle in the path of those aiming to introduce new forms of exploitation and repression in this country.* Welfare recipients in New York understand this point well, and have worked with District 37 of AFSCME to defeat workfare schemes.<sup>55</sup> In the long run, of course, revitalization of the labor movement is a necessary precondition for expansion of welfare benefits and a just social wage. In the short run, union sponsored committees of the unemployed provide the only available source of food and medical care on the one hand, and political pressure to stave off foreclosures on the other.<sup>56</sup> As workers across the country recognize that their own fate is tied up with the fate of others, the possibilities of building a viable socialist movement will become clear. Successful response to the crisis, in this light, must stem from a recognition that the attacks on labor today are indeed assaults on the whole working class.

We are witnessing, then, an unprecedented *withdrawal* of the state from many spheres of economic activity. The meager welfare outlays legislated in response to popular pressures in the 60's have not survived the corporate attack on government and unions. The effect of legislation to cut Aid to Families with Dependent Children (AFDC) and force recipients to work for any benefits received is simultaneously an unprecedented assault on unionized public workers, whose jobs are increasingly filled by the unpaid "volunteers." In Milwaukee, a manufacturer fired 90 members of the United Steel Workers Union, hiring welfare recipients at less than the minimum wage to do the same work.<sup>37</sup> In New York, more than 15,000 welfare recipients work in clerical, maintenance and health fields. "They receive no wages and are only allowed to work as many hours as it takes to earn their welfare check at the minimum salary paid for the position they hold."<sup>38</sup>

In O'Connor's work the danger lay in the cooptation of movements from below, as welfare stifled potential dissent and halfway houses transformed militants into docile workers. In the 70's LEAA and Title XX funds cheapened the costs of privately run correctional centers, and the Revenue Act of 1978 allowed tax credits equal to 50 percent of prisoners' first year wages to employers willing to hire them through work release programs. As staff in privately run centers most often lacked unions and union wages, such projects proved especially enticing. But the gains to be achieved from such schemes come about only should the state "clients" secure employment: if they are unemployed no increase in tax revenues from a heightened rate of accumulation can be expected to compensate for the initial government subsidies. In the late 70's and early 80's, falling profit rates implied fewer and fewer job openings for prisoners in privately run centers. Only one-third of female and one-quarter of male residents interviewed in one Chicago center in mid-1982 had found jobs.<sup>39</sup> The alternative to halfway houses, of course, is simply throwing more and more people in jail, even if it imply

overcrowding. But there are definite limits to overcrowding and deterioration of living conditions; prison riots frequently arise in response. In a frantic search for funds to finance the construction of ever more prisons to house ever more inmates, state and local government officials are discovering they can, however, raise revenues from prisoners still behind bars. With guidance from advisory councils composed of businessmen, prison factories are being established in states across the country.

Revolving funds to support prison industries, including primary funding, materials and personnel costs, have been set up by California, Colorado, Hawaii, Indiana, Iowa, Mississippi, New Jersey, New Mexico, South Dakota, Texas, Vermont and Wisconsin. Profits are returned to the state treasuries.

Several states are allowing prison industries to sell to other state agencies. South Dakota, North Dakota and Wisconsin allow certain goods, for example agricultural products, to be sold on the open market. In Texas, Illinois, Iowa and Connecticut, goods may be sold to non-profit agencies. In Colorado, Indiana, Mississippi, Montana and Utah, inmate industries may sell their goods on the open market. . . . Arizona, Iowa and New Mexico lease buildings on the prison grounds to the private sector for use as factories. Florida has formed a non profit corporation to lease such facilities. Indiana leases land.

Connecticut and Indiana have gone further. They offer tax incentives to investors who bring factories into prisons and employ inmates. Kansas had a private prison industries shop. For example, a private metal fabrication plant employs 40 inmates three miles from the prison. The prison furnishes transportation to and from the site, inmates work an eight hour day, receive minimum wages and some fringe benefits. The program has been in operation for two years and Kansas has collected over \$80,000 in room and board fees, which have been deducted from wages. Other states have had less success with such programs because unlike Kansas they were not right-to-work states.<sup>40</sup>

Government officials turn increasingly to contract out the task of maintaining entire institutions, as in Houston where the Immigration and Naturalization Service contracts with the Corrections Corporation of America to operate a detention center for illegal aliens.<sup>41</sup> The logic behind punishment for profit has gone to its extreme in Delaware, where prisoners exhaust their energies building ever more prisons. A new generation of prison laborers must be housed.<sup>42</sup>

Advantages of prison industries are clear enough to the government officials and corporations involved. The Delaware prisoners, paid a handsome wage of 15 cents an hour, are building a 300 bed prison at a cost of \$2.4 million, saving the state \$8.4 million. In Connecticut, prisoners performed work illegally for the personal benefit of government officials, and mounting deficits posed a serious threat to the revival of prison labor.<sup>43</sup> Yet other states entering the field have reaped the benefits of slave labor. The victims include not merely the prisoners but unionized workers as well: few concerns prove capable of competing with those capitalizing on such cheap labor. Those seeking to significantly expand prison employment aim to turn the clock back to pre-Depression days, when 90 percent of all convicts produced goods in direct competition with those put forth by a wide variety of manufacturers. Then, harsh conditions of work behind bars inspired successful campaigns to

restrict the use of slave labor. Presumably, the existence of democratic institutions today guarantees that such abuses will never again occur. But the use of prison labor is escalating: the Texas and New Mexico state legislatures recently passed laws authorizing counties to contract for operating private jails.<sup>44</sup> Lobbyists for private concerns understand well the gains to be reaped from an ever increasing prison population.

## Conclusion

The trend towards heightened use of union busting and repression as means of responding to falling profit rates was not foreseen by O'Connor. On the contrary, in *The Fiscal Crisis of the State* the most significant threat to the left lay in the cooptation of the left, for the working class has sold out to capitalist values. The implication was that working class people "weren't even really alive. Two roads opened up from this point. One was the search for a vanguard that was wholly 'outside' modern society: 'the substratum of outcasts and outsiders, the exploited and persecuted of other races and other colors, the unemployed and unemployable' . . . Of course, such a search is doomed to futility; no one in the contemporary world is or can be 'outside.' For radicals who understood this, yet took the one-dimensional paradigm to heart, it seemed that the only thing left was futility and despair."<sup>45</sup> To some interpreters of O'Connor, however, one quite different conclusion could be drawn: advanced capitalism, it seemed, *needed* the academics and social service workers who poured forth from the universities in the 60's. O'Connor thought that the state would continue to expand, for social services were economically indispensable to capital. New Leftists need only become aware of the sources of their power and out-manuever reactionary workers who supported right-wing tax revolts in defense of their own selfish interests. The conviction they held structural power, however, proved to be more a product of wishful thinking than anything else. Meanwhile, O'Connor had turned attention away from the most significant factors underlying social change in American society.

Working class people and socialists actually struggling against the state, however, cannot so easily close their eyes to the growing use of the repressive apparatuses of the state, nor the unhalting attempts to cut social services, nor the mounting attacks on unions in both public and private sectors. *There is nothing internal to capitalist accumulation which will make the transition to socialism easy.* In particular, the significance of the rise of "social-industrial capital" lies in attacks on union labor and cuts in the level of social services provided, not in the development of a new sphere of accumulation capable of satisfying the legitimacy needs of the state by delivering the goods to the voters. The growing trend towards outright privatization of state services illustrates this point. In Scottsdale, Arizona, fire services purchased by city residents prove cheaper than those offered by city workers, but only because the contractor provides fewer services and does not adhere to many established fire-fighting standards.<sup>46</sup> When day care is privatized the quality of care invariably falls, especially for troubled kids.<sup>47</sup> In Nashville, Tennessee, patients must pay \$26 before even being admitted to the for-profit hospital there.<sup>48</sup> Should

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cuts in subsidies to the United States Postal Service persist and private businesses continue to take over delivery services traditionally handled by the Postal Service, some of us will not even learn of such developments. Private concerns would only serve urban areas where they could make a profit and offer only those services that would make good economic sense. The problem, according to Ralph Nader, "is that many consumers—individual mailers and nonprofit groups in particular—have no alternative. If the Postal Service fails, these consumers will be left without an effective means of communication."<sup>49</sup> Should cuts in financial aid to students persist, that may not even matter. The exit of students from working class families will cause the demand for a politically relevant education to decline, and Marxism will continue to be taught and published as trivial middle class consumption.<sup>50</sup>

But struggles to restore education cuts are mounting, and privatization strategies themselves are not going unchecked. In one Georgia town the fire department staff mobilized community support for a city council recall movement in response to the contracting out of fire protection services. Council members promptly cancelled the contract for fear of losing their jobs.<sup>51</sup> SEIU Local 660 members and black community organizations in Los Angeles successfully rallied to defeat blatantly racist proposals to contract out the jobs of 1000

county janitors, 95 percent of whom are black or Latino<sup>52</sup> For the future, the interests of public sector employees can best be served through an expansion of the demand for their services. These days many state employees believe that gearing state services towards ends needed by capital is the only way to secure their jobs. They see unionized private sector workers, in contrast, as reactionary, providing political support to the tax revolt of the radical right. But they need to see that revitalization strategies launched by corporations themselves ultimately mean smashing unions in the private sector, which will diminish the demand for public services and heighten the potential of contracting out. *In no respect will public employees and their unions benefit from a weakened labor movement in the private sector.* To ensure victory in short term struggles against contracting out, public employees must mobilize community support behind platforms which expose alleged savings for what they are—attempts to decrease the level of services provided. AFSCME Local 2427, for example, successfully led opposition in 1982 to a plan designed to contract out the services of three Wisconsin institutions that provided care for drug abusers, mentally ill patients and physically disabled people. The key to victory was not only twelve thousand signatures gathered in a three month period, but vocal demonstrations of community support at public hearings<sup>53</sup> ■

### FOOTNOTES

<sup>1</sup>James O'Connor, *The Fiscal Crisis of the State* (New York: St. Martin's Press, 1973); p. 54.

<sup>2</sup>Christopher Leman, *The Collapse of Welfare Reform* (Cambridge: MIT Press, 1980); Michael Harrington, "The New Gradgrinds," *Dissent* (Spring 1984); and Ira Katznelson, "Considerations on Social Democracy in the United States," *Comparative Politics* 11:1 (October 1978). The argument offered by many neo-Marxist theorists that working class power actually rose in the 1970's as social welfare outlays cushioned the working class from the disciplining effects of the reserve army of the unemployed is thus bizarre. Between 1973 and 1982 average weekly real incomes actually fell 16 percent. Martin Carnoy, *The State and Political Theory* (Princeton: Princeton University Press, 1984), p. 243. "In the complex real world, mass opinion can sometimes be a source of policy, but it may also be a reflection of policy, a constraint on policy, or irrelevant to policy." Larry Wade, "The Political Theory of Public Finance" in *Taxing and Spending Policy*, edited by Warren J. Samuels and Larry Wade (Lexington: D.C. Heath, 1980).

<sup>3</sup>The failure of corporate liberal planning in this country is explored by Lincoln Caplan, "This is Partnership?" *New York Times*, February 23, 1982; John D. Hanrahan, *Government By Contract* (New York: W.W. Norton & Co., 1983); J. Allen Whitt, *Urban Elites and Mass Transportation* (Princeton: Princeton University Press, 1982); Norman and Susan Feinstein, "U.S. Urban Policy in Comparative Perspective" in *Urban Policy Under Capitalism*, edited by Norman and Susan Feinstein (Beverly Hills: Sage, 1982); and Seymour Zucker, "Economists Are This Year's Endangered Species," *Business Week*, January 14, 1985.

<sup>4</sup>Annmarie Hauck Walsh, *The Public's Business* (Cambridge: MIT Press, 1978), p. 148. See also Michael Berryhill, "How the Rich Get Richer in Texas," *Reason* (December 1984); Steven Greenhouse, "Tighter Rein on Incentives for Business," *New York Times*, January 13, 1985; James T. Bennett and Thomas J. DiLorenzo, *Underground Government: The Off-Budget Public Sector* (Washington, D.C.: Cato Institute, 1983) and Richard B. Schmitt, "Oklahoma Populist Stirs Up Bitter Fight Over Tax, Financing Breaks for Business," *Wall Street Journal*, June 29, 1982. Between 1977 and 1979 authorities borrowing independently of any general purpose government accounted for fully 45.5 percent of all new bond sales, up from 26 percent between

1966 and 1970. Alberta M. Sbragia, "Politics, Local Government, and the Municipal Bond Market," in *The Municipal Money Chase: The Politics of Local Government Finance* edited by Alberta M. Sbragia (Boulder: Westview Press, 1983), p. 71. Activists in the peace movement who see in the military budget the source of high interest rates and the current crisis forget that in the aftermath of the Vietnam War military expenditures as a percentage of gross national product fell until 1978. Nevertheless, Reagan's military buildup certainly exacerbated existing trends: from 1980 to 1984 debt service grew faster than any other budget category, including defense. Paul Blustein, "Climbing Federal Debt Is Inexorably Raising U.S. Interest Burden," *Wall Street Journal*, June 22, 1984.

<sup>5</sup>Dennis Zimmerman, "Federal Tax Policy, IDBs and the Market for State and Local Bonds," *National Tax Journal* 37:3 (September 1984) and Allen Schick, "Budgetary Adaptations to Resource Scarcity," in *Fiscal Stress and Public Policy*, edited by Charles H. Levine and Irene Rubin (Beverly Hills: Sage, 1980).

<sup>6</sup>Michael Oreskes, "Those Unaccountable Agencies Count for a Lot," *New York Times*, April 17, 1983. Similarly, after voters in Jefferson County, Colorado, defeated a measure to increase the sales tax as a means of raising funds to build a prison, county supervisors issued tax-exempt "certificates of participation" for sale to private investors to raise the money. *Time to Build? The Realities of Prison Construction* (New York: Edna McConnell Clark Foundation, 1984).

<sup>7</sup>"Moribund Bonds: How They Hurt Cities and States," *New York Times*, August 30, 1981.

<sup>8</sup>In the text the significance of high interest rates lies in the indirect effects precipitated by the state's failure to provide social capital outlays. But more direct effects also afflicted certain sectors of the economy. Industries especially hurt by high interest rates were those heavily dependent upon consumer borrowing on the one hand, and those for whom the rising value of the dollar implied stiffer competition from overseas producers on the other.

<sup>9</sup>Tom Alexander, "The Right Remedy for R&D Lag," *Fortune*, January 25, 1982.

<sup>10</sup>Robert Kuttner, *Revolt of the Haves* (New York: Simon & Schuster, 1980).

<sup>11</sup>Dean C. Tipps, "California's Great Property Tax Revolt: The Origins and Impact of Proposition 13" in *State and Local Tax Revolt: New Directions for the 80's*, edited by Dean C. Tipps

and Lee Webb (Washington, D.C.: Conference for Alternative State and Local Policies, 1980).

<sup>12</sup>James T. Bennett and Thomas J. Dilorenzo, "How the Government Evades Taxes," *Policy Review* 19 (Winter 1982).

<sup>13</sup>Robert J. Samuelson, "Tax-Exempt Bond Explosion Blows a Hole in the Nation," *Los Angeles Times*, February 22, 1984. Similarly, Congressional attempts to restrict use of industrial development bonds by limiting all issuers within each state to a total of \$200 million (or \$150 per resident, whichever is higher) will likely backfire. As the cap does not apply until 1985, a record number of IDB's will probably be issued in 1984, fueling high interest rates. Ann Monroe, "New Rules on Industrial Bonds May Widen Loss to the Treasury, Boost Interest Rates," *Wall Street Journal*, July 3, 1984.

<sup>14</sup>Daniel Kruger and Robert Rodgers, "The Impact of the 1975 New York City Financial Crisis on Public Sector Unionism," *Journal of Collective Negotiations in the Public Sector* 7:3 (1978).

<sup>15</sup>Lawrence Ingrassia, "Municipal Officials Getting Tougher in Bargaining with Public Workers," *Wall Street Journal*, August 18, 1981.

<sup>16</sup>James Jacobs, "The Role of Military Forces in Public Sector Labor Relations," *Industrial and Labor Relations Review* 35:2 (January 1982).

<sup>17</sup>"Three Cities Apply Bootstrap Approach to Recovery," *Intergovernmental Perspective* 8:1 (Winter 1982). See also "Public Sector Strikes Decline to 13-Year Low," *Public Administration Times*, March 15, 1982.

<sup>18</sup>Donald Fisk, Herbert Kiesling and Thomas Muller, *Private Provision of Public Services: An Overview* (Washington, D.C.: Urban Institute, May 1978), p. 95, and "Oversight Hearing on Circular A-76 Shows Controversy Continues Over Contracting Out," *Government Employee Relations Report*, September 24, 1984.

<sup>19</sup>John D. Hanrahan, *Government for Sale: Contracting Out the New Patronage* (Washington, D.C.: AFSCME, 1977). Over 290 firms now provide services traditionally performed by government, up from less than 100 in 1976. Kevin Farrell, "Public Services in Private Hands," *Venture* 6:7 (July 1984). In 1980 state and local governments paid \$66 billion to them to provide public services. *Passing the Bucks: The Contracting Out of Public Services* (Washington, D.C.: AFSCME, 1983).

<sup>20</sup>Fisk et al., *op. cit.*, p. 68.

<sup>21</sup>Neil R. Pierce, "Seeing Urban Problems as Investment Opportunities," *Los Angeles Times*, December 26, 1982.

<sup>22</sup>*Passing the Bucks, op. cit.*, p. 30.

<sup>23</sup>E.S. Savas, "Intracity Competition Between Public and Private Service Delivery," *Public Administration Review* 41:1 (January-February 1981); Joel Harnett, "Public Unions vs. Private Entrepreneurs," *Empire State Report* 5:3 (June-July 1979); and Mark Hughes, "Contracting Out in Phoenix," *Public Management* 64:10 (October 1982).

<sup>24</sup>Paul Stodohar, "Subcontracting in State and Local Government Employment," *Journal of Collective Negotiations in the Public Sector* 9:3 (1980).

<sup>25</sup>"Why Cities Farm Out Work to Private Firms," *U.S. News and World Report*, December 22, 1980.

<sup>26</sup>Hughes, *op. cit.*

<sup>27</sup>"Contracting: Savings—and Snafus," *Los Angeles Times*, November 22, 1983.

<sup>28</sup>*Passing the Bucks, op. cit.*, p. 76.

<sup>29</sup>Maarten de Kadt, Joan Hoffman and Matthew Edle, "Business Plans for New York," *Social Policy* 12:1 (May-June 1981).

<sup>30</sup>"Governmental Habits Called Obstacles to Public Works Plans," *New York Times*, November 6, 1982.

<sup>31</sup>J. Kenneth Orski, "Private Sector Involvement in Transportation," *Urban Land* 4:10 (October 1982).

<sup>32</sup>Neil R. Pierce and Carol Steinbach, "Cuts in Transit Aid May Hurt but Could Have a Silver Lining," *National Journal*, April 4, 1981.

<sup>33</sup>E.S. Savas, *Privatizing the Public Sector* (Chatham, N.J.: Chatham House, 1982), p. 140.

<sup>34</sup>Rochelle L. Stanfield, "Reagan Urban Policy—Count Us Out of Public-Private Partnerships," *National Journal*, July 3, 1982.

<sup>35</sup>Earl C. Gottschalk, "Company Housing on the Rise in California as Schools and Firms Try to Lure Employees," *Wall Street Journal*, October 26, 1981.

<sup>36</sup>Simcha B. Werner, "The Political Reversibility of Administrative Reform: A Case Study of the United States Postal Service," *Public Administration* 60:3 (Autumn 1982).

<sup>37</sup>Ben Bedell, "White House Pushes Workfare Program," *Guardian*, April 28, 1982.

<sup>38</sup>"Workfare: Modern Slavery," *Guardian*, October 13, 1982.

<sup>39</sup>Keon S. Chi, "Private Contractor Work Release Centers: The Illinois Experience," *Innovations* (July 1982).

<sup>40</sup>Sandra C. Young, "Prison Industries: Factories with Fences," *State Government News* 25:6 (June 1982). See also Edward Gargan, "The Nation's Prisoners Join the Labor Force," *New York Times*, August 28, 1983; Jack Schaller, "Work and Imprisonment: An Overview of the Changing Role of Prison Labor in American Prisons," *Prison Journal* 62:2 (Autumn-Winter 1982); Barbara Auerbach, "New Prison Industries Legislation: The Private Sector Reenters the Field," *Prison Journal* 62:2 (Autumn-Winter 1982); Gail Funke, Billy Wayson, and Neal Miller, "The Future of Correctional Industries," *Prison Journal* 62:2 (Autumn-Winter 1982); and George Kennelly, "Private Sector Involvement," *Corrections Today* (June 1983). Currently 35.9 percent of the prison population holds jobs. *Washington Post*, January 27, 1984.

<sup>41</sup>Kevin Krajick, "Prisons for Profit: The Private Alternative," *State Legislatures* 10:4 (April 1984). The Chicago based venture capitalist firm of Golder, Thoma and Cressey believes prisons are the most promising area of privatization. Farrell, *op. cit.*

<sup>42</sup>William Robbins, "Prisoners' Jobs: Goal Is Self-Respect," *New York Times*, March 25, 1984. Similarly, the Prison Industry Authority in California employs inmates to build concrete panels for new prisons across the state. *Prison Industry Authority Annual Report for the Year Ending June 30, 1983* (Sacramento: Prison Industry Authority, 1983), p. 13.

<sup>43</sup>"Deficit Perils Prison Industry," *New York Times*, August 28, 1983. Florida's prisons, in contrast, recorded sales of \$24 million in FY 1982, up from \$19 million in FY 1981, and Tennessee receipts grew to \$10.7 million in FY 1982. *Wall Street Journal*, August 19, 1982.

<sup>44</sup>Krajick, *op. cit.*

<sup>45</sup>Marshall Berman, *All That Is Solid Melts into Air* (New York: Simon & Schuster, 1982), p. 29.

<sup>46</sup>Fisk et al., *op. cit.*, p. 39.

<sup>47</sup>"Drive-In Day Care?" *Dollars and Sense* (November 1982).

<sup>48</sup>*Passing the Bucks, op. cit.*, p. 47.

<sup>49</sup>"U.S. Postal Service Putting Profits Ahead of Service, Nader Contends," *Los Angeles Times*, January 18, 1983.

<sup>50</sup>Cyril Levitt, *Children of Privilege: Student Revolt in the Sixties* (Toronto: University of Toronto Press, 1984), ch. 7. "The Puzzle of Middle Class Marxism." E.P. Thompson notes that "there has never been a generation of socialist intellectuals in the West with less experience of practical struggle, with less sense of the initiatives thrown up in mass movements, with less sense of what the intellectual can learn from men and women of practical experience, and of the proper dues of humility which the intellect must owe to this." "The Poverty of Theory," in *The Poverty of Theory and Other Essays* (New York: Monthly Review Press, 1978), p. 184.

<sup>51</sup>James L. Mercer, "Growing Opportunities in Public Service Contracting," *Harvard Business Review* 83:2 (March-April 1983).

<sup>52</sup>"Contracting Out Struggles Up and Coming," *Voice* 660 (March 1983); "Our Day of Outrage," *Voice* 660 (April 1983); and Leo Wolinsky, "Supervisors Impose 'No-Layoff' Policy," *Los Angeles Times*, May 11, 1983.

<sup>53</sup>John Montuori, "How Public Employees Unions Are Fighting 'Contracting Out,'" *Labor Notes*, February 23, 1984.

<sup>54</sup>John Russo, "Local Union Stops GM's Plans to Hire Captive Work Force," *Labor Notes*, March 22, 1984.

<sup>55</sup>Sandy Helling and Lillian Zerwick, "Workfare: The New York Experience," *Catalyst* 14 (1982).

<sup>56</sup>Lenny Stovall, "Sheriff Calls Temporary Halt to Foreclosures on Pittsburgh Homes," *Labor Notes*, January 27, 1983.

# THE POPULAR FRONT & THE UAW

BY ERIC CHESTER



Auto workers sit down in Dodge plant in Detroit.

**A**s much of the Left drifts toward the right, an increasing number of socialists point to the Communist party of the 1930s as a model to be emulated. From the summer of 1936 to the Stalin-Hitler pact of August 1939, the party held that the most important task confronting socialists was the forging of a Popular Front of progressive forces within the Democratic party. During this period, the Communist party was a significant factor in American politics, in large part because its cadre were entrenched in the leadership of several important CIO unions.

Contemporary socialists who organize inside of the Democratic party look toward "progressives" among the top leaders trade union leaders as central figures in the liberal coalition. For the Communists, this was also the case, as the Popular Front strategy led the party to seek the confidence of John L. Lewis and the CIO hierarchy. Yet this policy necessarily led the party to be extremely wary of rank and file militancy, since Lewis was intent upon establishing the newly formed industrial unions as responsible partners in collective bargaining. Furthermore, militant strikes proved to be highly embarrassing to the New Deal liberals which the CP so eagerly courted.

Communist cadre on the shop-floor soon discovered that pursuing the Popular Front placed them in an intolerable bind. As committed activists, they were anxious to join with other radicals in a militant struggle against corporate control at the workplace. The party's leaders, in contrast, placed a premium on not antagonizing the CIO officialdom, or the Roosevelt administration, and thus party directives to union cadre prohibited participation in unauthorized strikes. As we shall see, at times the party would relax its curbs on militant activity, and Communist cadre would assume leadership roles in wild-cat strikes. As soon as these militant actions threatened to undermine Communist credibility within the liberal coalition, the word came down from the top and shop-floor cadre could either adhere to the line or

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leave the party.

I have limited my focus to one union, the United Automobile Workers, and I have concentrated on one period, the year or so following the end of the Flint sit-down in February, 1937. The UAW was the most dynamic and rapidly growing CIO union. It was also highly politicized as several socialist organizations attracted supporters among the sizeable number of UAW militants. Still, the Communist party quickly established itself as the most tightly organized and influential ideological grouping in the union.

Confronting the UAW were huge industrial corporations, of which the largest was General Motors. The UAW first gained a foothold in GM plants as the consequence of the Flint sitdown, which ended when the corporation conceded limited recognition to the union.<sup>1</sup> GM responded to the UAW's victory at Flint by insisting upon complete control over the point of production. Although the union's top leadership soon agreed to the corporation's demands, rank and file militancy remained high through the end of November 1937. Unfortunately, many of the shop-floor activists who could have provided leadership for a militant counter-attack were CP cadre, and, as such, they were held back by the logic of the Popular Front. At critical moments the party decided to withhold support from the militant struggles of the auto workers in order to safeguard the CP's position within the New Deal coalition. The party thereby facilitated the bureaucratization of the UAW, as it undercut the self-confidence and initiative of those on the shop-floor.





## Initial Organizing

The effort to organize the auto industry began to take root in late 1934 and into 1935. By then the party had dropped its ultra-leftist rhetoric of the Third Period, and it was thus in a good position to benefit from the upsurge in rank and file activity. During 1935 and the first half of 1936 the CP advocated the formation of a labor party, as it denounced the inadequacies of the New Deal. The party was also desirous of working with the Socialist party to build a united front of the Left. Within the unions, Communists stressed the need to push from below for militant, democratic unions, and they frequently criticized John L. Lewis and his cohorts.<sup>2</sup>

Inside the UAW, the party's stance during this period enabled its cadre to work closely with other leftists, in particular those in the SP orbit, so as to form a loose, but influential coalition. A key figure was Wyndham Mortimer, a member of the party although he consistently denied it in public. As UAW vice-president, Mortimer played a crucial role in the union's first years.<sup>3</sup>

Walter Reuther was also establishing a base of power within the union. By early 1936, Reuther was only a nominal member of the Socialist party, but his group included several young and dynamic Socialists.<sup>4</sup>

Although the left-wing coalition could have controlled the UAW convention of May 1936, at which the union broke with the AFL and affiliated with the CIO, the Left did not want to antagonize Lewis and the CIO. As a result, Homer Martin was elected UAW president. Martin was not identified as a radical and he was also an effective speaker, but he rapidly demonstrated his ineptitude as an administrator and his ineffectiveness as a negotiator.<sup>5</sup>

Soon after the UAW convention, the CP adopted the Popular Front strategy at its Ninth Party Congress, and by December 1936 the party had entered the Democratic party. In terms of trade union policy, the new line meant a determined effort to gain the good-will of the CIO hierarchy. The party now sought to engage in "whole-hearted collaboration" with CIO leaders,<sup>6</sup> and Earl Browder, party general secretary, voiced the CP's

"great confidence in the strategical line of the CIO leadership and of John L. Lewis."<sup>7</sup>

Until the Flint settlement in February 1937 the UAW had been a small, marginal union, without official recognition from any of the major auto corporations. With victory at Flint, and recognition by GM, the UAW became an established union, with all of the problems inherent in that position.

Communist cadre, especially Mortimer and his protégé Bob Travis, were instrumental in organizing the Flint sit-down.<sup>8</sup> The victory at Flint therefore greatly enhanced the standing of Communist activists within the UAW. Party directives were of considerable importance in the months following Flint, when Homer Martin and the union's leadership were tested by the corporation and found wanting. Rank and file militants looked to Communist cadre for direction, and, instead, found vacillation and timidity.

## First Clashes

The focal point for conflict within the union came to center on the tense relationship between the UAW and GM. The agreement ending the Flint sit-down had merely provided for bargaining between the two sides. This was followed by the first contract in March 1937, as amended in April, which established the basic principles of the grievance structure, a key issue in future disputes.

In developing the union at the shop-floor level, UAW activists had sought to establish a shop steward system, in which each work group, roughly 15-100 people, chose a grievance representative who could settle disputes concerning the implementation of the contract.<sup>9</sup> GM acted to undercut the workers' ability to police the contract by superimposing a new structure in which the number of recognized grievance officers was sharply reduced. The March and April agreements created a system of committeemen, each of which would handle the grievances of 400 workers. The April supplement also specifically excluded shop stewards from the official grievance structure.<sup>10</sup>

Mortimer was the union's chief bargainer in these negotiations. Yet in their essence the March and April contracts represented a clear victory for GM. Committeemen who had to service 400 workers could not possibly remain in direct contact with all of their constituents. Unlike shop stewards, who were themselves members of the work department whose grievances they sought to uphold, committeemen would often have to act as another outsider adjudicating the disputes of those directly involved.

Despite the union's concessions regarding the recognition of shop stewards, the March and April agreements did not bring stability to the auto industry. General Motors undercut the grievance system by obstructing the quick settlement of disputes, and by refusing to instruct its foremen to abide by the contract. The result was a massive backlog of grievances as the system came to a halt. Although the UAW reserved the right to authorize strikes over working conditions, Homer Martin refused to sanction local shutdowns over unresolved grievances.<sup>11</sup>

The UAW of 1937 was not composed of apathetic or cynical members. Auto workers had seen that collective action could gain victories, and they responded to GM's

## Against the Current

maneuvers with wild-cat after wild-cat. Corporation officials claimed that there had been more than two hundred quickie strikes in the four months following the March contract.<sup>12</sup>

GM responded to these strikes by threatening to revert to its previous stance by refusing to collectively bargain with the UAW. Martin sought to placate the corporation by denouncing wild-cats and by allowing GM to fire several workers who had participated in unauthorized strikes. These firings put a damper on the wave of shop-floor militancy.<sup>13</sup>

In the months following the Flint sit-down, unauthorized strikes were the focus of debate within the union. The acceptance of a Popular Front strategy led the CP's leadership to be wary of this militant upsurge. Having decided to build the progressive coalition within the Democratic party, the party made it very clear that the unity of this coalition had a higher priority than support for the activities of a militant rank and file. Earl Browder insisted that "the Communist Party is not stirring up strikes," and indeed that the "strike is a weapon of last resort, to which the workers turn only when the capitalists have blocked every other road of redress for their grievances."<sup>14</sup>

Specifically party leaders sharply condemned the wild-cat strikes which swept through the auto industry in the early summer of 1937. The party official in charge of the cadre in auto, B.K. Gebert, wrote that "unauthorized actions must not be tolerated."<sup>15</sup> The CP was well aware that John L. Lewis had decried the wild-cats, and that he had urged the UAW to strictly adhere to the contract. The party had every intention of maintaining its good relations with the CIO hierarchy, and it required its cadre in auto to pursue policies consistent with this goal.

The party soon had to confront a more painful problem within the UAW. Martin's inept performance as president had soon convinced Mortimer and other key UAW leaders of the need to work around him. Martin responded by bringing into the union his own brain trust, recruited from the small sect of Lovestoneites. Lovestone's group consisted of a hard-core of political activists who had been expelled from the Communist Party in 1929. By 1937 the group was vitriolically hostile to the party and perceived its goal in the UAW as the elimination of Communist influence.<sup>16</sup>

Once the Lovestoneites were installed as Martin's advisors, factional disputes became far more bitter. Martin began to label all of his opponents as Communists, and threatened to remove key oppositional figures from influential posts. Martin's frontal attacks led the Communist activists and the Reuther grouping to form a new caucus, the Unity Caucus.<sup>17</sup>

In late September 1937 Martin launched his attack by removing Bob Travis from his critical post as Flint organizer.<sup>18</sup> The party was forced to respond or see its influence in the UAW be destroyed. Party leaders were convinced that Martin had to be persuaded of the need to cooperate or face the active hostility of its cadre. Yet the CP still wished to avoid a head-on battle with Martin, who continued to receive the support of John L. Lewis. To meet these conflicting pressures, the party adopted a more critical stance toward Martin, but its criticisms were restricted within sharply defined limits.

This ambivalent stance was reflected onto the attitude of the CP toward the question of UAW-GM relations, an issue which reached crisis proportions during the fall of 1937. Throughout the summer, GM had insisted that the UAW concede to the corporation total authority over discipline before it would agree to begin negotiations for a new contract. On September 16, 1937 Martin agreed in a public letter that GM would have the total authority to discipline unauthorized strikers, and furthermore that "the Union shall take effective disciplinary action" against those involved in wild-cats.<sup>19</sup> With a solid majority on the executive board, Martin's letter was passed as the basis for negotiations to replace the March contract. Communist response to Martin's September letter was very restrained. The *Daily Worker* remained silent until November 3, when Gebert wrote that "it is our opinion that the union paid too heavy a price when it agreed in September to accept provisions dictated by General Motors." The CP continued to insist on the need for shop-floor discipline, but it also called upon the UAW to take a tougher stance in the GM negotiations.<sup>20</sup>

By early November Martin's team had negotiated a tentative agreement for a new contract with GM. In addition to a wage freeze and no improvements in the grievance procedure, it codified corporation control over disciplinary actions, as previously stipulated in Martin's letter.<sup>21</sup>

When word got out of the contract's provisions, opposition sentiment mushroomed. Communist activists joined the opposition but were cautious in their approach. On the other hand, Walter Reuther, through the newspaper of his home local, led the resistance to the new contract.<sup>22</sup>

On November 13 and 14 three hundred delegates from GM locals convened to discuss the proposed contract. Following a heated debate, during which the proposal was roundly denounced by all, Martin declared that he too opposed the contract, and that the union's negotiating team would return to the bargaining table to return with a better deal.<sup>23</sup>

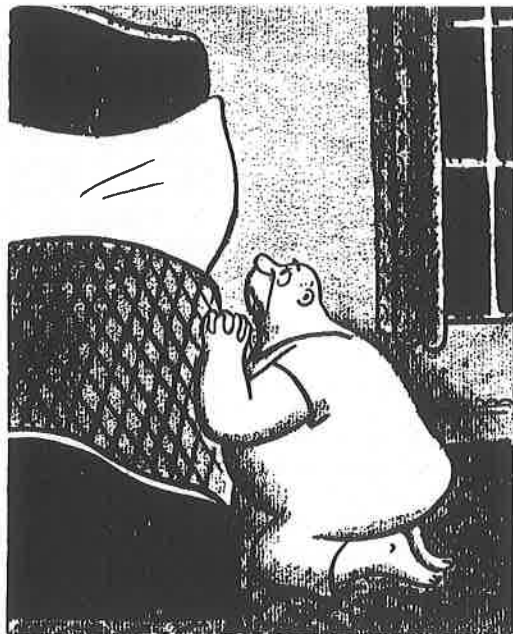
When the GM delegates rejected the tentative contract, they lifted the lid on shop-floor actions which had held since the beginning of that summer. Rank and file activists were persuaded that the union was again committed to defending its members against corporate reprisals, rather than sanctioning them. The stage was set for another confrontation with General Motors, and it came at the Fisher Body Plant in Pontiac, Michigan.

### The Pontiac Wild-Cat

Pontiac Fisher Body was one of the most militant and well-organized plants in the GM complex. Its normal workforce was seventy-five hundred (7500), but thirteen hundred and fifty (1350) workers were laid off as of November 1937. In significant part, these lay offs stemmed from GM's decision to shift some of the work normally undertaken at Pontiac to another Fisher Body plant in Linden, New Jersey. The Linden facility was still unorganized by the union, and GM intended to keep it that way by refusing to allow Pontiac workers to follow the switch in work sites.<sup>24</sup>

The Pontiac local had objected to the lay offs, and had proposed a sharply reduced work week as an alternative. Local management refused to consider the

union's plan, or to otherwise negotiate on the lay offs. Pontiac Fisher Body workers also believed that GM was speeding up the pace of production as it laid off workers. Grievances at the plant piled up, as the grievance procedure ground to a halt in the face of the corporation's hard-line.<sup>25</sup>



"And please don't let them sit down in my factory"

The Pontiac plant was a tinderbox ready to explode. When word reached Pontiac, a suburb of Detroit, of the GM delegates' decision to reject the contract, workers at the Fisher Body Plant reacted instantaneously. On Monday, November 15, at 8:45 p.m., the evening shift refused to work and twenty-five hundred (2500) workers occupied the plant in a sit-down. The strike was short, less than twelve hours, but, at first, it appeared to have been successful. Local management agreed to negotiate lay off procedures with the union.<sup>27</sup>

The victory was short lived. On Wednesday morning, November 17, GM dismissed four leading activists in the plant, including George Method, chairman of the Fisher Body Bargaining Committee and a Communist sympathizer. The four were accused of leading the wild-cat, and the corporation insisted that Martin's September letter gave it the undisputed authority to discipline those who instigated unauthorized strikes. This despite the defeat of the tentative agreement which incorporated provisions similar to those in Martin's letter.<sup>28</sup>

The dismissals were to trigger a bitter dispute between GM and the UAW. That same Wednesday, the Pontiac local's newspaper denounced the firings as indicative of "lawless company aggression" and accused the corporation of provoking wild-cats by its insistence upon a "terrific speed-up and wholesale sabotaging of the union agreement."<sup>29</sup>

At 3:30 of the same day, Wednesday, November 17, five hundred workers again occupied the Fisher Body Plant. Those inside the plant welded one of the gates shut and moved in blankets and food stores. This time the Pontiac workers were ready for a long siege.<sup>30</sup>

At first the Communist Party was supportive of the

Pontiac occupation. In its first article on the Wednesday strike, the *Daily Worker* sympathetically quoted Method's comment that the Pontiac workers had been forced "to take the measures they deemed best" in order to defend the four fired leaders who "they rightly felt had been unjustly treated."<sup>31</sup>

The first official union response was not entirely negative either. William Munger, UAW research director and a Lovestoneite, blamed the second sit-down on management's "failure to negotiate satisfactorily." Richard Frankenstein, second only to Martin in the UAW hierarchy, also indicated his sympathy with the strike. "It is my belief that General Motors could have prevented all of this trouble by offering the union a sufficiently decent contract."<sup>32</sup>

The union's official stance was to change rapidly and dramatically. On Thursday, the day after the strike had begun, Martin again denounced wild-cats and urged the Pontiac strikers to return to work. That evening a meeting of twenty-five hundred (2500) Pontiac workers heard Fred Pieper, a Martin supporter on the union executive board, press for an immediate evacuation of the plant. Those in attendance voted overwhelmingly to continue the strike.<sup>33</sup>

Morale among the Pontiac workers remained at a very high level throughout the first days of the strike, despite police harassment and pressure from the union's officialdom. Two hundred people remained in the plant at all times, day and night. More than five hundred workers were directly involved in the sit-down, with most of them taking revolving shifts inside of the plant.<sup>34</sup>

On Saturday evening, four days into the strike, the Pontiac Fisher Body workers hosted a dance inside of the factory. Hundreds of auto workers in the Detroit area showed their support for the sit-down by taking their dates to the dance. The plant was guarded by strikers with fire hoses to ensure that the festivities were not disturbed.<sup>35</sup>

The resolve of the Pontiac strikers created an acute crisis for the UAW leadership. Homer Martin was perfectly aware that GM would refuse to negotiate with the UAW until the union structure demonstrated its ability to police the ranks. GM made this very clear in its first official response to the Pontiac occupation. William Knudsen, GM president, publicly demanded that the UAW bring the strike to an immediate end. In a statement issued on Friday, November 19, he insisted that unauthorized strikes such as that in Pontiac "will eventually make agreements valueless and collective bargaining impossible in practice."<sup>36</sup>

Knudsen's threatening letter was not the only pressure being brought to bear upon the UAW leadership. Michigan's New Deal governor, Frank Murphy, who had campaigned with CIO endorsement, threatened to send in the militia to clear the plant of strikers, so production could be speedily resumed. In addition, John L. Lewis told Martin and the UAW leadership that he would insist on a quick end to all wild-cat strikes. A showdown at Pontiac was imminent.<sup>37</sup>

The conflict came to a head at an emergency meeting of the UAW executive board convened by Martin for Sunday morning, November 21, in Detroit. George Method, the chief sparkplug of the strike, was summoned to report to the executive officers. Method defended the strike, and cited GM's intransigence in set-

ting local grievances as the crucial factor provoking the dispute. He also reaffirmed the demands of the strikers to the UAW hierarchy. The Pontiac plant would only be evacuated when the four fired leaders, including himself, were rehired, when GM committed itself to reversing its decision to shift workers from Pontiac to Linden, New Jersey, and when the corporation agreed to rehire the Fisher Body Plant's laid-off workers.<sup>38</sup>

The executive board was sharply split in its reaction to Method's presentation, and to the Pontiac occupation. Both Mortimer and Reuther urged the board to officially authorize the strike, so no one else would be victimized by management. Under their plan, the union would then call for the immediate evacuation of the plant so that the dismissal of the four local leaders could be reversed through negotiations.

Martin rejected the Mortimer-Reuther proposal and instead pressed the board to demand an unconditional end to the strike. After several hours of heated debate, the executive board temporarily adjourned, having been unable to reach a clear-cut decision. Another session was set for late that night in Pontiac, twenty-five miles from Detroit.<sup>39</sup>

Martin then went to Pontiac to address a rally of fifteen hundred (1500) workers. There he repeated his condemnation of the strike and insisted that unauthorized strikes "will ruin the union." Martin's speech set off a heated debate which ended in another vote by the Pontiac workers to continue the strike.<sup>40</sup>

A small-scale wild-cat at Pontiac Fisher Body had thus sparked a major crisis within the UAW. From Method to Mortimer, Communists had been instrumental in the strike, at the shop-floor to the union's executive board. Yet within a twenty-four hour period the party reversed its stance of qualified support and used its authority to implement an immediate end to the strike.

Late Sunday night the board resumed its emergency meeting in Pontiac. Mortimer and Reuther continued to advocate their plan as a workable compromise, but this time Martin had the votes to pass a resolution denying the official authorization to the strike. Still the union's leaders had to figure out how to enforce their evacuation order before the state militia was sent into action and a bloody battle ensued.<sup>41</sup>

Martin succeeded in accomplishing this by leaking his version of the events to Louis Stark, the well-known labor reporter of *The New York Times*. In an article bylined, Sunday, November 21, Stark wrote that the Martin administration "believes that its union opponents wish to foment unauthorized strikes in order to cast discredit on the chief leaders." According to Stark, Martin was "under pressure from both communist party leadership and from militant socialists."<sup>42</sup>

This article was a bombshell. Here was the party being blamed for instigating a major confrontation in the auto industry at the same time as it was desparately seeking to project itself as a legitimate component of the New Deal coalition.

Within hours after *The New York Times* had published the article, the CP had ordered an end to the occupation. Earl Browder personally intervened to order the party's auto fraction to bring about an immediate halt to the sit-down.<sup>43</sup> By Monday morning the cadre had been told of this switch in line, and had adjusted

their position accordingly.

When the executive board finally adjourned in the early hours of Monday morning, after an all-night session, it had finally decided to call for an unconditional end to the strike. Yet the workers inside of the plant continued to stand firm, and the stalemate continued. Martin went to sleep early Monday morning, only to be awakened a couple of hours later to be told that the sit-downers were now prepared to hear him. At 10:30 Martin went into the plant and ordered the men to immediately leave. His order to evacuate was seconded by George Method, until then the unofficial leader of the strike. Method told the workers "We are all wrong. Let's get out of the plant and show we are behind the international union." At 11:30 a.m. Monday November 22, the strikers left the plant and the Pontiac occupation was over. The defeat was total, the four local leaders stayed fired, and the local union was soon placed under trusteeship.<sup>44</sup>

The CP quickly distanced itself from the Pontiac sit-down. On the same day the strike ended, Martin received a message from party headquarters in New York which, according to Stark, declared "that the Communists were '100 per cent' with him in his handling of the Pontiac situation." Mortimer told a rally of Pontiac workers the same afternoon that the UAW board's decision "must be abided by" and, further, that "the Board was unanimous in its opposition" to wild-cats.<sup>45</sup> A few days after the end of the strike a *Daily Worker* editorial argued that wild-cats "only play into the hands of General Motors."<sup>46</sup> A leading party functionary, William Weinstone, also wrote that "the Communists and the Communist Party have never in the past, and do not now, in any shape, manner or form advocate or support unauthorized and wild-cat actions."

The party was quite explicit as to the rationale for these policy statements. Popular Front policies were designed to legitimate the CP as a responsible and respected component of the New Deal coalition. For Weinstone, to be seen as the initiators of militant actions could only be "gravely injurious . . . to the cause of cooperative action between labor and middle-class groups."<sup>47</sup> The CP thus reversed its initial hesitant support for the Pontiac sit-down and reverted to a position of vehement opposition to unauthorized strikes.

### The Final Break

The strike at the Pontiac Fisher Body Plant marked a high point in rank and file militancy during the first formative years of the UAW. Soon afterward, shop-floor morale was undermined by massive lay-offs as auto sales went into a severe slump. By January, 1938, over one-quarter of GM's production workers were on lay-offs, and the proportion was considerably higher for the other auto corporations.<sup>48</sup> For the next months internal conflicts within the UAW centered on controversial issues within the wider society, while clashes with GM receded in significance.

After the Pontiac strike, the party attempted to mollify Martin, but its efforts soon foundered on the Ludlow Amendment. The amendment would have constitutionally mandated that a declaration of war could only go into effect upon a majority vote in a national referendum. On the urging of his Lovestoneite advisors, Martin

vociferously backed the amendment, and in January 1938 the union's executive board passed a resolution in support of Ludlow which declared that "the foreign policy of the U.S. shall not be formulated or made dependent upon the protection of vested or property interests in foreign countries of the large corporations in this country."<sup>49</sup>

For the party, this was the last straw. Two weeks after the board meeting, when Martin again denounced the Communists in an interview in *The New York Times*, *The Daily Worker* responded with a bitter attack on Martin and his administration. Soon afterward, Earl Browder condemned Martin for his "isolationist shouting" and because he "openly demands complete acceptance of the demands of Japanese imperialism by the United States government." Homer Martin had been excommunicated.<sup>50</sup>

The party also fell out with the Reuther caucus over the Ludlow Amendment. Already disagreements over the September tentative contract and the Pontiac wildcat had exacerbated tensions, but these greatly escalated when Reuther voted for the executive board resolution in favor of Ludlow. In retaliation, the party reneged on a previous deal and refused to back Victor Reuther for secretary-treasurer of the Michigan CIO at its April 1938 convention. The Reuthers were furious and the Unity Caucus only continued to function as a loose coalition because of Martin's frontal assaults on both the CP and Reuther-SP forces.<sup>51</sup>

When the smoke had cleared, and the UAW had reconstituted itself without Martin, the factional dispute between the CP and Reuther became the dividing line within the union. The Communists entered into a coalition with Richard Frankenstein, thus broadening their grouping to include some of the more conservative elements in the UAW leadership. By the 1940 convention Reuther had forged his own version of such a tactical alliance across ideological lines, in his case with the Association of Catholic Trade Unionists (ACTU), an explicitly anti-Communist group with close links to the Catholic Church.<sup>52</sup>

## A Summing Up

Throughout World War II the two caucuses remained roughly even in influence, with neither one in a position to crush the other one. This stalemate ended after the war, when Reuther was able to use the anti-Communism of the post-war period to undercut Communist influence in the UAW.

Yet even during the first formative years of the union, the party had eroded its support among the radicalized activist core of the union by its willingness to condemn militant actions when those actions were in conflict with the strategic goals set by the Popular Front. Stripped of its radical rhetoric, party policy in the UAW in 1937 and 1938 was hesitant and cautious at a time when the militancy of the rank and file demanded boldness and audacity. This tendency became even more pronounced during World War II, when the CP initiated a drive to institute incentive pay plans in UAW plants, and when the party became the most avid defender of the no-strike pledge. In the long run, the Communist drive to gain respectability, both during the last years of the 1930s and in World War II, only made the party that much more vulnerable once the Cold War began.

The Communist experience in the UAW retains its relevance for contemporary socialists. Social democrats have aligned themselves with key "progressives" among the top of the trade union leadership, but these same leaders are unwilling and unable to organize a staunch resistance to massive corporate attacks. From a reformist perspective, a militant rank and file can only threaten the cohesion of the emerging liberal coalition. For revolutionary socialists, such a strategy is bound to lead to failure and cooptation. Only when working people are in motion, and in that process are being politicized, can the Left hope to reverse the present course of American society. In the current period of relative quiescence, the clash between these two perspectives inevitably appears to be abstract, but a period of intense activity, such as the 1930s, sharpens and clarifies the differences by demonstrating the dangers inherent in the Popular Front strategy. ■

<sup>1</sup> GM granted the UAW exclusive bargaining rights for six months in 17 plants, including those in Flint, which had been closed by the strike. In other plants GM would bargain with the UAW, but for its members only. Edward Levinson, *Labor on the March* (New York: Harper and Brothers, 1938), p. 167.

<sup>2</sup> From 1928 until late 1934 the CP, following the Comintern, posed the immediate choice as communism or fascism, and it proceeded to attack every other force on the Left for being in league with the fascists. Eric Chester, "Independent Political Action: The Socialist Experience," *Changes* (November 1979), p. 30. As the line changed in 1935 and 1936, CP General Secretary Earl Browder called for "a decisive break with the two old parties" in order to form "a political party much broader in appeal and program than either the Communist or Socialist Parties." *What Is Communism* (New York: Workers Library, 1936), p. 85.

<sup>3</sup> Walter Galenson, *The CIO Challenge to the AFL* (Cambridge, Mass.: Harvard University Press, 1960), pp. 124-27; Bert Cochran, *Labor and Communism* (Princeton University Press, 1977), p. 67.

<sup>4</sup> Frank Marquart, *An Auto Workers Journal* (University Park, Pa.: Pennsylvania State University Press, 1975)

pp. 80-82; Irving Howe and B.J. Widick, *The UAW and Walter Reuther* (New York: Random House, 1949), pp. 189-95. In May 1936 Walter Reuther returned from a two year trip to Russia. He immediately plunged into full-time activity with the UAW. Before the trip, he had been active in the Socialist Party, but by 1936 he was only a nominal member. His two brothers, Victor and Roy, continued to participate in the SP after Walter had let his membership lapse.

<sup>5</sup> Galenson, *op. cit.*, pp. 131, 152. Martin had been a preacher in Kansas City before working for a short time in an auto plant and then rising rapidly in the union's ranks.

<sup>6</sup> Earl Browder, *The Popular Front* (New York: International Publishers, 1938), pp. 161-63.

<sup>7</sup> Earl Browder, "The Communists in the People's Front," *Communist* (July 1937), p. 610.

<sup>8</sup> Roger Keeran, *The Communist Party and the Auto Workers Union* (Bloomington, Indiana: Indiana University Press, 1980), pp. 148-85.

<sup>9</sup> William Munger, *Workers Age*, March 5, 1938. Munger was UAW Research Director and a Lovestoneite.

## Against the Current

<sup>10</sup> *United Automobile Worker*, May 22, 1937; March 12, 1938; April 9, 1938; Report of Elmer Dowell to UAW Executive Board, May 11, 1938, George Addes Papers, Box 9, Walter P. Reuther Library, Wayne State University. The March contract was due to expire after six months, unless extended by mutual agreement. In fact, it remained in effect throughout the fall of 1937.

<sup>11</sup> *United Automobile Worker*, June 19, 1937. The executive board had to authorize a local strike by a 2/3 vote. Martin and his allies blocked every such authorization.

<sup>12</sup> *New York Times*, July 21, 1937.

<sup>13</sup> *New York Times*, September 17, 1937. The UAW reported that there had been no wild-cats in GM plants during the previous three months. This situation continued until the rejection of the tentative contract and the Pontiac strike in mid-November.

<sup>14</sup> Earl Browder, *The Popular Front* (New York: International Publishers, 1938), p. 63.

<sup>15</sup> *Daily Worker*, July 19, 1937.

<sup>16</sup> Cochran, *op. cit.*, pp. 131–33; Galenson, *op. cit.*, p. 151. Lovestone had been general secretary of the party from 1925 to 1929, when he was expelled for alleged right-wing deviations.

<sup>17</sup> Galenson, *op. cit.*, pp. 151–3; Victor Reuther, *The Brothers Reuthers* (Boston: Houghton Mifflin, 1979), p. 186.

<sup>18</sup> Galenson, *op. cit.*, p. 159; *New York Times*, November 28, 1937.

<sup>19</sup> *United Automobile Worker*, September 18, 1937. On July 20, 1937, Knudsen had sent a letter to the UAW demanding that the union accept the following contract provision as a prerequisite to further negotiations: in regard to unauthorized strikes the corporation "shall forthwith discharge the employee or employees guilty thereof, and the union shall take suitable disciplinary action against the parties responsible." *New York Times*, July 21, 1937. Martin's letter represented a total acquiescence to GM's demand.

<sup>20</sup> *Daily Worker*, November 3, 1937.

<sup>21</sup> *West Side Conveyor*, November 16, 1937.

<sup>22</sup> *West Side Conveyor*, November 9, 1937; November 16, 1937.

<sup>23</sup> UAW-CIO, *Proceedings of the GM Delegates Conference* (November 1937, Detroit), Fred Pieper Collection, Walter P. Reuther Library. This is the source for the Reuther quotes, and the comments of Travis and Martin as well.

<sup>24</sup> *New York Times*, November 16, 1937; *Detroit News*, November 18, 1937; November 20, 1937.

<sup>25</sup> *Detroit Free Press*, November 17, 1937; *Pontiac Auto Worker* (Local 159), November 17, 1937.

<sup>26</sup> *Proceedings of the GM Delegates Conference* (1937), *op. cit.*

<sup>27</sup> *New York Times*, November 15, 1937; November 16, 1937; *Detroit News*, November 16, 1937.

<sup>28</sup> *New York Times*, November 18, 1937; *Detroit News*, November 18, 1937.

<sup>29</sup> *Pontiac Auto Worker* (Local 159), November 17, 1937.

<sup>30</sup> *Detroit News*, November 18, 1937; *New York Times*, November 19, 1937.

<sup>31</sup> *Daily Worker*, November 20, 1937. Lawrence Emery, the *Daily Worker's* labor reporter, had written a previous

sympathetic report on the first quickie strike at Pontiac, holding that it "compelled the management to negotiate" over plant lay-offs. *Daily Worker*, November 18, 1937.

<sup>32</sup> *New York Times*, November 18, 1937; *Detroit News*, November 19, 1937.

<sup>33</sup> *New York Times*, November 19, 1937; *Detroit News*, November 19, 1937.

<sup>34</sup> *Detroit Free Press*, November 22, 1937.

<sup>35</sup> *Detroit Free Press*, November 22, 1937; *New York Times*, November 21, 1937.

<sup>36</sup> *New York Times*, November 20, 1937.

<sup>37</sup> *New York Times*, November 22, 1937.

<sup>38</sup> *New York Times*, November 21, 1937; November 22, 1937; *Detroit Free Press*, November 22, 1937. The most detailed listing of the strikers' demands is in the *Detroit Free Press*, November 20, 1937.

<sup>39</sup> *New York Times*, November 23, 1937; *Detroit Free Press*, November 22, 1937.

<sup>40</sup> *Detroit Free Press*, November 22, 1937.

<sup>41</sup> *New York Times*, November 23, 1937; *Detroit Free Press*, November 22, 1937.

<sup>42</sup> *New York Times*, November 22, 1937.

<sup>43</sup> *Daily Worker*, November 23, 1937. This article sets the date of Browder's intervention as Friday, November 19, 1937. Mortimer's behavior on the executive board, and Method's actions at the occupied plant, make it much more likely that Browder did not order an end to the strike until late Sunday, when Stark's article would have hit the streets in New York City. Given the party's eagerness, once the strike was ended, to portray itself as a moderating force, this public shifting of dates would have been politically expedient.

<sup>44</sup> *New York Times*, November 23, 1937; *Detroit Free Press*, November 22, 1937; *New York Times*, November 29, 1937.

<sup>45</sup> *New York Times*, November 24, 1937; *Pontiac Auto Worker* (Local 159), November 24, 1937.

<sup>46</sup> *Daily Worker*, November 23, 1937.

<sup>47</sup> *Daily Worker*, December 2, 1937.

<sup>48</sup> *Daily Worker*, January 8, 1938. The data is from Martin's testimony to a Senate hearing on unemployment. Production fell precipitously after Christmas, 1937. U.S. car production dropped from 295,000 in November 1937 to 155,000 in January 1938, most of the decline coming in late December and early January. (*Ward's Automotive Year Book* (Detroit, 1938, pp. 10–11, 15.) Employment fell from 517,000 in 1937 to 305,000 in 1938 for the entire industry. (*Ward's Automotive Year Book*, Detroit, 1943, p. 27.)

<sup>49</sup> *United Automobile Worker*, January 22, 1938.

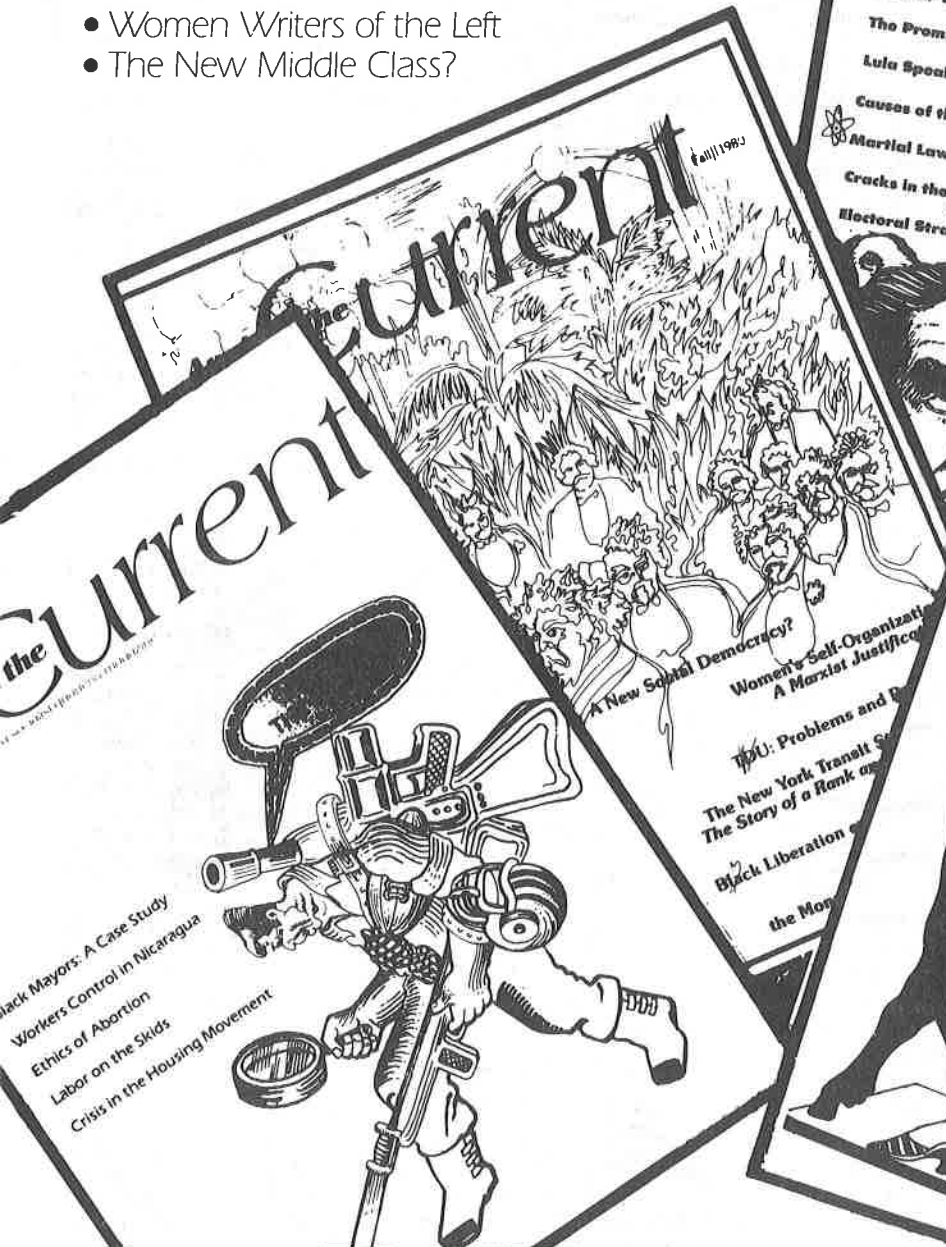
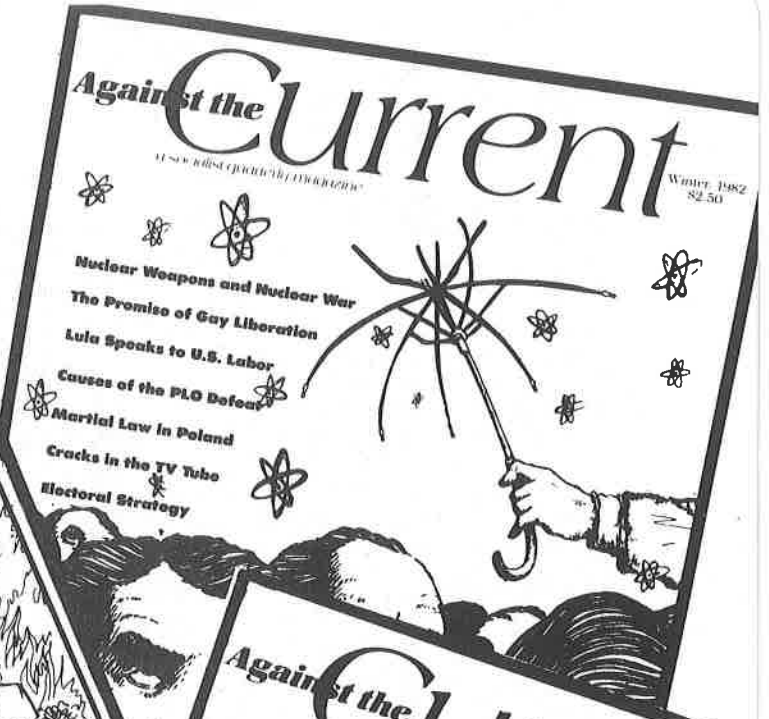
<sup>50</sup> *New York Times*, February 4, 1938; *Daily Worker*, February 5, 1938; Earl Browder, *Concerted Action or Isolation* (New York: Workers Library, 1938), p. 46.

<sup>51</sup> *Socialist Call*, May 21, 1938; Clayton Fountain, *Union Guy* (New York: Viking Press, 1949), pp. 83–85. The Socialist Party had strongly endorsed the Ludlow Amendment and SP activists promoted the issue at local union meetings. *Socialist Call*, December 25, 1937.

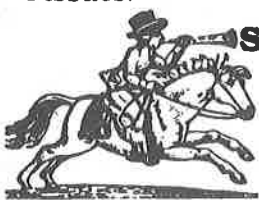
<sup>52</sup> Galenson, *op. cit.*, pp. 159–60; Cochran, *op. cit.*, p. 152.

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