



# **AMERICAN POLITICS**

**E.C. Document**

I.S. CONVENTION DOCUMENT  
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INTRODUCTION

"I believe leaders of the business community, with few exceptions, have chosen to wage a one-sided class war today in this country--a war against working people, the unemployed, the poor, the minorities, the very young and the very old, and even many in the middle class of our society. The leaders of industry, commerce and finance in the United States have broken and discarded the fragile, unwritten compact previously existing during a past period of growth and progress."

Douglas Fraser  
August 1978

"There's a one-liner going around the cloakroom: Business already owns one party, and now it has a lease with an option to buy, on the other."

Anonymous Congressman  
Wall Street Journal, 9/11/78

"Make no mistake about it. The New Right leaders are not kooks or crackpots. They are practical, smart and politically astute. Their candidates are well-heeled and are winning elections."

UAW - "A Citizen's  
Guide to the Right Wing"

1978 is the year when class struggle returned to center stage in American politics. Unfortunately the offensive has been in the hands of the capitalist class.

For years we have discussed in depth and with much sophistication, the employers' offensive. By that we meant the attack on working conditions, wages, health and safety on the shop floor. More recently we've discussed this offensive as a generalized attack on the unions at the bargaining table. Today, however, the ruling class has carried it one step further--into Congress in a directly political manner.

Capital has deepened its offensive in response to the growing problems of profitability. The long term crisis of capitalism that shapes our overall perspectives in the seventies continues to deepen. Today the return to double digit inflation, the growing trade deficit and the fall of the dollar together with high unemployment point to the end of the long, but weak recovery from the 1974-75 recession.

The general squeeze on profits will continue as the economy slips into the next recession. This coming downturn in the economy will only deepen the long-term crisis of profitability and result in a growing aggressiveness on the part of the capitalist class toward the working class.

In response, what we know as traditional liberalism--government spending, government intervention into the economy to correct social inequities--is collapsing in large part as a response to this problem of profitability.

Big capital is using the mass conservative movements--the tax revolt, the anti-women, anti-gay and racist movements--to increase the

amount of surplus value it can reap in a growing political attack on labor and the specially oppressed sections of the working class.

The New Right is stepping into the political vacuum as the formal arenas of national politics shift to the right.

Although it is much too soon to tell, the development of corporate political action committees (PACs) may have a dramatic impact on the political process inside the Democratic Party.

Capitalists have always contributed heavily to candidates at election time. Indeed, remember the dirt brought out about CREEP (Committee to Re-Elect the President) in the Nixon-Watergate debacle? Yet the PACs represent an organized political intervention into party politics not seen before in this country.

The labor movement now must compete not only financially, but also on the grassroots level. This year it has been the loser. And with the phenomenal growth of PACs, the defeat is likely to be even greater in the near future.

Yet, labor has remained on the defensive. While old coalition politics are discussed, it has been largely ineffective, despite millions of dollars and hundreds of lobbyists in Washington.

Today there are the beginnings of a change which the 1978 miners' strike and labor solidarity, the Washington ERA march, the mass gay demonstrations, and the recent statements by Meany and Fraser indicate.

As revolutionaries we understand the necessity to examine and analyze the key developments in the American economy and their relationship to political trends. Without a clear understanding of what is happening, the objective conditions we and the American working class face, we will not be able to develop perspectives and strategies that can effectively guide us in our work in the next period.

This resolution will lay out the political processes and major trends developing today in America and the key ideas and strategies that will define the IS's overall political intervention in our various industrial and social movement areas of activity. Specific analysis and political intervention strategies with respect to labor, women, Blacks and gays will appear in separate resolutions.

### THE ECONOMY

The economic recovery is now three years old. It has not resolved the contradictions of the permanent arms economy (stagflation cycles), nor has it reversed the long term crisis of capitalism.

The arms budget is now over \$120 billion annually of waste production. The staggering costs of maintaining this drain and the inflationary taxes necessary to pay for it have cut into profit rates. In addition, the high taxes are generating a tax revolt which is being manipulated by the corporations for their own purposes.

The budgetary deficit has been \$40-50 billion annually at the height of the boom, also contributing to inflation, and to rising interest rates which are choking the recovery. Key economic indicators point to the slowing of the recovery and eventually a downturn turning into a recession in the next 12 months.

While the official unemployment rate has dropped to its lowest point since October 1974's rate of 5.9% (down 2½ percentage points since the fourth quarter of 1976), no one expects the rate to drop further,



and in fact all predictions are for a slow rise in the rate. In real terms that means around six million people are officially unemployed. For Blacks and minorities it is twice that rate and for Black teenagers, higher still.

Large scale unemployment, particularly of minorities and young workers, is now a permanent feature of capitalism. At the height of the boom 6% unemployment is the accepted norm. It is the floor from which unemployment will grow in the next recession.

Despite the depth of the world depression of 1974-75 it could not burn out inflation. Inflation was brought down to only 5-6%, the level which a few years ago was enough to trigger off a recession. The inflation rate now will continue at the current annual rate of 10%. Despite a small dip in this rate recently, inflation will grow again at a faster pace at the end of the year.

The resulting trade deficit of over \$30 billion annually, and with it the sharp fall of the dollar, is adding to the inflation rate. The instability of the dollar in the context of the floating world monetary system is slowing down the growth of world trade. Without the raising of interest rates and a recession, the dollar would fall even more precipitously, threatening world capitalist trade and monetary structures.

The rise of protectionism in the boom (orderly market agreements, trigger prices in steel, etc.) adds to stagflation and beggar-thy-neighbor policies whose effects will be felt more strongly in the coming downturn.

In particular, the fall of the dollar could result in an increase in the price of oil. Since the OPEC countries must be paid in dollars (petro-dollars) for oil, the fall in the value of the dollar has resulted in a loss of revenues estimated at the rate of a million dollars per day for Kuwait since last April for example.

The Saudi Arabians will not be able to hold the line on price increases much longer against Iran and the other hard liners.

With the heavy dependence on OPEC oil--to the tune of \$45 billion per year today as compared with \$4 billion in 1972--a price increase will deepen the trade deficit and add to the growing inflation. This is why the energy program is so important to the Carter administration--and why the oil companies will get deregulation and just about anything else they want.

Inflation further accelerates as the American economy reaches full capacity. Today the economy stands at 84% of capacity, with steel at 90%. What this means is that shortages in strategic sections of the economy will begin to show up soon, raising the prices and the rate of inflation throughout the economy.

That capacity is being reached today is proof that investment to modernize and add to plant and equipment has not taken place at the necessary pace to keep the economy growing at a healthy rate.

According to the Department of Commerce, investment was expected to grow at the rate of 15%. When corrected to inflation, investment has only grown by 5-6%.

The lack of investment is attributable to the falling rate of profit and the lack of confidence capitalists have in the future economically. There simply aren't enough profits for the capitalists to be willing to risk the massive, but necessary investment to keep the recovery going.

Profits as a percentage of working capital have fallen in the



seventies. From 1960-1969 the overall percentage was 24.2%; from 1970-1976 it was 18.7%. While profit margins have risen over the last two years--as they always do during a recovery--they have nowhere near approached the sixties rate.

The low rate of investment itself contributes to inflation in yet another way. It increases the amount of government spending and contributes to a rapid growth in the money supply.

This low rate and the need for ready cash put pressure on the available supply of money to the economy. And government loans more and more are financing private industry. Aerospace and defense spending in general--20% of the budget--are a large part of it.

During the long post war boom most corporations could internally finance modernization of plant and equipment through profits and the sale of stock. But, today because of the low return on investment, giants like GM are forced to go to the financial market for investment capital.

As the corporations go to the banks, there is a demand to increase the amount of money available for loans. This in turn puts pressure on interest rates to rise. The prime rate--that charged to the best customers--is currently at 9½%. And with no indications of any change in the current situation, the rate is expected to rise further, making it more and more expensive to borrow money, which will begin to choke off investment.

Those corporations with a bad credit rating are forced to go to the government. Lockheed, American Motors Corporation and Chrysler are all arranging bailout operations.

Thus all signs point to increasing inflation, slackening off of investment followed by a serious recession within the next 12 months.

What's important here, however, is not to predict and or pinpoint exactly when and how the next recession will begin, but to show why the political trends, in particular the political offensive of capital is taking place, and why traditional Democratic Party liberalism is collapsing before that offensive.

## COLLAPSE OF TRADITIONAL LIBERALISM

First a definition. By traditional liberalism we mean the policy of government deficit spending, planning and regulation of private industry to correct the worst inequities of free enterprise capitalism.

For a generation, these policies have been put into practice, and while they had little or no effect overall on the fundamental problems of capitalism, the strategies of government deficit spending, planning and regulation did tend to rub off the rough edges of laissez-faire capitalism and provide reforms to the system at a relatively low social cost. This was possible, of course, because of the long post war boom that restabilized capitalism in the 50's and 60's.

The most famous of these overall programs and the first was the New Deal (followed by Truman's Square Deal, Kennedy's New Frontier and Johnson's Great Society). And, while it had no effect on ending the Great Depression--World War II did that--it did encompass a number of key reforms that only today are being eroded. These include the Wagner Act which granted workers the right to organize unions, the Social Security Act, the Unemployment Benefits Act and the various welfare laws.

The income maintenance programs were all financed by deficit spending--borrowing against the future. In 1936, a key year in the New Deal program, deficit spending was 50% of the entire budget. Today, for comparison, the deficit is only 10 to 15% and that's considered too high by most government economists.

The plain facts are that time--and capitalism's health--have run out for such programs. Inflation alone has meant that simply to maintain current government programs for a growing population at the same rate requires astronomical spending.

Deficit financing is also a source of inflation in itself. Thus to even maintain those existing programs such as social security to use a current example, increases inflation.

In this context new programs such as national health insurance, progressive tax reform and public service jobs become untenable from the capitalist point of view.

Figures for the period 1956-1978 are instructive. In 1972 dollars, today's key social programs (social security, welfare, unemployment insurance and food stamps) cost 128.2 billion as compared to 85.3 billion in 1972 and 13.8 billion in 1956. In current dollars it comes to 196.9 billion for 1978 as compared to 21.2 billion in 1956.

Before these hard cold facts, liberal politicians have retreated and many are shifting their philosophy or risking losing office. In effect the inability of liberal politicians to take on the real problems of capitalism--who gets what share of the surplus value--has meant that they have capitulated before the growing political offensive of the capitalist class.

In this context it is important to remember that these programs have been a failure from our point of view all along. To the extent that serious progress has been made on equality for Blacks and women, and labor gains as well as the broad ranging reforms of the 30's, it was not the politicians who were responsible. Rather it was the CIO organizing drive, movements of the unemployed, the civil rights/Black Power movements of the sixties and the women's movement that forced the liberal politicians--and some not so liberal--to respond with the reforms.

The difference today is that for the first time in some 40 years the Democratic Party administration is not proposing such programs either ideologically or concretely due to the economic difficulties and in particular, inflation.

Neither do we rule out a revival of liberalism in the future, especially when there are once again broad mass social movements in the streets. In fact, this is a process--there are, and will continue to be traditional liberals and liberal noises from politicians for years to come. But, eventually they will all be forced to face the hard facts of financing. And, with the current class balance of power, will choose to forget their programs or modify them out of existence.

#### THE CAPITALIST POLITICAL OFFENSIVE--ANOTHER VERSION OF CLASS WARFARE

Because of the growing difficulties in the economy and in particular the long term problems of profitability, the capitalist class has mounted a political offensive that goes far beyond what we used to call the employers' offensive.

That offensive--began in the early 70's with the GMAD program of GM--was primarily economic and its battle ground the shop floor. Its aim was to increase productivity. It was eminently successful. Overall manufacturing productivity increased 14% in 1971-3 and 6.5% in 1974-7.

More recently by the mid-seventies, this offensive also began operating at the negotiating table with the employers demanding take-aways or give-backs, in the pattern setting contracts. This was particularly obvious in the recent confrontation between the BCOA and the UMW. Again, this offensive has been largely successful, with the exception of the UMW where a massive struggle held the take-aways to a minimum.

Today, in addition to these two fronts, the employers have added a third--a directly political offensive against all key government programs and progressive legislation in Congress.

The crisis provided the motivation for capital to carry its offensive into the realm of politics in a more direct and forceful way. At the same time a change in the balance of forces between capital and organized labor offered the opportunity. This process is described in the labor document. To summarize: the movement of capital to the south and southwest and the growing merger movements by large corporations have undermined organized labor's traditional bases of strength. Union members have declined as a proportion of the work force and now numerically as well, resulting in the decline of their political clout.

Capital on the other hand has grown in concentration and organization. The formation of the Business Roundtable in 1974 by 190 of the biggest corporations in America was an indication of growing political class consciousness within the capitalist class. Since then, direct intervention by business in politics has been intensified in terms of lobbying and intervention in both major political parties.

Their strategy is three-fold: the formation of political action committees (PAC's), support to the New Right organizations and causes, and most recently, overtly political organization. Corporations also recently won the right to purchase as much media time as they want for their own propaganda purposes.

Today, according to the Federal Election Commission there are over 700 PACs, an increase of almost 50% since last January. The job of these



organizations is to raise money to elect candidates friendly to the interests of the capitalist class.

The employers have spent nearly 30 million so far on the 1978 elections through the PACs as compared to only 13.5 million by organized labor. PACs directly solicit money from these employees, more and more through "enrollment" or "pledge" cards whereby the employee authorizes a certain amount to be withheld from each paycheck until the employee cancels the authorization in writing.

PACs also sponsor so-called educational and discussion groups for their employees to influence their vote on election day.

Most recently, the corporations have gotten down to serious grassroots organizing through one of the capitalist class's most respectable and oldest organizations--the U.S. Chamber of Commerce. Shearon Harris, Chairman of the Chamber and a Director of General Motors, has been travelling across the country this summer organizing business to set up political action programs for their employees.

His tour followed a program last spring where the Chamber of Commerce offered 8 sessions on how to organize these programs. Over 1000 companies sent representatives in meetings held across the country.

According to John J. Meeham, Public Affairs Vice-President of the Chamber of Commerce, in an interview with the Wall Street Journal, this is how such a program works: "A company organizes political education or discussion groups for its employees." Management gives its views on the issues that concern the company and urges the employees to study the matter further. The corporate hope is that the employees will then "begin to reflect their opinions to Congressmen and Senators as well as to state and local officials."

The Arco Oil Company program has an annual budget of \$750,000 and a membership of 60,000 recruited through a mailing to the company's shareholders, employees and retirees. It's presently trying to convince employees and others to oppose legislation unfavorable to the oil industry, especially legislation that could force the oil companies to divest themselves of other energy properties such as coal or uranium.

#### THE NEW RIGHT -- FAVORITE CHILD OF THE CORPORATIONS

Probably the least understood, but the most significant part of this new front in the employers offensive is its relationship to the NEW RIGHT.

The New Right is the term given to a collection of organizations, movements and individuals that have become the most visually aggressive tendency in American politics today. The most visible elements of this tendency are the popular movement against the gains made by the specially oppressed in the 60s. In particular the anti-gay and anti-abortion movements, Stop ERA, and the anti-affirmative action and anti-busing groups.

More recently, the tax revolt and its various initiatives have taken center stage as a focal organizing point for the New Right after the victory of Proposition 13 in California.

But the real heart of the New Right is its anti-union, pro-business operation. It is the labor movement, more than Blacks or women, that the New Right organizations have directed their attack on. Such organizations as the American Conservative Union, the National Right to Work Committee, the Conservative Caucus, the Committee for the Survival of a Free Congress,

the National Conservative Political Action Committee, the John Birch Society, the U.S. Industrial Council, the Young Americans for Freedom, to name some of the more prominent. This does not include the single issue organizations such as Anita Bryant's Save Our Children or STOP ERA, or the many anti-abortion groups. These organizations have played important roles recently in defeating labor law reform, in amending the tax cut and all tax reform out of existence, and in lobbying against the national health insurance, as well as a lower minimum wage.

A look at the interlocking relationship between the organizations and leaders comes up with many of the same names--among them most prominently, Richard Viguerie--now famous right wing direct mail fund raiser from Virginia. Others include Senator Jesse Helms from South Carolina, Phyllis Schlafly, Representative Phillip Crane who has already put his hat in the ring for the Republican nomination for President in 1980, and Joseph Coors of the notoriously anti-union Coors Brewery. See the attached diagram from the July 1978 International Teamster.

As a recent Workers' Power article put it: "Behind the New Right stands not your local neighborhood kook, nor any handful of highly visible Nazis, but the American Corporations."

Such organizations as the Business Roundtable, the U.S. Chamber of Commerce, the National Association of Manufacturers, as well as some of the world's largest corporations have been pouring some mighty big bucks through Viguerie and others into the organizations of the New Right and to the political candidates such as Crane, Jeffrey Bell, John Short Helms and others.

Very effectively the corporations have used the New Right organizations and movements especially those that appeal to the reactionary prejudices of the American people against gays, women, Blacks to mold a growing conservative consciousness that gives money and time to win legislation, build organization and movements in the direct interests of the employers. Yet this is no conspiracy; it is, quite simply, the capitalist class organizing in its own interest--organizing for, to put it crudely--a greater share of the surplus value through chipping away at those programs won in a more prosperous time. The aim is to shore up profits.

#### NAZIS AND KLAN

The New Right has its own step children that have begun to grow under its wing--the American Nazi Party, the Ku Klux Klan and other variations. Today, generally groups represent primarily a nuisance to the communities in which they are located. Although in some--e.g. Marquette Park in Chicago--the Nazis are a threat to the Black communities nearby. Yet, the mere fact that they are much more prominent than they were 10 years ago, is yet another indication of the rightward shift in American politics today. These groups must be fought while keeping in perspective that today, there is no fascist threat. The simple facts are, the employers can get everything they need within the context of capitalist democracy.

#### THE 95th CONGRESS -- THE PROOF OF THE PUDDING

An overview of the major issues confronting the 95th Congress and what became of them will provide ample proof of this political trend. As

is said--the proof of the pudding is in the eating.

#### TAXES

In order to fight inflation and in fear of overheating the economy the current tax cut was slashed from an original 25 billion with 1/3 slated to go to corporations and 2/3 to individuals, to 16.2 billion with the bulk going to corporations and individuals making over 20 grand a year. Remember, this was originally supposed to be a tax reform, but that went out the window with the victory of Proposition 13 in California. The current tax cut, still not passed, gives only 1/4 of its benefits to the 87% of taxpayers who make under 20,000/year with almost as large a portion going to those making over 50,000/year. The rest goes to the corporations, 4 billion and investment interests in the form of cuts in the capital gains taxes to the tune of 1.9 billion. In other words, corporate and investment interests get 1/4 of the benefits--as much as those making under 20,000/year! It is only one of the more obvious transfers of surplus value from the working class to the capitalists.

Lurking in the corridors is the Kemp-Roth plan which would give 44% of the benefits to those making 30,000 and up, less than 12% of all taxpayers; the corporate tax rate would be reduced from its present 48% to 45% in three stages. The current Carter plan reduces corporate taxation rate to 46%.

In the guise of supporting the middle class tax revolt, Congress has given the employers all they wanted and more. Similar and even more devastating attacks have taken place on the state level in California, and possibly this fall, in other states. Here the right wing and some corporations have been singularly successful in perpetrating a serious attack on working people, especially public employees, while appearing to be championing the interests of working people through slashing property taxes. Howard Jarvis, big daddy of the tax revolt, and one-time munitions plant owner, knows where he's going. When he's finished with property taxes, he will go on to try to build a movement to end income taxes.

#### DEREGULATION

Regulation of private industry through such agencies as the Federal Communications Commission, the Interstate Commerce Commission, the Civil Aeronautics Board and others was another means of getting rid of some of the worst aspects of competitive capitalism by attempting to hold back the tendency toward monopoly and to force business to take seriously its social responsibility in the areas of health and safety.

Regulation reached its height when the social movements of the sixties raised concern with the destruction of the environment through air and water pollution. But today the regulations and plans passed in the late 60s and early 70s are being challenged or set aside, while the need for more not less regulation of industry to protect lives is even clearer with the PBD and Love Canal disasters.

Again, this is taking place today because these programs cost the corporations too much. Just last year the Big Three auto companies threatened to shut down production if fuel emission standards on light trucks were not revised or set aside. The companies were successful--the



standards were set aside.

In truth, regulation has been a failure from the get-go. The regulatory bodies have generally been dominated by the very corporations they were supposed to regulate. Corruption and boon-doggling is widespread. Yet today even these corrupt bodies have become an encumbrance on the striving for higher profits.

Across the board the Carter administration is arguing for deregulation of trucking, air traffic and natural gas prices. Deregulation has become the new panacea to solve the problems of American capitalism--as a recent Business Week article put it in a piece entitled "A Call for Deregulating the Whole Economy." The new economic principle is: "a competitive industry serves the public interest better than a government-sanctioned cartel."

What began as a trickle a few years ago has now become a flood of attacks on regulatory agencies. Some, like that of the airlines was accomplished through the regulatory agency itself (CAB chairman Alfred E. Kahn). Others are being tackled by the administration from the outside--the trucking industry, energy and OSHA.

In the cases of deregulating industry the short term effects may appear to be progressive--lower air fares or cheaper rates for hauling cartage, etc. But in the long term it will only hasten monopolization of the industry as the basic dynamic of the tendency of capitalism to combine and concentrate through competition works itself out. Hence it will mean high monopoly pricing and super profits for the survivors.

Probably the clearest case for the capitalists point of view is the deregulation of natural gas prices. In one of the most controversial pieces of legislation, Carter's compromise energy bill, prices on new natural gas, currently regulated interstate, will be deregulated by 1985, with prices allowed to rise steeply in the interim.

But, for some sections of the capitalist class, even this is not enough. As the September 12 issue of the Wall Street Journal put it: "We are convinced that the only way to restore economic efficiency in the energy industry is to free it of all price regulation." And, with the signal importance to the economy as a whole represented by energy policy, the Journal and the oil giants may end up getting everything they want.

A major attack, spearheaded by the American Conservative Union and its leader Phillip Crane, has been launched against the Occupational Safety and Health Administration.

OSHA was set up in 1970 in the general atmosphere that existed at that time for social reform. It was given the power to spot check any place of business to see if safety and health standards for employees were being met. Employees were also granted the right to request OSHA inspectors to check on the corporations if they suspected that standards of health or safety were being violated. From the beginning OSHA was not very effective. It was understaffed and under financed. It had few effective ways to enforce its actions.

Yet even this was too much. Recently the Supreme Court ruled in the Barlow decision that OSHA is now barred from forcing entry to check for health and safety violations without first securing a warrant, giving the employers time to attempt to cover-up violations.

More ominous is a recent amendment attached to a Small Business Administration bill passed by the Senate that would delete all business

establishments with 10 or less employees from OSHA's jurisdiction unless the type of work done on the premises is 'high risk.'

This amendment would remove 9 million people in 2.8 million places (69% of the total private sector workplaces) from OSHA's jurisdiction. Employees could be fired for complaining about health and safety violations.

The attitude toward OSHA is best summarized by Charles Shultze, Carter's chief economic advisor, who has made OSHA one of several targets in the administration's general attack on federal regulatory agencies: "We spend large amounts of social effort in achieving such goals as having all fire extinguishers in industrial workplaces painted red." Never mind that having the extinguishers painted red might save lives in case of fire--its too "frivolous" according to Shultze.

In a separate but related issue on health and safety the Senate recently authorized a \$200,000 study on the watered down cotton dust standards that the textile companies want done away with. Breathing cotton dust leads to brown lung, similar to black lung. Over the years it leads to emphysema and early death among textile workers. The current standards which went into effect this summer reduce worker exposure to cotton dust but not enough to effectively safeguard workers from brown lung disease.

Last summer under the guise of fighting inflation, the Council on Wage and Price Stability intervened to lower the standards. Health and safety cost money and profits.

#### JOBS

In August the House voted to cut back public service jobs and generally weaken the CETA program. CETA currently funds 725,000 jobs--a drop in the bucket with over 6 million officially unemployed. After the House action, funding for 100,000 was deleted and the wage ceiling was lowered from \$7,800 to \$7,000. This cut approximately \$1 billion from the bill.

The Senate then voted in September to essentially extend the current CETA program for four years. A House/Senate committee will work out a compromise. In all likelihood the program will be cut back, but less than the original \$1 billion.

The same week, the House, in an all encompassing reaction action approved the largest defense bill in history--\$119.2 billion, including an amendment barring the use of funds for abortions in the military except to save the woman's life. The apparent irony of voting billions for violent weapons while deleting abortion funding under the guise of protecting the right to life was apparently lost on the good Congressmen.

And the Humphrey-Hawkins Full Employment Bill, passed by the House last spring, faces a filibuster by the same Senators who brought you the successful filibuster against labor law reform. Even the watered down version that passed the House is feared to be too inflation-producing and liberal by the Senators.

#### NATIONAL HEALTH INSURANCE

And National Health Insurance is quite dead and buried despite Carter's campaign promises to the UAW and others. The cost of the Kennedy

bill supported by labor and Black organizations is too inflationary and ideologically opposed by the huge health care industry.

The successful lobbying of the AMA, the American Hospital Association, Blue Cross-Blue Shield and the Chamber of Commerce were very instrumental in persuading Congressmen to be against the comprehensive plan.

These organizations have also played an important role in scuttling Carter's hospital cost containment bill in Congress for this session.

To round out the record, the 95th Congress voted down the common situs picketing bill, approved tuition tax credits that mainly benefit middle and upper income families, chipped away at the minimum wage increase and defeated the Consumer Protection Agency through a massive lobbying by the corporations, and the New Right groups.

#### --AND A BIT OF COLD WAR POLITICS

To top off these victories for the conservative and New Right forces, 148 Congressmen, Democrats as well as Republicans, formed a right-wing coalition, Peace Through Strength, in August. According to John M. Fisher, spokesman for the coalition, it was formed to fight for the principles of military superiority over Russia, the establishment of a large civil defense program, adoption of a more cautious approach to arms control and the "use of positive non-military means to roll back the growth of communism."

If you think this sounds a bit like a return to 50's cold war politics, you're right. The coalition includes ex-Nixon cabinet members, members of the chiefs of staff, and 1976 Republican VP candidate Senator Robert Dole.

While Carter is not a member of this coalition and will not give it official support, it should be clear that his so-called human rights campaign opened the door to this return to cold war type politics.

#### BAKKE

When all this is added up and combined with the back tracking by the Carter administration on Black issues and especially the Bakke case where the brief submitted to the Supreme Court refused to support quotas, the overall reactionary course of American politics today is obvious. The Supreme Court ruling on Bakke, it should be noted, was basically that advocated by the Carter administration. Effectively, it undermines all serious affirmative action programs.

#### WHERE HAVE ALL THE LIBERALS GONE?

Having eaten the pudding, and with sufficient indigestion, you might wonder, what happened to the liberals. A look at Charles Schultze, Carter's top economic advisor, provides one clue of what has happened to many of the traditional liberals.

Schultze was Lyndon Johnson's budget director, and provided the intellectual rationale for Johnson's Great Society program--a program in the Democratic Party tradition of the New Deal.

According to Schultze, "The days of major government spending programs to solve problems are over." Public policy must shift in the



direction of offering rewards, and penalties from relying on bureaucratic regulations and controls. Rather than launching expensive programs to achieve a fairer distribution of income, these can be attained more efficiently "by some form of tax or monetary transfer arrangements."

Schultze ascribes growing older, his view that government is limited in its ability to deal with social and economic problems and the fear of inflation to his turn about. Schultze's handiwork can be seen in the recent plans to curtail OSHA and other regulatory agencies and in Carter's energy program.

Replacing traditional liberals that will not see the light are two types of politicians: conservative candidates backed by the New Right, and so-called 'non-ideological' or 'practical' Democrats. The latter are represented by Carter or Don Riegal of Michigan. They are generally young, take no clear stands on key issues, appeal to populist sentiments and traditional liberal constituencies, but are in fact traditional fiscal conservatives.

A look at the primaries of 1978 shows that while incumbents are winning over all--around 75%--a small but significant trend has been the victory of New Right candidates over traditionally moderate and liberal Democrats and Republicans.

In the New Jersey Primary last June liberal Republican Senator Clifford Case lost to Jeffrey Bell, a former aide to Ronald Reagan and a member of Young Americans for Freedom. While political analysts attempt to attribute Case's defeat to poor campaigning, it is clear that his liberal voting record and Bell's appeal to corporate and wealthy interests through his proposal to slash federal income tax rates by 30% had a lot to do with his victory.

Even more telling, however, was the victory in Minnesota of conservative businessman Robert E. Short for Hubert Humphrey's Senate seat. Short's victory is the first defeat for the liberals in Minnesota since Humphrey came to power in 1946.

#### PAC POLITICS REPLACES PARTY POLITICS

That conservatives are winning in Democratic Party primaries outside of the South might appear to be superficially contradictory. But the capitalist current strategy through PAC's as well as the New Right would seem to jive with a current one-liner popular in the corridors of Washington: "Business already owns one party, and now it has a lease, with option to buy, on the other."

We could hardly say it better. But the fact that its being said in the media and around Washington indicates a qualitative shift politically in American politics.

Since January 1977, 54% of corporate PAC money raised has gone to Democratic candidates. And, one Democratic representative on the House Ways and Means Committee commented: "These PACs are influencing a lot of Democrats. You're seeing people from mainstream Democratic districts, elected with labor support, who are now voting with business."

The loser has been labor. An example is Democratic representative Mike McCormack. In 1974-75 he had a 100% AFL-CIO rating for his voting record. Today it is only 80%. In the future it will likely be less. After he voted against the Common Situs Picketing bill he received no more money from the Building Trades and only \$3,000 from labor, as compared to

\$15,500 in 1976. But, the \$22,500 from business and trade association PACs in 1978 more than made up for the loss of labor money.

One business lobbyist summed it up this way: "This Congress is a watershed Congress, and these elections are pivotal. They provide the battleground for the 1980's. These battles will determine the direction of American politics in the 1980's."

This is simply the capitalists' way of saying that yes, it's true they are waging a 'class war' against labor, and what's more they plan to step up their offensive and continue winning.

It is possible that we will look back to 1978 as a serious turning point in American politics and in particular in Democratic Party politics. What happens in 1980 and in the 1978 mid-term Democratic Party convention will be more conclusive. But if the current trend continues, there may be no more New Deal-New Frontier-Great Society schemes. What will replace them is as yet unclear, but it could become increasingly difficult for the Democratic Party to present itself as the party of labor and Blacks.

#### THE OPPRESSED FIGHT BACK

The political processes described above have been in the making for the past 8-10 years. They have only just now begun to culminate in clearly delineated trends.

The seventies have been a decade of reaction--of reaction to the social changes and reforms of the sixties, and to the increasing uncertainty and chaos of capitalism in crisis. This reaction is not simply a narrow one to one phenomenon, but a general reaction, a longing to return to what seemed to be the safe good old days of the 50's and early 60's.

But, in the last two years, we have begun to witness something new--the beginnings of an active response to these attacks by the specially oppressed, and in some cases the bare beginnings of new social movements for change. The gay, women's and Black resolutions will take them up in more detail. Here there will only be an overview.

When Anita Bryant's campaign to turn back gay rights in Dade County, Florida succeeded in 1977 and the anti-gay campaign picked up steam, it was met with massive demonstrations in the San Francisco Bay Area and New York City of 100,000 marching in support of gay rights. On Gay Pride Week of the same year 250,000 marched in San Francisco. In the intervening year and a half the gay movement has begun to grow again.

And, although as yet it has not been successful in beating back the anti-gay initiatives, there is again a small but growing movement for gay rights. For example, the Briggs Initiative in California is expected to pass overwhelmingly, threatening the jobs of all gay teachers, as well as anyone who advocates support for gay rights. Yet the movement against Briggs is real in California. The attack on the rights of gay people is total--they are being told in effect--return to the closet, or lose your civil rights. They are being forced to fight back.

But recently, gays have been joined by women who have begun to understand as well that if they are to maintain the gains of the past, much less move forward, they too will have to do more than lobby in Congress.

As the right to abortion is whittled away, ERA stalled, employers given the right not to cover pregnancy in insurance plans, affirmative action set back, women took to the streets. One hundred thousand strong--

the largest women's demonstration ever--they demanded that Congress extend the time for ratification of the ERA. A year earlier a record number of 35,000 women attended the International Women's Year Convention in Houston. Since the demonstration on July 9, the House voted to extend the period for the ratification of the ERA and no woman doubts that it was because of the demonstration. A new women's movement is being born.

Of particular importance is the fact that a small, but significant segment (20%) of the demonstration was union women from both the key industrial unions as well as the traditional women's unions.

Unfortunately this process has not yet developed in the Black community. With the exception of 15,000 anti-Bakke demonstrators last April, and small activities around police brutality and the African liberation movements, the Black community is still on the defensive.

The defeats suffered by the Black movement were much greater than those felt by women or gays. Because of the central role Blacks play in the economy and the importance of racism in keeping the class divided, the capitalist class takes any movement for Black liberation much more seriously than it does the movements of women or gays. It is much more dangerous for the Black community to fight back.

Yet the political process now developing in the traditional Black organizations is an indication that this is beginning to change. See the Black document for a full analysis of these and other developments in the Black community.

The existence of these embryonic movements is attributable not simply to the attacks made on rights won earlier, but also because the aspirations of the specially oppressed were raised by the Carter victory in 1976.

No one expected anything from Nixon or Ford. But Carter ran a campaign promising to get the ERA passed, full employment, affirmative action. His margin of victory was the Black vote. He's now had two years to pay off his debt--but the payment hasn't come. In response women and Blacks have begun to fight back and demand that the politicians respond and make good on their promises.

We can expect these movements to grow--slowly at this time--but to grow nonetheless.

The political changes taking place inside the labor movement--the Fraser and Meany statements, broad class solidarity with the miners, the call for a return to coalition politics--made the existence of these stirrings on the part of the specially oppressed more significant than if these events were going on in isolation. See the labor document for a full analysis and discussion of these political developments inside the labor movement.

During the last two years another social movement has arisen which is becoming important. It has grown up in response to the growing use of nuclear power and the potential health and safety dangers as well as the irrational use of resources it represents.

#### GENERAL POLITICAL PERSPECTIVES FOR THE IS

UAW President Doug Fraser recently said that business was waging class war against labor. AFL-CIO president George Meany has told Carter that working people haven't caused the recent inflation, and they won't be made to pay for it. Both of these labor tops have called for a return



to coalition politics to fight for labor's needs.

For their point of view, they want a coalition to lobby harder in Congress and to work harder for COPE and CAP's candidates in November. Just last year the same forces called for a full-employment week to fight for the Humphrey-Hawkins bill, and then they forgot to show up for it.

Yet, the fact that they are speaking out is important to us. It gives credibility to what we and others have to say about the reactionary turn of American politics today.

We are for a return to coalition politics, but with two significant differences. First, any coalition between labor and the specially oppressed must be a real coalition--it must fight as seriously for the interests and needs of Blacks and women as it does for the general interests of labor. It will be one of our tasks to fight to see that this happens wherever possible.

Secondly, any coalition, to be effective must have as its primary strategy, mass action in the form of demonstrations, marches and rallies. We must explain again and again that simply lobbying in Congress and nothing more will get more of the same or worse. The willingness to step outside--into our arena of the streets and out of theirs in the Halls of Congress will force the politicians to take what the movement has to say seriously. Lobbying can't accomplish that.

Real coalitions, with mass actions as the key strategic concept, can win real gains, as the women's demonstration showed. It can begin to put a halt to the growing attacks.

The issues are there: the ERA, abortion, gay rights, affirmative action, jobs, national health insurance, labor law reform, real tax reform, anti-nuclear power, support to the liberation movements of Southern Africa.

Our tasks are also to explain how these issues relate directly and concretely to the crisis of capitalism, and how the employers' offensive on the shop floor, at the bargaining table and in Congress is about solving capitalism's problems at the expense of the working class and especially its specially oppressed sections.

We must also explain that class war means that the working class needs its own institutions--whoever heard of waging a war and then sharing the same organization. Specifically we must explain how the Democratic Party has never and will never serve the interests of labor, Blacks or women.

Both COPE and CAP devote a lot of space in their newsletters and a lot of time campaigning and exposing the New Right and its activities. They use the existence of the New Right organizations to say why labor must put more time and money into the Democratic Party.

We must begin to explain why relying on the Democratic Party with not even a hint of willingness to try alternatives--much less independent activity--allows the New Right to thrive and all American political institutions to move to the right.

If the liberals and so-called "responsible advocates of social change" remain in the Democratic Party, while the radicals on the right independently organize, the Democratic Party moves right to get votes--the "left" is a captive. In a concrete way then, the labor movement allows the New Right to grow by refusing to even consider any alternative to supporting Democratic Party politicians the the Party as a whole.

We do not expect independent action to be feasible in the next period. In fact, we expect that the DSOC and other left Democratic Party

forces will be even more aggressive in the coming period about remaining in and fighting inside the Democratic Party for progressive change.

But despite these expectations, we must take the time now to educate ourselves, our periphery and the general milieu in the working class and the left that we work with that to be politically effective labor and the movements of the specially oppressed must have their own political arena. That, sharing it with the capitalists means losing just as it did in 1978. The coming recession, and the growing likelihood of some form of wage controls will together with other issues make this job somewhat easier. It is up to us to find the skilful ways to use the ammunition given to us to become effective proponents in our publications, discussions, forums and speeches for a labor party.

These two tasks--arguing for a return to coalition politics based upon mass action, and propaganda and discussion about the Democratic Party and why labor needs its own party--will be the two key political ideas that will define the IS overall in all the arenas and movements in which we are active in the coming period.

Until recently we have ignored the anti-nuke movement, partly because for the most part it was located in rural areas where we did not have functioning branches, with the notable exception of Gary. In Gary we have been active in the Daily Alliance. This work must now be brought into the organization and political perspectives developed.

#### SUMMARY: PERSPECTIVES FOR AMERICA

In summary, 1978 marks the first signs of the breakup of the political stagnation that has characterized American politics in the 1970s. These are trends that have been germinating for years, but ~~xxx~~ now represent a point of departure for future developments. In 1978 the first outlines of these class politics which will define the 1980's have appeared. These class politics will lay the basis for a revived American socialist movement.

1. Return of Class Politics. The failure of the economic recovery and the escalation of the employers' offensive is unraveling the gentlemen's agreement between the employers and the union bureaucracy. Class questions are returning to the heart of American politics. This class war is still predominantly one sided with a better organized, more conscious capitalist class on the offensive. While a powerful labor response is still in the future, the response of the miners and the class war language of sections of the bureaucracy are not isolated, peripheral events. They indicate the beginning of the development of a militant, left wing in the unions. This development will be the basis for a serious working class response in the years ahead.

2. The Corporate Political Offensive and the Rise of the New Right. 1978 saw the emergence of two related developments - an organized corporate political offensive through the Political Action Committees, and the organization and coordination of numerous right wing organizations into a political force called the New Right. This New Right consists of sophisticated political organizers and fund raisers working in the interests of the capitalist class. The ideas of the New Right are providing the framework for the capitalist political response to the crisis, replacing the philosophy of corporate liberalism of the boom years. This process is permeating the new breed of Democratic Party politicians. The develop-

ment of the New Right and the corporate political offensive will make increasingly clear to workders and the oppressed that it is the corporations, American capitalism, that is the enemy.

3. Movements of the Oppressed. The crisis of the 70's cut into the gains made by the oppressed in the 60's. The new escalation by the right and the corporations has lead to the embryonic revival of movements of the oppressed, This response is still predominately defensive and uses liberal strategies. In 1978 it produced the first revival of mass demonstrations, significant because of the greater participation by workers and with more emphasis on economic and class questions. This bears out our perspective that the revived movements of the oppressed in the 1980's will have a stronger working class core and politics. These class politics will provide a thrust towards unity and socialist politics.

4. Political Action. 1978 underlined the failure of traditional liberalism to provide solutions despite overwhelming Democratic control of Congress and the Presidency. While liberalism may mementarily revive around a Kennedy campaign, its acceptance of capitalist norms in an economic crisis have temporarily tarnished the attractive illusions of reform it once held out to workers and minorities. The return of class politics and the failure of liberalism will strengthen our propaganda for a labor party.

5. Coalitions. The need for coalitions among social movements to fight the employers-right offensive is now being recognized by the union leadership. We welcome the formation of coalitions which ally the labor movement with the oppressed. In them we will fight for mass action and serious mobilizations of the ranks of workers and the oppressed.

5. Regroupment. In the immediate future we propose cooperation, and united left actinn in the unions and social movements, to build and advance those movements, to maximize the impact of the socialists in them, and to lay the basis for a united, revolutionary workers party in the years ahead.



# THE NEW RIGHT

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