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CAMPAIGN FOR ECONOMIC DEMOCRACY: PART II
THE INSTITUTE FOR POLICY STUDIES NETWORK

(Executive Summary)

In addition to operating as a force in radical politics in the state of California, the Campaign for Economic Democracy functions as an integral part of a burgeoning nationwide movement rooted in activities and programs of the Institute for Policy Studies, characterized in the 1971 annual report of the House Committee on Internal Security as "the far-left radical 'think tank' in Washington, D.C." The rhetoric of this movement is almost obsessively anti-corporate in nature and owes much to the writings of such figures as Richard J. Barnet, one of the founders of IPS, and Derek Shearer, an IPS-connected "public interest economist" who has been credited with helping to "lay the theoretical basis for Economic Democracy." The essence of its position is conveyed in CED founder Thomas E. Hayden's statement that "the corporate system" is "indefensible as it is" and in another Hayden statement that

There are still large concentrations of economic power who, cloaked in a curtain of privacy, operate beyond either the laws of supply and demand or governmental regulation. Their existence affects everything from workers' lungs to world peace. They are private multinational entities in a world of public national ones.

Any relationship between an enterprise like CED or the economic democracy movement and the Institute for Policy Studies is of the greatest significance and should not be underestimated, both because the Institute serves as the principal "think tank" for the New Left and because it enjoys considerable influence through its extensive interlocking relationships with such other entities as the anti-intelligence complex, the anti-defense lobby, and, in some instances, agencies of the United States government.

CED's ties to the IPS complex in California go back at least as far as the Second California Conference on Alternative Public Policy, also known as the Santa Barbara Conference on Economic Democracy, held in Santa Barbara, California, on February 18-20, 1977. The March 1977 issue of CED's Campaigner for Economic Democracy reported that CED was the "major group organizing for the Conference" and added that a related organization, the California Public Policy Center, had "prepared a 150-page set of Working Papers on Economic Democracy" in conjunction with the gathering. CPPC also played a key part in post-conference activity by agreeing "to serve as a clearing-house for information about the Issue Task-Forces" and by "attempting to prepare a Directory of people with a particular expertise or interest in one or more issue areas." The list of "issue areas" was a broad one and included "Affirmative Action," "Agribusiness and Land," "Child Care," "Controlling Corporations," "Criminal Justice," "Economic Development and Finance," "Education," "Energy and Utilities," "Environment and Land Use," "Food," "Health Care," "Housing," "Human Care Services (Welfare)," "Jobs and the Environment," "Labor," "Local Reform and Community Control," "Media Reform," "Military Spending," "Taxes," and "Transportation."

This conference was actually one of a series in which CPPC was involved, the first being a January 1976 Conference on Alternative State and Local Public Policy that was held in Sacramento. A member of CPPC's board of directors, Derek Shearer, served as "conference coordinator." The CPPC's "1975 Operations and Litigation Report" stated that "Work on the [conference's 300-page] reader was supported by grants from the Institute for Policy Studies, the Foundation for National Progress, and the Fairtree Foundation." A list of "Total Receipts for 1975" attached to this document further specified that IPS provided \$750 for the conference, while FNP provided \$1252.60.

A financial report for the 1977 Santa Barbara conference reflected income from the Foundation for National Progress in the form of a \$2,000 grant to be used for "Initial Continuations Support" to help offset the "Total Budgetary Need 2/77 to 2/78," looking forward to the third conference in the series, of better than \$7,000. For this third gathering, held in Oakland in February 1978, a conference brochure revealed that "Again the Foundation for National Progress will provide a grant to help meet the difference between registration fees and conference costs." The "INITIAL LIST OF PARTICIPATING ORGANIZATIONS" included, among others named, both CED and CPPC; and a March 1978 "CONFERENCE FINANCIAL STATEMENT" reported that CED and FNP had provided, respectively, \$250 and \$750, with FNP pledging an additional \$250. Also, as part of the planning for a projected 1979 gathering, the "Chair" and "Contact Person" for a "transition committee" was to be Cary Lowe of the California Public Policy Center; Lowe has also been characterized in the press as "a tenants' rights specialist for the Campaign for Economic Democracy."

In planning for these various conferences, CED has enjoyed a close working relationship with both CPPC and FNP; this relationship has also been apparent with regard to CED's solar energy package, SolarCal. Much of the basic research data to support

this proposal is contained in a February 1978 CPPC study, JOBS FROM THE SUN: Employment Development in the California Solar Energy Industry, "made possible in part by the generous help of the" Pacific Alliance and FNP. CED Chairman Tom Hayden appeared in Sacramento to promote SolarCal in April 1977, accompanied by Alvin Duskin, director of the Pacific Alliance, and Fred Branfman, co-director of the California Public Policy Center and project director for JOBS FROM THE SUN. Lowe and Shearer have also been listed as co-directors of CPPC at various times; Branfman and Shearer have been associated with FNP; and all three have been affiliated in various ways with activities of CED. It is apparent that there exists a close interlocking relationship between the Campaign for Economic Democracy on the one hand and both the Foundation for National Progress and the California Public Policy Center on the other.

The Foundation for National Progress was formed in 1975 and has its headquarters in San Francisco, California, where it sponsors "investigative research, seminars, conferences on state and federal policy and an unusual popular journal" known as Mother Jones, which has declared that "Much of what we publish is the end result of Foundation for National Progress research." Though nominally independent, FNP, according to its internal financial report for 1976, "was formed in 1975 to carry out on the West Coast the charitable and educational activities of the Institute for Policy Studies." Key CED and CPPC figures have been prominent among FNP's Fellows and Associate Fellows, and several have also been involved with IPS itself. In like manner, contributors to the pages of Mother Jones have included a number of movement activists prominently identified with IPS or various of its subsidiary projects. Financial support for the Foundation for National Progress has come from the Samuel Rubin Foundation, the Stern Fund, and the Janss Foundation, all of which have been among the principal grantors of funds to IPS.

FNP has several subsidiary projects, among them the Pacific Alliance and the New School for Democratic Management. Various sources have listed Alvin Duskin as director of the Pacific Alliance. Duskin, who attended the 1977 Santa Barbara conference and participated in one of the conference workshops, along with John Giesman of the Solar Center, another FNP project, has been listed in the 1979-1980 annual report of the Institute for Policy Studies as an IPS Associate Fellow. The New School for Democratic Management was founded in 1976 and is run by David Olsen, who has been both a director and Resident Fellow of FNP. The school has received funds from the Youth Project and operates, in the words of Derek Shearer, as "an ideological challenge to the rest of society" on the premise that "it is impossible for a Left political movement...to accomplish its goals without a parallel alternative economic movement." Olsen participated in the 1977 Santa Barbara conference; and the New School, along with CED and CPPC, was on the "INITIAL LIST OF PARTICIPATING ORGANIZATIONS" for the February 1978 gathering in Oakland.

Both CED and FNP in turn interlock with the California Public Policy Center, described in one source as part of the tax-exempt "superstructure of affiliated organizations" upon

which CED relies in researching and implementing its programs. CPPC was formed in March 1973 and received tax-exempt status as a 501(c)(3) organization in September 1973. Originally known as the California Law Center, the organization has its headquarters in Los Angeles. While there does not appear to be evidence of IPS involvement in creation of the Center, the organization, through its principal leadership and through direct financial support from IPS and from the Foundation for National Progress, has nonetheless increasingly assumed the aspect of yet another outlet for IPS activism on the West Coast. The Center's interrelationship with IPS is epitomized by two people: Ruth Yannatta, who has served as the Center's acting director, as a member of its board of directors, and as director of its Fight Inflation Together project, and Derek Shearer, who has served as Center vice president and secretary-treasurer, as a member of its board of directors, and as director of its IPS-funded Economy Project.

Yannatta, a CED-backed member of the Santa Monica, California, City Council, has also been deeply involved in CED and in the Center for New Corporate Priorities, an organization with strong ties to CPPC. She has been an active participant in numerous conferences held under the aegis of the IPS-spawned National Conference on Alternative State and Local Public Policies, now known as the Conference on Alternative State and Local Policies, a nationwide apparatus of "elected and appointed officials, organizers and planners who share a populist or radical outlook." In creating this network, according to a coordinator for the organization, NCASLPP specifically sought out "populist, progressive, socialist, innovative, open-minded, locally-elected officials" who were "products of" the radicalism of the 1960s.

Shearer's ties to IPS and to the NCASLPP/CASLP network have been extensive. Like Yannatta, he participated in the founding conference of NCASLPP in June 1975 and has been involved in numerous of its succeeding efforts. Conference publications have listed him as a member of the organization's steering committee, and he has co-edited NCASLPP's Second Annual Public Policy READER and edited a bibliographical section published in CASLP's Public Policies for the Eighties. The 1979-1980 annual report of the Institute for Policy Studies listed Shearer as an IPS Associate Fellow, and he is also among scheduled instructors on the spring 1981 program of the IPS Washington School. He was involved in a 1973 IPS conference on "Strategy, Programs, and Problems of an Alternative Political Economy," which was of seminal importance to the development of an economic democracy movement in the United States; and he contributed a chapter to a major Institute study of the federal budget that was published in 1978 at the request of several members of the U.S. House of Representatives. He is also a member of the Board of Directors of the National Consumer Cooperative Bank and has been described as "on the boards of the New School for Democratic Management, Popular Economics Press, and the Campaign for Economic Democracy." Such a background makes it of more than casual significance that Shearer was one of those who "helped write Hayden's campaign platform for his unsuccessful 1976 run for U.S. Senate in California" and that, as previously mentioned, his "voluminous work" has been credited with helping to "lay the theoretical basis for Economic Democracy."

CAMPAIGN FOR ECONOMIC DEMOCRACY: PART II

INTRODUCTION

As outlined in the preceding study in this series, the Campaign for Economic Democracy is a California-based apparatus that developed from the unsuccessful 1976 primary campaign of Thomas E. Hayden, one of the nation's principal radical leaders, for the United States Senate. With a budget estimated at approximately \$300,000 and a paid staff of 21, CED, with some 25 to 30 chapters around the state, has apparently become a potent force on the political left, its members and supporters including such luminaries as former California Lieutenant Governor Mervyn Dymally and U.S. Representative Ronald V. Dellums, a major figure in American radical politics. Funding for CED has come from a variety of sources, including, according to some accounts, government itself through local programs staffed with CED members; and the organization has benefited handsomely from the fund-raising ability of Hayden's wife, actress Jane Fonda, and several entertainment industry celebrities with whom she is associated.

Perhaps the most significant aspect of CED's efforts, however, derives from the organization's interlocking relationship with various components of the nationwide network created by the Institute for Policy Studies. Specifically, it is fair to say that, in order to grasp fully the nature and importance of CED, one must first understand its function as an integral part of the "economic" or "corporate democracy" movement, which is national in scope and which has its roots in activities and programs of IPS, described in the 1971 annual report of the House Committee on Internal Security as "the far-left radical 'think tank' in Washington, D.C." The importance of IPS should not be underestimated; in addition to serving as the principal "think tank" for the New Left, it enjoys great influence through its extensive interlocking relationships with such entities as the anti-intelligence complex, the anti-defense lobby, and agencies of the United States government.*

*For background on CED generally, see Heritage Foundation Institution Analysis No. 13, "Campaign for Economic Democracy: Part I, The New Left in Politics," September 1980. References to the anti-intelligence and anti-defense lobbies are contained in Heritage Foundation Backgrounder No. 59, "Terrorism in America: The Developing Internal Security Crisis," August 7, 1978; Institution Analysis No. 10, "The Anti-Defense Lobby: Part I, Center for Defense Information," April 1979; Institution Analysis No. 11, "The Anti-Defense Lobby: Part II, 'The Peace Movement, Continued,'" September 1979; and Institution Analysis No. 12, "The Anti-Defense Lobby: Part III, Coalition for a New Foreign and Military Policy," December 1979. Connections between IPS and certain federal appointees are traced in Institution Analysis No. 9, "The New Left in Government: From Protest to Policy-Making," November 1978. For background on IPS generally, see Institution Analysis No. 2, "Institute for Policy Studies," May 1977. The relationship between CED and the IPS network has been briefly indicated in Backgrounder No. 113, "The Corporate Democracy Act and Big Business Day: Rhetoric vs. Reality," March 11, 1980.

CED AND THE IPS COMPLEX IN CALIFORNIA

CED's ties to the IPS complex can be traced at least as far back as a conference held in Santa Barbara, California, on February 18-20, 1977. The March 1977 issue of CED's Campaigner For Economic Democracy claimed that "The major group organizing the Conference was the California Campaign for Economic Democracy, a grass-roots outgrowth of the Hayden for Senate campaign" of 1976, and further revealed that "At the request of the Conference, the California Public Policy Center (CPPC), a research group, consulted hundreds of experts around the state and prepared a 150-page set of Working Papers on Economic Democracy." The level of CPPC involvement in this enterprise was further reflected in the primary role played by CPPC in post-conference activities. The Campaigner for Economic Democracy reported that "Most participants at the Issues Workshops expressed a desire to continue meeting after Santa Barbara in the form of a task-force" and added that CPPC "has agreed to serve as a clearing-house for information about the Issue Task-Forces." Subsequently, a "TO: Whom It May Concern" mailing was disseminated by CPPC on the subject of "Issues Network Questionnaires." According to this document, "At the request of numerous groups and individuals around the state, we are attempting to prepare a Directory of people with a particular expertise or interest in one or more issue areas." It was further noted that "The Continuations Committee of the Santa Barbara Conference on Economic Democracy will determine the use to which the Directory is put." The list of "issue areas" from which recipients of the mailing were urged to choose was indicative of the broad range of CED's and CPPC's organizing concerns:

- Affirmative Action
- Agribusiness and Land
- Child Care
- Controlling Corporations
- Criminal Justice
- Economic Development and Finance
- Education
- Energy and Utilities
- Environment and Land Use
- Food
- Health Care
- Housing
- Human Care Services (Welfare)
- Jobs and the Environment
- Labor
- Local Reform and Community Control
- Media Reform
- Military Spending
- Taxes
- Transportation

CED literature, including the March 1977 Campaigner for Economic Democracy, which bore the return-address stamp of the California Public Policy Center, referred to the gathering as the

"Santa Barbara Conference on Economic Democracy." The same designation was carried in documents adopted at the conference. Material issued subsequently by the Continuations Committee, however, bore the designation "California Conference on Alternative Public Policy" or, as in the case of a conference financial report, the more precise designation of "Second California Conference on Alternative Public Policy." It is the last formulation that is of particular interest, indicating as it does the element of continuity under the aegis of CPPC.

A "1975 Operations and Litigation Report" signed by Betty Binder as Executive Director of the California Public Policy Center included the following passage:

Public Policy Conference/Reader

As the year 1975 drew to a close, we organized a statewide Conference on Alternative State and Local Public Policy held January 9-11, 1976, at the Sacramento Convention Center. The Conference served as a forum through which people involved in or with state and local government shared information, ideas and experiences.

One major result of the Conference involved compilation of a resource reader on public policy alternatives for state and local government. This 300-page reader included public policy material in such areas as energy; tax reform; food and land; economic development; urban growth; job creation; and business regulation. The reader was made available to appointed and elected officials at the state and local level in California and in other cities and states on the west coast.

Work on the reader was supported by grants from the Institute for Policy Studies, the Foundation for National Progress, and the Fairtree Foundation.

We have long believed that such a dialogue on policy issues was useful. So, the Center took the initiative to bring policy makers and private citizens together to provide a forum for a meaningful exchange of ideas about new solutions to old problems.

The minutes of a meeting of the CPPC board of directors held on April 7, 1976, included an account of a report made by Director Derek Shearer to the effect that the January 1976 conference had attracted an estimated 400 participants; Shearer was formally congratulated for his success as "conference coordinator." Additional specifics with respect to conference financing were contained in a list of "Total Receipts for 1975" appended to the

"1975 Operations and Litigation Report." This document cited, among other items, the following:

3.	Alternative Public Policy Conference (special project of the CPPC)	
a)	Institute for Policy Studies Washington, D.C.	\$ 750
b)	Foundation for National Progress 607 Market Street San Francisco, Ca.	\$1252.60
c)	conference pre-registration fees	\$ 577.14
	sub-total	\$2579.74

In like manner, an undated "FINANCIAL REPORT" for the "Second California Conference on Alternative Public Policy" (the Santa Barbara gathering of February 1977) reflected income from the Foundation for National Progress in the form of a grant of \$2,000. Specifically, as shown by a section headed "Continuations Planning Expenses for California Conference on Alternative Public Policy," the "2nd California Conference Deficit" amounted to \$1,887.91, with a "Total Budgetary Need 2/77 to 2/78," looking forward to the third conference in the series, of \$7,087.91. To help offset this problem, "Initial Continuations Support has come from the Foundation for National Progress in the form of a \$2,000.00 Grant."

The same situation arose with regard to the third conference in this series, described in a promotional brochure as "the third annual gathering of the California Conference on Alternative Public Policy being held in Oakland February 17 through 20, 1978." The brochure revealed that "Again the Foundation for National Progress will provide a grant to help meet the difference between registration fees and conference costs." Also, the "INITIAL LIST OF PARTICIPATING ORGANIZATIONS" included, among others, both CED and CPPC. A "CONFERENCE FINANCIAL STATEMENT" dated March 10, 1978, indicated "Total Grants Rec'd." of \$2,250, with \$500 having come from CED and \$750 having been received from FNP; in addition to these receipts from CED and FNP, a further grant of \$250 had been pledged by FNP. It is noted that the April 1, 1978, mailing to which the financial report was attached mentioned, as part of a discussion of possibilities for a fourth such gathering in 1979, that a "transition committee" would meet on April 22, 1978, at CED's offices in Suite 501, 304 South Broadway, in Los Angeles, "with Cary Lowe as Chair." The "Contact Person" for this committee was also to be Cary Lowe of the California Public Policy Center, located in Room 224 at the same street address as CED. It will be recalled that, as cited in the preceding study in this series, Lowe was characterized in the January 26, 1980, edition of the Washington Star as "a tenants' rights specialist for the Campaign for Economic Democracy."

It is apparent from the foregoing data that CED, at the very least insofar as the various annual incarnations of the California Conference on Alternative Public Policy are concerned, has enjoyed a close working relationship with both the California Public Policy Center and the Foundation for National Progress. As mentioned in the preceding study, this working relationship has also been evident with respect to promotion of CED's solar energy package, SolarCal, much of the basic research data in support of SolarCal being contained in JOBS FROM THE SUN: Employment Development in the California Solar Energy Industry, a study issued by CPPC in February 1979 and "made possible in part by the generous help of the" Pacific Alliance and FNP; it should further be remembered that the April 16, 1977, edition of the San Diego Union carried an account of an appearance in support of SolarCal in Sacramento by CED Chairman Tom Hayden, "Alvin Duskin, director of Pacific Alliance and author of the Nuclear Safeguards Initiative of last year, and Fred Branfman of the California Public Policy Center." Branfman, who served as project director for JOBS FROM THE SUN, has, like Cary Lowe and Derek Shearer, been listed as being among the co-directors of CPPC, while all three have also been affiliated in various ways with activities of CED; in addition, both Branfman and Shearer have been associated with FNP. Such indications of close interlocking relationship make it appropriate at this point to consider the realities with regard to both the Foundation for National Progress and the California Public Policy Center.

FOUNDATION FOR NATIONAL PROGRESS

The Foundation for National Progress was formed in 1975. An FNP brochure issued in 1977 declared that "we started the Foundation for National Progress to create a non-profit foundation to sponsor investigative research, seminars, conferences on state and federal policy and an unusual popular journal" known as Mother Jones, self-described as "published monthly (except for combined issues in February/March and September/October) by the Foundation for National Progress, a nonprofit, tax-exempt organization." Subscription arrangements for Mother Jones are different from those applicable to most magazines: "MOTHER JONES subscribers are members of the Foundation for National Progress. Membership dues are \$12 a year, of which \$4 is set aside for publication costs." The relationship between FNP and Mother Jones was further elucidated in the magazine's February/March 1977 issue:

Who's Behind Mother Jones?

Well, in keeping with the original Mother Jones [described as a "Pioneer socialist" who "helped found" the Industrial Workers of the World, designated by the Attorney General of the United States as an organization which seeks to "Alter the Form of Government of the United States by Unconstitutional Means"], no banks, no corporations, no people looking for a fast buck are

behind the magazine. Mother Jones is published by a nonprofit foundation that currently employs more than two dozen researchers and scholars in addition to the magazine staff. These 26 men and women are studying, organizing, researching, investigating and documenting the problems and crises of our time. Their work is the grist of Mother Jones' mill. Much of what we publish is the end result of Foundation for National Progress research.

Such a declaration would seem to connote what many might regard as an admirable degree of muckraking independence; however, it is interesting more for what it fails to reveal than for what it actually says. The reality was conveyed in an FNP internal financial report for 1976, which stated explicitly that "FNP was formed in 1975 to carry out on the West Coast the charitable and educational activities of the Institute for Policy Studies."

Among those who have been affiliated with both CED and FNP are such movement activists as Fred Branfman, who has been both a co-director of CPPC and an active supporter of CED's SolarCal project; Mark Beyeler, a CED organizer; Richard Flacks, an active participant in the February 1977 Santa Barbara conference; and Derek Shearer, who has held several key positions with CPPC and who was, like Flacks, prominently involved in the Santa Barbara gathering. All four have been among FNP's Fellows, Branfman and Flacks having been listed as Associate Fellows of FNP as recently as the February/March 1980 issue of Mother Jones. It is noteworthy that among other FNP Fellows over the years has been another key movement activist, Lee Webb, who, in addition to having been a leader in Students for a Democratic Society and a correspondent for the Guardian, a Communist newsweekly, has served as an Associate Fellow and as a member of the Board of Trustees of IPS, as well as being director of the Conference on Alternative State and Local Policies, one of the major offshoots of IPS; Webb also served as national director of this IPS subsidiary project when it was known as the National Conference on Alternative State and Local Public Policies. It should also be noted that the program for CASLP's fifth annual conference in August 1979 carried the name of CPPC, FNP, and CED activist Derek Shearer, identified only as "Economist, California", as a member of the CASLP Steering Committee.

FNP's links to IPS are also indicated in the pages of Mother Jones, contributors to which have included such leftist luminaries as the late Paul Jacobs, an IPS Associate Fellow and FNP Fellow; Saul Landau, IPS Associate Fellow and well-known maker of pro-Castro and pro-Allende films; and Michael T. Klare, a Fellow of the Transnational Institute, one of the most important subsidiaries of IPS, and leader of the North American Congress on Latin America, an aggressively anti-corporate offshoot of SDS frequently described as the "intelligence gathering arm" of the New Left. FNP seminars have included an April 1977 session on multinational corporations conducted by Richard Barnet, a founder and co-director

of IPS who was promoted as the ideal alternative to Cyrus Vance as Secretary of State in the April 1977 issue of FNP's Mother Jones, which described Barnet's qualifications in the following terms: "Deeply committed to dismantling America's overseas empire, Barnet had State Department experience under President [John F.] Kennedy [emphasis in original]." It is also significant that funding for FNP has come from the Samuel Rubin Foundation, the Stern Fund, and the Janss Foundation, all of which have been principal grantors of funds to IPS. The Rubin and Janss Foundations were founded, respectively, by the late Samuel Rubin, whose fortune came from Faberge cosmetics, and Edwin W. Janss, Jr., a California real estate developer; Rubin's son-in-law, Peter Weiss, and Edwin Janss, Jr., have both been listed in IPS publications as members of the IPS Board of Trustees.

PACIFIC ALLIANCE

Among FNP's subsidiary projects is the Pacific Alliance, described in a document filed by FNP with the California Attorney General's Registry of Charitable Trusts as having been "formed to translate the arcane and complex language and technology of nuclear energy into terms that can be understood and utilized by electoral initiatives opposed to nuclear proliferation."* Pacific Alliance Director Alvin Duskin, as noted previously, has been described as the "author of the Nuclear Safeguards Initiative" promoted in California during 1976. More recently, according to the November 21, 1980, issue of Information Digest, the 1979-1980 annual report of the Institute for Policy Studies listed him as an IPS Associate Fellow, part of the "formal Institute community" for 1980.

Duskin, characterized as "Director, Pacific Alliance, San Francisco," participated in the workshop on "JOBS & THE ENVIRONMENT" at the February 1977 Santa Barbara Conference on Economic Democracy along with John Giesman of the Solar Center, another San Francisco-based FNP project, and Eve Bach of COOP (Community Ownership Organizing Project), an Oakland, California, organization which, like such other IPS-connected enterprises as the Corporate Data Exchange and the Center for Policy Alternatives of the Conference on Alternative State and Local Policies, has received financial support from the Youth Project. COOP Director Ed Kirshner, who has been an FNP Fellow, was also involved in the

*It is noted that, while certain activities may legitimately be carried on by tax-exempt organizations even when relevant to issues of a legislative nature, the Internal Revenue Code does specify that "no substantial part" of such an organization's activities may properly be geared to "carrying on propaganda, or otherwise attempting to influence legislation," and that Schedule A of IRS Form 990 asks, "During the taxable year, has the organization (a) attempted to influence any national, State, or local legislation, or (b) participated or intervened in any political campaign?"

Santa Barbara conference and was among those who attended the first conference of the IPS-spawned National Conference on Alternative State and Local Public Policies in Madison, Wisconsin, in June 1975. Still further, COOP, like FNP and CED, interlocks with the California Public Policy Center, a fact demonstrated by the following passage extracted from the minutes of a CPPC Board of Directors meeting held on April 7, 1976:

In addition, [CPPC Director] Derek Shearer announced that the Center has received funding from the Stern Fund for the Cooperative [sic] Ownership Organizing Project. The project director is Ed Kirschner [sic]. The project will train minorities to acquire skills in urban policy analysis and urban planning. This project will also publish a newsletter primarily of interest to city planners and others concerned with urban policy issues.

NEW SCHOOL FOR DEMOCRATIC MANAGEMENT

Another FNP project which has received funds from the Youth Project and which also functions as an integral part of the IPS-affiliated economic democracy apparatus is the New School for Democratic Management. The 1978 annual report of the Youth Project, in a section on a special YP "donor advised" Resource Fund, reflects that the Project provided funds in an unspecified amount for the

* Foundation for National Progress: New School for Democratic Management -- support for the New School's efforts to teach practical business skills to smaller organizations, including food and housing cooperatives and other community-oriented enterprises and for building successful models for employee management of organizations.

The school has also been described in Martin Carnoy and Derek Shearer's extremely useful volume Economic Democracy: The Challenge of the 1980s (copyright 1980 by M.E. Sharpe, Inc., White Plains, New York) as

The country's first alternative business school [which] offers courses and workshops -- in San Francisco and other cities -- for people in worker-controlled or collective and cooperative enterprises. The school also has a program for union members and for women and minorities in starting successful businesses. The school maintains a series of case studies of democratically run firms and will soon be publishing a reader on democratic management.

According to an account published in the October 13, 1977, issue of WIN, a radical movement magazine, the "school's organizer

and coordinator" was David Olsen, an activist who "was heavily involved in the antiwar movement during the Indochina years" and later "joined a radical collective called the Africa Research Group." Drawing "upon the work of radical economists like Derek Shearer," Olsen, in the spring of 1976, "persuaded" FNP "to give him a grant which would enable him to develop a proposal for the school."* The result, in Olsen's view as quoted in WIN, has been

a different direction from what you'll find at any regular business school. They train managers to direct their energy and loyalties upward, to serve the interests of those who run the corporations. We want to train managers whose loyalties and energy are directed downward, serving the interests of the workers and consumers that their businesses are supposed to be working for.

The movement's view of the basic inseparability of economics from politics was aptly expressed by Derek Shearer in a November 1977 article, "Economic Alternatives - Fundamental to Political Alternatives":

Our Alternative Business School is not just about learning better skills. It is an ideological challenge to the rest of society. It is not just the models we are building, but the questions we are asking about why there are not workers and consumers on corporate boards of directors, or why workers do not run their own firms.

My premise is that it is impossible for a Left political movement with ostensible humane values, to accomplish its goals without a parallel alternative economic movement. Similarly, it's impossible for that alternative economic movement to achieve its goals without a political movement. They have to go hand-in-hand. There's a dynamic. There's an interaction. You can see it if you look back at any number of historical movements....

An undated New School document "Announcing A Business School For Economic Democracy" that was circulated early in 1977 spoke

*Olsen has also been actively involved in the Foundation for National Progress itself. As examples, the February/March 1980 and June 1980 issues of Mother Jones listed him as one of two FNP Resident Fellows, while issues of the magazine from February/March 1980 through April 1981 have all named him as being among FNP's several Directors. It is further noted that Carnoy and Shearer seem to differ with the account in WIN as to precisely who persuaded whom; they report that "Economist Richard Parker, publisher of Mother Jones magazine (a successor to Ramparts), obtained foundation grants and persuaded a sixties activist, David Olsen, to head the New School for Democratic Management in San Francisco."

of the "new kind of vocational training" that would help provide "the beginnings of a movement aimed at building a more fully human economy" and promised that "In addition, the School will offer 2 1/2 day seminars on 'Basic Business Skills' and on 'Democratizing the Workplace' in several cities around the country this year." Attached to this announcement was a "brief list of the School's two-week summer course [sic] scheduled for July in San Francisco [capitalization as in original]":

Business Management

1. Financial development and financial management. Strategies for raising money, budgeting growth, projecting and managing cash flow, with special attention to the problems of under-capitalized businesses; democratizing financial decisions.
2. Business Law. Incorporation; tax status and procedures; managing legal counsel.
3. Business planning: micro-economic theory and forecasting.
4. Organizational development. Division of labor and task-sharing; personnel policies in worker-controlled businesses.
5. Marketing and Promotion. Marketing surveys; promotion and advertising; public relations for worker-controlled businesses.
6. Bookkeeping and accounting: an introduction.
7. External services for small businesses. Obtaining and managing consulting help, fulfillment, warehousing, bank services; computer services.
8. The American economy today. Neo-classical, Keynesian and Marxist perspectives; prospects for worker-controlled business and community economic development.

Labor and Community Economic Development

1. Expanding workers' rights on the job. Survey of present laws; obtaining enforcement of existing laws; strategies for extending worker protection and worker control legislation.
2. Conversion to worker ownership and control: strategies and options.
 - (a) worker ownership through ESOP plans, pension fund financing, union and federal agency financing, community financing.

(b) worker control as a way to strengthen labor's bargaining position.
 (c) internal education and worker control in factories and offices.

3. Community Economic Development strategies.
 - (a) what's been tried; history and prospects of the CDC movement.
 - (b) worker ownership as an alternative development strategy.
 - (c) labor-local agency/community cooperation in development plans.
4. History of worker control in the U.S. and abroad.

The essentials of this schedule were also reflected in a full-page advertisement for the school published in the May 1977 issue of Mother Jones which was billed as "an announcement for people who are serious about economic democracy, and are willing to work out ways to make business relationships more democratic, more equitable, more responsive to the needs and talents of employees and communities [emphasis in original]." Interestingly, this advertisement emphasized "the difference between business and capitalism" as opposed to the notion that "Business is a Rip-Off." The October 13, 1977, WIN article carried "organizer and coordinator" David Olsen's sentiments on the same issue, quoting him as saying that "Too many people in alternative economic ventures have confused being anti-capitalist with being anti-businesslike," as well as that "Our ultimate ambition, really, is to connect alternative enterprises with some of the good things that are happening in regular corporations."

Whether or not such a distinction is terribly meaningful, Olsen's and the New School's formulations are quite consistent with the general tenor of the economic democracy movement's written and spoken pronouncements, which are almost obsessively anti-corporate in substance and import. As will be seen in Part III of this study, for example, literature of the Santa Barbara Conference on Economic Democracy was replete with rhetoric about the "corporate nightmare" and "corporate monopoly." The essence of the movement's position was conveyed by Tom Hayden's statement in the October 29, 1979, issue of Barron's: "I don't think there's any point in defending the corporate system. It's indefensible as it is." Specifically, the movement is much concerned with the presumed power of the multinational corporations, something on which IPS founder Richard J. Barnet has written extensively. As Hayden expressed it in a letter published in the summer 1980 issue of Policy Review,

There are still large concentrations of economic power who, cloaked in a curtain of privacy, operate beyond either the laws of supply and demand or governmental regulation. Their existence affects everything from workers' lungs to world peace. They are private

multinational entities in a world of public national ones.

Thus, by serving as a vehicle for education in how to attack many of the presumed ills of the corporate system in America, the New School for Democratic Management dovetails neatly with the broad aims of the economic democracy movement of which the Campaign for Economic Democracy is, along with such other affiliated groups as FNP and CPPC, to say nothing of IPS itself, so essential a part. The relationship of the New School to this movement and, more precisely, to the IPS complex which is central to the movement's operations has been indicated already and was expressed clearly in the May 1977 Mother Jones advertisement: "The New School for Democratic Management is a project of the Foundation for National Progress, publisher of Mother Jones magazine." There have, however, also been many other tangible demonstrations, among them David Olsen's participation in the February 1977 Santa Barbara conference, an activity with which CED, FNP, and CPPC were all intimately involved, and the inclusion of the New School, along with CED and CPPC, in the "INITIAL LIST OF PARTICIPATING ORGANIZATIONS" for the February 1978 "third annual gathering of the California Conference on Alternative Public Policy," a major enterprise officially sponsored and financially supported by the New School's parent Foundation for National Progress.

CALIFORNIA PUBLIC POLICY CENTER

As demonstrated previously, the organization that interlocks with each of the preceding groups, whether it be the Campaign for Economic Democracy, the Foundation for National Progress, or FNP's various subsidiary projects, is the California Public Policy Center, located in Los Angeles and run by activists like Fred Branfman and Derek Shearer. As part of what an article in the January 1980 Libertarian Review called the tax-exempt "superstructure of affiliated organizations" upon which CED relies in researching and implementing its programs, CPPC would have to be regarded as a significant force on the left in California and within the economic democracy movement generally no matter what its other organizational affiliations might be; when one becomes aware of the pattern of interrelationship between the Center and certain activities of the Institute for Policy Studies, however, the importance of the organization assumes, to put it conservatively, what one might call an added dimension.

Tax returns for 1974 and 1975 as filed by the organization with the Internal Revenue Service specify that the California Public Policy Center was formed in March 1973 and that it received its tax-exempt status as a 501(c)(3) organization on September 13, 1973. Various sources, including the Center's tax return for 1975 and documents filed with the California Registry of Charitable Trusts, reflect that CPPC was formed originally as the California Law Center under the leadership of Executive Director Max Factor III. An undated CLC document indicated that Factor's largesse

was of the greatest importance in enabling CLC to begin its operations:

Shortly after operations of the California Law Center began, we had a shortfall of fund-raising versus continuing expenses. Max Factor, III, Executive Director, lent a total of \$3,000.00, interest free, to the California Law Center. Said loan is reported as a contribution for purposes of these forms. Mr. Factor did not take any tax deduction whatsoever, either for principal or for interest, on said loan. It is expected that the Center will repay all indebtedness to Mr. Factor prior to the close of fiscal 1974.

The same document also provided the following details with respect to the Center's origins, orientation, and initial financing:

Also, two tax-exempt organizations, the Public Advertising Council and the Center for New Corporate Priorities, donated \$400 each to the California Law Center. The CLC expects that in 1974, we shall be engaging in joint projects of public education with the PAC and the CNCP. Said projects may include deceptive advertising practices, unlawful credit discrimination and other consumer educational activities of a similar nature. Moreover, from time to time the CLC has utilized CNCP or PAC research efforts or facilities for overflow personnel, volunteer and fund-raising efforts. Basically, we have an ongoing friendly relationship with our "neighbors" down the street.

Further, we had had a good working relationship with the California Public Interest Law Center, from whom we sprung. Although the home office of the CPILC is in San Francisco, the CPILC had a second office in Los Angeles in which we carried on CLC business until we received our tax-exempt status and had put some money in the bank. The CPILC donated \$1,000 to the CLC in November, 1973.

In addition to an executive director, CPPC/CLC has an advisory board and a board of directors. A letterhead dated May 7, 1974, for example, carried the names of the following people as members of the CLC advisory board: H. Michael Bennet, Julian Bond, Rev. Alvin L. Dortch, Treesa Drury, Shirley Goldinger, William Josephson, Lucy McCabe, Barbara Rasmussen, Peter Schuck, and Alice Shabecoff; another letterhead dated October 6, 1975, listed Bennet, Bond, Dortch, Goldinger, McCabe, Rasmussen, Schuck, and Shabecoff. CLC documents filed with the office of the California Attorney General reflect that the following individuals served as members of the Center's board of directors during 1973 and 1974, and into 1975: Honorable Newell Barrett, Judge, Superior Court, Los Angeles; Rinaldo Brutoco, Esq., Vice President, Optical Systems, Los

Angeles; Dr. Robert Carter, Director, Center for Administration of Justice, University of Southern California, Los Angeles; Terry Hatter, Jr., Acting Professor of Law, Loyola School of Law, Los Angeles; Norma Hutner, Esq., Davis, York and Baumeister, Los Angeles; Terence Matthews, President, Electronics Plating Service, Inc., Gardena; Harriet (Mrs. John) Mack, Representative, Urban League, Los Angeles; Jan Mennig, Chief of Police, Culver City; Vivian Monroe, Executive Director, Constitutional Rights Foundation, Los Angeles; Alan Moscov, Esq., Munger, Tolles, Hills and Rickershauser, Los Angeles; Burt Pines, City Attorney, Los Angeles; Monroe Price, Law Professor, UCLA School of Law, University of California at Los Angeles; Joan Sheets, Fight Inflation Together, Tarzana; William H. Robertson, Assistant Secretary-Treasurer, Los Angeles County Federation of Labor, AFL-CIO, Los Angeles; J. J. Rodriguez, Executive Secretary, Butchers Local 563, Huntington Park; and Peter Taft, Esq., Munger, Tolles, Hills and Rickershauser, Los Angeles.

CPPC's method of operation was succinctly expressed in a document filed with the California Registry of Charitable Trusts in May 1976. This document, filed in conjunction with the Center's "1975 Operations and Litigation Report" which summarized "the public interest litigation and community educational projects" with which the Center was involved, declared that CPPC "(previously called the California Law Center) does not disburse funds to qualifying recipients but expends funds on litigation, educational and research projects as set forth and approved by the Center's Board of Directors." Similar emphasis was conveyed in the minutes of the November 13, 1973, meeting of the board of directors of CLC, during which various CLC "programs utilizing education, negotiation and litigation were discussed." The following two paragraphs are instructive:

The Chairman noted that CLC functions as a "private attorney general" dealing closely with law enforcement agencies. This close relationship has resulted in appointments to Federal, State and City commissions dealing with consumer protection: The CLC has relied on information from these commissions and from governmental agencies to select which areas of fraud and consumer abuse the CLC should focus its resources [sic]. By so doing, the CLC has had the full backing of local and state agencies. This support has made the CLC particularly effective in eliminating deceptive advertising and unfair commercial practices. The CLC has had substantial success in the tire, auto accessory and carpet industries.

Apart from its consumer activities, the CLC is concerned with unlawful acts of sex and race discrimination. A report on proposed cases will be made at the next Board meeting by the Litigation Committee. Said Committee will also review the criteria for selecting "public interest" litigation. The cases are expected to provide

substantial new employment for blacks and women in industries which have previously practiced unlawful discrimination. Moreover, these cases may well generate a substantial income flow to the CLC [emphasis in original].

CENTER FOR LAW, RESEARCH AND COMMUNICATIONS

The minutes also included extended discussion of two principal CLC projects: The Center for Law, Research, and Communications and Fight Inflation Together. The first was described as follows:

CLRC is a special project of the CLC which combines the legal resources of the CLC, the research and community organizational resources of the Center for New Corporate Priorities (CNCP), and the communication and creative resources of the Public Advertising Council (PAC).

Marv Segelman, a Director of PAC, will be Director of Communications of the CLRC. He discussed the track record of his organization in combining the creative communities' needs, talents and creativity in order to communicate specific public interest programs. Mr. Segelman listed such successful campaigns as Ryan O'Neill's [sic] "civil rights Blockbusting" commercials in Little Rock, Arkansas; Burt Lancaster's counter-commercials on the effectiveness of aspirin and the safety of the Camero [sic] and a projected commercial on flammable [sic] fabrics in children's clothing.

Jim Lowery, a Director of CNCP, will be Director of Research of the CLRC. He discussed the CNCP's recent track record on making institutions aware of their corporate social responsibilities. Mr. Lowery indicated that the CNCP had researched and documented various practices of discrimination in employment opportunity and credit extension by the Bank of America. Through publicity of this research and public pressure, the Bank of America appointed an Executive Vice President in charge of corporate social policies. Presently the CNCP is encouraging banks to consider environmental conditions in their loan policies [sic] and to reexamine traditional problems of credit discrimination against the lower income community and women.

The CLC is providing the legal muscle to supplement the CLRC's communications and research arms [emphasis in original].

FIGHT INFLATION TOGETHER AND RUTH YANNATTA

The minutes described Fight Inflation Together and its programs in the following terms:

FIT, Fight Inflation Together is a special project of the CLC with Ruth Yannatta its chairperson and present director. Joan Sheets, one of the original organizers of the meat boycott is a director of the CLC.

Ruth Yannatta discussed FIT. She stated that the meat boycott was a spontaneous happening. Housewives who never were involved became involved. Ms. Yannatta stated that the need still exists to keep on top of food prices and related matters. So FIT has continued as a special tax-deductable [sic] project of the CLC and raises the public's awareness about rising food prices.

Also, FIT goes to various agencies to make them aware of the consumer's concern. At a recent visit to the California Egg Board Meeting, the first time consumers had gone to such a meeting, FIT complained about their program and cutbacks. As a result, non-producer (or a member of the general public) is now included on the Egg Advisory Board.

Presently FIT is concerned about the huge increases in prices of eggs and milk. FIT is participating in a drive to roll back milk prices and in bringing these to the attention of the consumer [emphasis and punctuation as in original].

The California Law Center's May 10, 1974, "OPERATIONS REPORT" included a section on the Fight Inflation Together project that indicated significant gains both for the project generally and for Ruth Yannatta specifically in effecting CLC's aims:

Since we last met, FIT has made "historic" strides in dealing with commodity inflation. Ruth Yannatta has been appointed to the Egg Advisory Board as a consumer representative, the first public spokesperson on any commodity advisory board in the State of California. This will give the consuming public its first opportunity to work from within the institutional resources of government to deal with the oligopoly structures in the community and dairy markets.

Presently, FIT is heading a coalition of consumer groups who are educating the public about the price differentials between fluid milk and dry milk. It is expected that their concerted efforts will result in a significant impact upon the profits of local retailers and dairy producers. As a result--and much like the previously successful meat boycott--it is hoped that the milk industry will reconsider its cost (the cost of the most inefficient producer) plus method of pricing. We have several legislative committees which have specifically requested Ruth and the other groups with

which she has been affiliated to testify before state and assembly bodies to provide them with information regarding methods of milk pricing and the profits of milk producers.

On October 6, 1975, the Center formally notified the office of the California Registry of Charitable Trusts "that the name of the California Law Center has been changed to California Public Policy Center." The minutes of a board of directors meeting held on October 6, 1975, reflect that CPPC President Betty Binder

announced the Secretary of State of California had approved and certified the name change which the California Law Center had requested. The new name of the Center is officially the California Public Policy Center, and this change was approved and certified by the Secretary of State on August 19th although written notice did not arrive in the Center until Sept. 19, 1975.

Center documents covering activities for 1975 continued to indicate the success of its Fight Inflation Together project, as well as the increasing influence of Ruth Yannatta herself. By now known as the Fight Inflation Together/Consumer Participation Project, this program, according to a Center financial summary for 1975, "received \$1447.63 in contributions from individuals and entities in amounts of \$1, \$3, \$5, \$7.50, \$10, \$15, \$25, \$50, and \$100 each." Contributors "received newsletters, reports, and other educational materials and were called 'members' for the purposes of solicitation." Also, "\$4229.96 from the John Hay Whitney Foundation, New York, was provided for CPPC expenses of which \$2088 was for rent and phone and \$2141.96 was for reimbursement of other CPPC expenses."* With specific reference to the

*This document further reflects that "Two other foundation grants were received in 1975 by CPPC. One was \$1000 from W.H. and Carol Bernstein Ferry, Scarsdale, New York. The other was \$1000 from the Fairtree Foundation, Los Angeles, Ca. Both were disbursed for general operating and overhead expenses." It is noted that, in the preceding study in this series, reference was made to CPPC's JOBS FROM THE SUN, which acknowledged the "generous help" of, among other sources, the DJB Foundation and Stanley Sheinbaum; it is further noted that, in an earlier section of the present study, reference was made to the 300-page volume prepared in conjunction with CPPC's January 1976 conference in Sacramento, "supported by grants from the Institute for Policy Studies, the Foundation for National Progress, and the Fairtree Foundation." As of 1978, the president of the Fairtree Foundation was Stanley Sheinbaum, characterized in Carnoy and Shearer's Economic Democracy: The Challenge of the 1980s as "an international economist and leader of the left wing" of the Democratic Party in California. Sheinbaum was also on the "INITIAL LIST OF PARTICIPATING INDIVIDUALS" for the "third annual gathering of the California Conference on Alternative Public Policy" in Oakland, California, during February 1978. Carol Ferry reportedly controls the DJB Foundation, a major grantor of funds to the Institute for Policy Studies, and happens to be the widow of DJB's founder, Daniel J. Bernstein; her present husband, W.H. Ferry, has been listed as a member of the Advisory Committee of the Center for National Security Studies, the first director of which was Robert Borosage, who now serves as director of IPS and as a member of the IPS Board of Trustees.

FIT/ CPP effort, the Center's "1975 Operations and Litigation Report" stated:

Twelve members of the Fight Inflation Together Project of the Center were appointed in 1975 as consumer representatives (called public members) of California agricultural marketing advisory boards. One person was also appointed to the Ad Hoc Agriculture Dept. Consumer Advisory Board.

Center volunteer, Elaine Felsher has worked intensively on an instruction manual to inform the nearly 40 new public members about the 1937 California Marketing Act, and the operations of the marketing programs and ways of improving communications among new public members.

Volunteers of the Center working on this project are continuing its many educational activities to inform the consuming public about marketing issues. Through many public speeches before community groups, on radio and TV interviews, before community groups, and through the publication of educational materials F.I.T. has continued to educate the public about administrative food labeling, commodity advertising and promotions, and similar marketing issues.

As of October 1, 1975, former Fight Inflation Together project director, Ruth Yannatta, was appointed as Assistant to the Director of the California Dept. of Consumer Affairs, Taketsugu Takei. Ruth, of course, resigned her position at the Center and as public member of the Egg Advisory Board, which she had held for a year and a half. She is currently serving in the Los Angeles Office of the Department and is continuing to act as an advisor and resource person to local consumers.

This project has been increasingly successful in providing the consuming public with opportunities to work within the institutional resources of government to deal with commodity inflation and agricultural oligopoly structures. 1975 was a landmark year in our continued program of increasing such consumer participation [punctuation and capitalization as in original].

The foregoing data are cited in detail for several reasons. It is noteworthy, for example, that both the May 10, 1974, "OPERATIONS REPORT" and the "1975 Operations and Litigation Report" emphasized, and in precisely the same words, the need to work "within the institutional resources of government" to effect changes deemed necessary within the context of CPPC's aims; and all of the extracts cited indicate the central role played by activist Ruth Yannatta in CPPC's efforts, especially in view of her success in achieving a base from which to "work within the

institutional resources of government" in California in furthering these efforts.

Yannatta's involvement with CPPC has hardly been limited to working with the Fight Inflation Together program. The minutes of a May 14, 1975, meeting of the board of directors reported, as an example, that, with the resignation of Max Factor III as CPPC Director, "Ruth Yannatta was chosen as Acting Director of The Center." At the same time, board members Robertson, Carter, Mack, and Mennig, their terms of service "having expired," submitted their resignations, "duly received and accepted." In addition, "Resignations were also duly received and accepted" from board members Barrett, Brutoco, Hutner, Monroe, Moscov, Pines, Price, and Taft. Subsequently, according to the minutes, "Ruth Yannatta was elected to the Board as a member, bringing the current number of Board Members to six, including: Joan Sheets, Max Factor, III, Terry Hatter, Jr., Terrence Matthews, Ruth Yannatta, and J. J. Rodriguez." Minutes of a meeting held on April 7, 1976, also listed Yannatta as being among CPPC board members "present and voting" and further revealed that "Former Center Director, Ruth Yannatta, reported that the Federal Trade Commission will hold hearings on FTC rules regarding food advertising and will provide funding for expert testimony. She urged that this funding source be explored."

Yannatta's position as Center Director was likewise reflected in the minutes of a board of directors meeting held on October 6, 1975, in which it was stated that she was among the board members present and that "The meeting was called to order...by Ruth Yannatta, President and Acting Director of the Center." This source further reported that

Ruth Yannatta announced her resignation, effective Sept. 30, 1975, as President and Acting Director of the California Public Policy Center, due to the fact that she had been appointed as Assistant to the Director of the Department of Consumer Affairs. Her office is located in Los Angeles, and she expressed interest in remaining a member of the Board of Directors of the Calif. Public Policy Center.

YANNATTA, CED, AND THE IPS NETWORK

As indicated in the immediately-preceding study in this series, Ruth Yannatta has been closely associated with activities of the Campaign for Economic Democracy and has run for public office repeatedly with strong CED support. As further indicated in the preceding study, she is now a CED-backed member of the Santa Monica, California, City Council and head of the Center for New Corporate Priorities, an organization which has been heavily supported through Comprehensive Employment and Training Act (CETA) funds from the national government and which has also been the subject of serious allegations concerning possible misuse of

those funds for partisan political purposes. According to a recent study published by the Foundation for Public Affairs, the Wall Street Journal charged in an editorial that the Inspector General's office of the United States Department of Labor had found prosecutive merit in allegations "that some of these funds have helped subsidize political activities of the Hayden-Fonda [CED] network" and that "A former CETA worker under the Center's contract has charged that fellow trainees were campaigning for Santa Monica's rent control initiative and for Ms. [Ruth Yannatta] Goldway's own election to the City Council." CNCP's relationship, both financial and otherwise, to CLC/CPPC has already been discussed herein.*

The particular significance of Ruth Yannatta's involvement with the California Public Policy Center does not, however, lie merely in her having achieved public office any more than it lies merely in her ties, no matter how active, to such operations as the Center for New Corporate Priorities and the Campaign for Economic Democracy; rather, it lies in her sustained record of identification with activities of another, far more important apparatus: the Institute for Policy Studies. Yannatta's relationship to the IPS network is one of several persuasive indications that, while there may not appear to be any evidence of IPS involvement in creation of the Center, the organization, through its principal leadership and through direct financial support from IPS itself and from the Foundation for National Progress, has nevertheless increasingly taken on the aspect of yet another outlet for IPS activism on the West Coast, in this case in Los Angeles, a city that, unlike such other major cities across the United States as San Francisco, Cambridge, Massachusetts, and Atlanta, Georgia, apparently has no active organization tied to IPS as an avowed subsidiary or in some other formally-affiliated relationship -- what the Institute for Policy Studies, in some of its literature, has been moved to call a "sister organization."

Specifically, Yannatta's ties to the Institute for Policy Studies have been demonstrated since 1975 by her participation in various of the conferences conducted by the National Conference on Alternative State and Local Public Policies, now known more simply as the Conference on Alternative State and Local Policies. In June 1975, for example, Yannatta participated in the founding conference of NCASLPP in Madison, Wisconsin. According to the official program for the conference, "Ruth Yannatta, California

*Yet another example was reported in the minutes of an April 7, 1976, meeting of the CPPC board of directors, during which there was discussion of the Center's possibly establishing "a project regarding 'redlining' practices" and encouraging "the appointment and participation of Center volunteers on state commissions concerned with 'redlining' and other credit issues." Derek Shearer, secretary-treasurer and board member, "emphasized the Center's close association with the public education work of the Center for New Corporate Priorities in regard to these issues."

State Egg Board; Attorney General's Consumer Council" was to be one of two "Resource Leaders" for a Saturday, June 14, session on "State and Local Food Policy." Among other participants in various conference sessions, according to this source, were Georgia State Senator and California Law Center advisory board member Julian Bond; Ed Kirshner, a Fellow of the Foundation for National Progress and head of the Oakland, California, Community Ownership Organizing Project, activities of which are closely interrelated with the California Public Policy Center; and Peter Barnes, listed as "West Coast Editor, New Republic" and also listed in several issues of Mother Jones as a Director and an Associate Fellow of FNP.

In July 1977, Ruth Yannatta participated in NCASLPP's third annual conference in Denver, Colorado, along with such activists as Ed Kirshner of COOP, Campaign for Economic Democracy Chairman Tom Hayden, and 1978 CED Executive Committee member Hellan Dowden of the Service Employees International Union. The conference program listed "Ruth Yannatta, former State Assembly candidate, California" as a participant in a Saturday, July 9, workshop on "Base Building for Electoral Action" and "Ruth Yannatta, Candidate for State Assembly, Los Angeles, California" as one of four speakers at a Sunday, July 10, plenary session on "How to Build Coalitions for Progressive Policies." Almost a year later, in May 1978, "Ruth Yannatta, California Citizen Action Group" participated in a workshop on "THE WOMEN'S MOVEMENT AND ECONOMIC CHANGE: CHOOSING ISSUES, BUILDING COALITIONS" at an NCASLPP conference on "Women in the Economy: Policies and Strategies for Change" in Cleveland, Ohio, according to the official conference report as published by the National Conference.

NATIONAL CONFERENCE ON ALTERNATIVE STATE & LOCAL PUBLIC POLICIES

That the National Conference on Alternative State and Local Public Policies is a creature of the Institute for Policy Studies has been acknowledged by IPS itself. To cite but one example, a major study, The Federal Budget and Social Reconstruction, published by IPS in 1978 at the request of 56 members of the United States Congress,* characterized NCASLPP as "a program of the

*According to a letter dated June 20, 1977, addressed by Representative John Conyers (D-Mich.) to Marcus Raskin, co-founder of IPS, and reproduced in the study, the purpose of this exercise was clarification of "the foreign and domestic policy assumptions underlying the President's budget" and examination of "the consequences for the health, well-being and security of the American people. Such a study would also examine the impact of the budget on both unemployment and inflation, and recommend alternative approaches for consideration by Congress." It was further anticipated that "the various papers will be the subject of testimony before the House Budget Committee and the conclusions will also be discussed through hearings and seminars." "Members of Congress Requesting This Study" included Anthony Toby Moffett (D-Conn.);

Institute for Policy Studies." The following self-characterization from the organization's Second Annual Public Policy READER, prepared in conjunction with NCASLPP's second national conference in Austin, Texas, June 10-13, 1976, is also instructive:

The National Conference on Alternative State and Local Public Policies was founded in Madison, Wisconsin, June 1975. It is a major meeting place and forum for elected and appointed officials, community organizations, political activists and technically trained experts interested in alternative politics and programs at the state and local level. Discussions and workshops within the National Conference include questions of political strategy. However, concentration is on the specific nuts and bolts of programmatic alternatives. Subjects considered include land use, tax reform, consumer protection, agricultural policy, minority employment, public power, community and state-owned enterprises, control of natural resources, women's issues, public employees, and many others.

The National Conference has its headquarters in Washington, D.C., at the Institute for Policy Studies. Besides holding regional and topical conferences, and an annual national conference in June, the national office maintains a Clearing House of Alternative Legislation. The National Conference publishes a quarterly

Stephen L. Neal (D-N.C.); Henry S. Reuss (D-Wis.); Michael Harrington (D-Mass.); Richard L. Ottinger (D-N.Y.); Berkley Bedell (D-Iowa); Norman Y. Mineta (D-Calif.); Tom Harkin (D-Iowa); Michael T. Blouin (D-Iowa); Fortney H. Stark (D-Calif.); Edward R. Roybal (D-Calif.); Martha Keys (D-Kans.); Parren J. Mitchell (D-Md.); George E. Brown, Jr. (D-Calif.); Shirley Chisholm (D-N.Y.); Don Edwards (D-Calif.); Jerry M. Patterson (D-Calif.); Robert F. Drinan (D-Mass.); Walter E. Fauntroy (D-D.C.); Ralph H. Metcalfe (D-Ill.); Charles B. Rangel (D-N.Y.); Norman E. D'Amours (D-N.H.); Max Baucus (D-Mont.); Peter W. Rodino (D-N.J.); Benjamin S. Rosenthal (D-N.Y.); Ken Hollard (D-S.C.); Herman Badillo (D-N.Y.); Yvonne Brathwaite Burke (D-Calif.); James H. Scheuer (D-N.Y.); Harold E. Ford (D-Tenn.); Gladys Noon Spellman (D-Md.); William M. Brodhead (D-Mich.); John Krebs (D-Calif.); Andrew Maguire (D-N.J.); Frederick W. Richmond (D-N.Y.); Robert W. Edgar (D-Pa.); Robert Krueger (D-Tex.); Ronald V. Dellums (D-Calif.); Robert N.C. Nix (D-Pa.); George Miller (D-Calif.); Andrew Jacobs, Jr. (D-Ind.); Charles J. Carney (D-Ohio); Henry J. Nowak (D-N.Y.); William Clay (D-Mo.); Cardiss Collins (D-Ill.); Charles C. Diggs, Jr. (D-Mich.); Bruce F. Vento (D-Minn.); Paul Simon (D-Ill.); Barbara A. Mikulski (D-Md.); Bob Carr (D-Mich.); David E. Bonior (D-Mich.); Augustus F. Hawkins (D-Calif.); Donald M. Fraser (D-Minn.); and John Conyers, Jr. (D-Mich). For a brief discussion of a similar study issued in November 1975 at the request of Conyers and 46 other members of the U.S. House of Representatives, many of whom were also among those requesting the 1978 study, see Heritage Foundation Institution Analysis No. 2, "Institute for Policy Studies," May 1977.

newsletter, an Alternative Legislation Series, and a Public Policy Pamphlet Series. A Public Policy Reader is prepared for the annual national conference and is also available from the national office. Finally, the national office coordinates a series of task forces composed of local officials, planners and informed citizens who are drafting model legislation.

According to a comprehensive report inserted into the September 17, 1976, edition of the Congressional Record by Representative Lawrence P. McDonald (D-Ga.), NCASLPP has described itself as a "new network" that "has been established to strengthen the programmatic work of the Left" and to "end the sense of isolation felt by elected and appointed officials, organizers and planners who share a populist or radical outlook. Its further goal is to enlarge the base committed to policies for a restructured America." The seriousness of NCASLPP's long-range aims may also be seen in the following statement as quoted in the same report:

Politically, we are seeking for political and programmatic ways that the questions of the maldistribution of power and wealth in America can be addressed by activist state and local political movements. While we are interested in responding to the requests of public officials for information on alternative legislation in such "non-controversial" areas as utility regulation, election reform, and educational financing reform, we are particularly interested in initiatives involving the control of governmental institutions themselves.

A particularly revealing "inside" account of the origins and ideological bent of the NCASLPP was given by National Conference Coordinator Barbara Bick* in an interview published in the January/

*Barbara Bick, prominently identified with activities of Women Strike for Peace, an organization with a demonstrated record of serious infiltration by members of the Communist Party, U.S.A., and participant in activities of the New Mobilization Committee to End the War in Vietnam, cited by the House Committee on Internal Security as dominated by Communists, was identified in the sworn testimony of a former member of the CPUSA before the House Committee on Un-American Activities on June 11, 1951, as a member of the Northeast Club of the Communist Party in the District of Columbia. The witness, Mary Stalcup Markward, who had been a member of the Party at the behest of the Federal Bureau of Investigation, further testified that Mrs. Bick and her husband, also identified as a member of the same Party club, had subsequently gone "to the west coast." On December 3, 1953, the Committee received the sworn testimony of another former member of the CPUSA, Charles Blodgett, who testified, based on first-hand knowledge as an active Party member, that "all members of the editorial department" and of "the business office" staff of the Daily People's World, a Communist Party-controlled newspaper published in San Francisco, "were members of the Communist Party. That was a prerequisite for employment." Among those identified by Blodgett as being in this category was Barbara Bick, a staff librarian for the paper.

February 1977 issue of Communities, a leftist magazine. Bick began by saying that "A few of us began work on the project in the winter of 74-75" and went on to list several key movement activists who had been instrumental in getting the organization off the ground; specifically,

Lee Webb was one of the principal initiators. As a student he had been an early leader in SDS and he had also been a student here at IPS (Institute for Policy Studies). He has been settled in Vermont for a number of years now, is very active politically in the state, and teaches at Goddard College. Paul Soglin was another early initiator of the project. He was an anti-war activist in the sixties. Then in the early seventies he was part of a coalition in Madison [Wisconsin], and later he was elected mayor. And Sam Brown, who was a leader in the moratorium and the [Senator Eugene] McCarthy campaign [in 1968], got fed up with national politics and went out to Colorado - Colorado, Vermont, university towns - you can see the kinds of places. He organized around the olympics and environmental issues. (All kinds of people, including alot [sic] of trade union people, aligned with conservationists against the winter olympics). Later Sam ran for state treasurer and won. Robb Burlage, who was SDS and an IPS Fellow, had been working in West Virginia with Miners for Democracy - rank and file insurgents who helped elect [United Mine Workers President Arnold] Miller - and also with the West Virginia Community Union in Morgantown.

That NCASLPP's roots lay in the radicalism of the 1960s was made abundantly clear, as was the belief of Bick and her associates that the time had come for an apparatus that could bring together those left activists who had managed to move into the political process:

We began looking at some of our networks from the sixties and where people were at. We found that those people who were in elected office were feeling very isolated. But, we were interested in finding out how many people who were products of the 60's movement were going into electoral politics and if this was more than just a handful of isolated individuals.

So we sent out questionnaires [sic] to our lists; to Nader groups and others...Lee and Robb went traveling asking around for who were populist, progressive, socialist, innovative, open-minded, locally-elected officials. Because it became clear, early on, that something was happening out there that wasn't reflected in Washington. And there was this pouring in of mail-- There's this terrific guy, or this wonderful young woman has just been elected [emphasis in original].

As previously indicated, NCASLPP's first conference was held in Madison, Wisconsin, in June 1975; the conference program specified that the gathering was "Sponsored by Institute for Policy Studies, Wash., D.C., in cooperation with the Mayor's Office, City of Madison, Wisc., and the University of Wisconsin Extension, Institute of Governmental Affairs." This meeting of movement activists who shared what an IPS letter of invitation called "a Populist or radical outlook" was, as described by Barbara Bick, "immediately" followed by

four regional conferences because people were so excited. The first was in New England. At that one there were more planners and fewer public officials. Then a small one in the Mid West which was more concerned with rural issues. And then a very big one out in Sacramento which was quite good, and like a regional rerun of the national conference. The southwest conference in San Antonio ignored the state level because the state was already too big a unit in Texas. So they didn't invite any state legislators. It was all county, city and communities, and that was fascinating. It was more concerned with human services, rural issues, and neighborhood and charter reform in cities - to make local government more responsive to human needs.

This "linking up of hitherto isolated people and exchange of programs" has been of the greatest significance in fostering, under the leadership of the Institute for Policy Studies, the development of a far greater cohesiveness among those "populist, progressive, socialist" officials about whom Barbara Bick spoke in her interview and in creating a far broader awareness of the importance of electoral politics as a tool through which the left in this country can achieve its goals. As Bick expressed it, though "Community organizations, by and large, were skeptical" initially,

some, like ACORN [Association of Community Organizations for Reform Now] or Heather Booth at the Midwest Academy - organizations which have been doing grass roots organizing around issues - are beginning to realize that without electoral politics at some point, there's a profound limitation. I mean at some point it has to be translated into legislative action...or at least into programs which are supported by the elected officials. So it's just like labor unions understanding how critical electoral politics are.

What NCASLPP was intended to do was based on a recognition that "there are two categories: revolutionaries, and those who make revolutions work." In Bick's words, "you have to have people who know how to run things and develop programs. In a way this is what we're doing." While "it's certainly premature to talk about the whole system changing," this is clearly the goal being sought; thus, the importance of Bick's claim that "We have

at this point hundreds of people in government, if not thousands" would seem to be obvious. These people "are products of the sixties in terms of consciousness. They do see the world in a different way."

As indicated at several points already, this "different way" is demonstrably socialist in general and anti-corporate in particular. As Bick specified, "The issue we most want to push is public control of public money. By this we mean city and county and state budgets, which are enormous [and which] are primarily being used for the benefit of corporate interests." Because "of being at a center (IPS) and having some resources," NCASLPP assumed the "responsibility" for creating, through its nationwide network of "populist, progressive, socialist" leaders, the beginnings "of a real domestic program that is more than just reform. It is talking about structural change, given the fact that this is a capitalist country." NCASLPP exists to achieve goals "beyond reform politics" by concentrating on what Bick called "a domestic program in an interim period." What this means, at bottom, is developing "a politics of how to change to a democratic, decentralized, socialism from a corporate, monopolistic state."

CPPC AND DEREK SHEARER

The activities of Ruth Yannatta are far from the only indications of a relationship between IPS and such groups as the Campaign for Economic Democracy and the California Public Policy Center; but the Bick interview does contain two particularly intriguing indications of its own, both of which point directly to another principal movement activist, Derek Shearer.

The first is Bick's previously-quoted discussion of the "four regional conferences" conducted by the National Conference on Alternative State and Local Public Policies subsequent to its founding gathering in Madison, Wisconsin, in June 1975. It will be recalled that Bick referred to "a very big one out in Sacramento which was quite good, and like a regional rerun of the national conference." This would seem to refer to the "statewide Conference on Alternative State and Local Public Policy held January 9-11, 1976, at the Sacramento Convention Center" as cited in the "1975 Operations and Litigation Report" of the California Public Policy Center, which, as cited in an earlier section of the present study, reported that "we organized" the conference.

The second is taken from Bick's description of how NCASLPP is run, during which, after stating that "In many ways, my organizational model" was Women Strike for Peace, she spoke of the lack of any really formal "structure" in the National Conference. This lack was, according to Bick, one of the reasons for the various regional conferences, which enabled people "in the regions" to "get together with their counterparts." It also led to the creation of a "coordinating committee" made up of, among others, "those people who've been coming to all the conferences and

giving the good speeches; they're on it." Also, "That person in California who's organized the regional conferences is obviously going to be part of it." This seems to be a clear allusion to Shearer who, as earlier indicated, was among those present at a meeting of the CPPC Board of Directors on April 7, 1976, at which time, according to the official minutes,

Derek Shearer reported that the Center sponsored the very successful Alternative Public Policy Conference in Sacramento in January 1976 and printed a report for the 400 conference participants. Director [Elaine] Felsher moved to accept the report and congratulate conference coordinator Shearer on this highly successful event. Terry Hatter Jr., seconded the motion. Motion adopted.

The same document also revealed that Shearer was equally active in other key areas of CPPC work:

Derek Shearer also reported that the Economy Project of the Center is continuing to do good public education work on economic issues. He announced that he has attended Economic Policy Seminars provided to state legislative aides by the Senate Democratic Caucus; he also recently published an article on business policies in the LA Times. He was also recently asked to present expert testimony to the Joint Economic Committee of the US Congress and was then commended by US Senator, Hubert H. Humphrey, for his knowledgeable presentation.

As was seen in the case of Ruth Yannatta, various documents filed by the California Public Policy Center with the California Registry of Charitable Trusts demonstrate that Derek Shearer has been one of the most important of the Center's activists and leaders. At the May 14, 1975, meeting of the board of directors, for example, Shearer was one of six people present, three being listed as "Board Members" (Joan Sheets, Max Factor, and Terry Hatter, Jr.) and three as "associates of the Center" (Shearer, Betty Binder, and Ruth Yannatta). The minutes indicate that Shearer was an active participant in this meeting and that he made specific recommendations as to possible new members for the board: "Mary Nichols of The Center for Law In The Public Interest" and "Geoff Cowan - who has already expressed his willingness to be a Board Member and is a Law Professor at UCLA."

On October 6, 1975, Shearer was one of five board members present at a meeting in the Center's Los Angeles office, the other four being Yannatta, Binder, Factor, and Sheets. As noted earlier, Yannatta announced her resignation "as President and Acting Director" at this session; according to the minutes,

She also announced receipt of the resignations of the other California Public Policy Center officers

elected on an interim basis on July 7th. Derek Shearer resigned as Vice President and Betty Binder resigned as Secretary-Treasurer, so that the Board of Directors could elect new officers today. (All 3 former officers are remaining members of the Board of Directors.)

In addition to reporting "that he has sent off several foundation grant proposals to try and raise funds" for the Center, Shearer "nominated Geoff Cowan and Aileen Adams to serve as members of the Board of Directors to fill two of the vacancies on the Board." Seconded by Factor, the motion was passed "unanimously." A third addition to the board also had Shearer's support; Binder "moved that Elaine Felsher also be elected to the Board of Directors. Derek seconded the motion. Passed unanimously." All three possessed interesting qualifications, as indicated by the minutes. In addition to his position as an associate professor of law at the University of California at Los Angeles, Cowan was "a former Director of the Project on Corporate Responsibility in Washington, D.C." Adams, a deputy city attorney in Los Angeles, was described further as "staff coordinator of the LA City Attorney's office Nursing Home Study" who had "previously worked on the Ad Substantiation Petition of the Federal Trade Commission (FTC)." Felsher, recently appointed to a position as the alternate member of the California Dry Bean Advisory Board by the California Director of Agriculture, "previously spent fifteen years as an analyst and researcher for Time Inc." As a result of this meeting, there were "now ten duly-elected" members of the CPPC board of directors; "their names are: Betty Binder, Elaine Felsher, Derek Shearer, Ruth Yannatta, Max Factor III, Joan Sheets, J.J. Rodriguez, Terry Hatter Jr., Geoff Cowan, and Aileen Adams."

The minutes further reveal that, in addition to the three board members chosen with Shearer's support,

The following new officers were duly and unanimously elected:

President: Betty Binder

Vice President: Elaine Felsher

Secretary-Treasurer: Derek Shearer

Here is a summary of the qualifications of the other new officers. Betty Binder is a former employee of the Disaster Housing office of the US Dept. of Housing & Urban Development. She has also spent many years as a researcher, writer and administrator and is currently Chairperson of Fight Inflation Together.

Derek Shearer has a Ph.D. in Economics and has taught economics at several colleges. He is a journalist whose articles have appeared in numerous national publications and on the "Op-Ed" page of the Los Angeles

Times. He is currently Director of the Economy Project at the Calif. Public Policy Center.

The minutes of the April 7, 1976, board meeting reported that "Betty Binder, President; Elaine Felsher, Vice President; and Derek Shearer, Secretary-Treasurer, were duly nominated and unanimously re-elected to their respective positions for one-year terms." They also indicate that Shearer's position in CPPC at the time was an influential one: "Derek Shearer moved that the Board of Directors approve all on-going and new projects of the California Public Policy Center as reported. Ruth Yannatta seconded the motion. Motion adopted."

The Center's "1975 Operations and Litigation Report," which was formally approved in draft form at the April 7, 1976, board of directors meeting, included the following section outlining some of Shearer's other CPPC-related activities:

Center Representation at other Public Forums

Derek Shearer, Center volunteer, attended a number of other conferences and public meetings. He was a participant at a conference in Santa Barbara, Calif. on public energy policy, sponsored by the University of Southern California Law Center, under a grant from the National Science Foundation. He was also a participant at a conference on the "Social Control of Corporations," sponsored by the Center for the Study of Democratic Institutions in Santa Barabra [sic], Ca. Mr. Shearer was also a panelist at a consumer conference, Consumer '75 [sic], sponsored by the California Dept. of Consumer Affairs in October 1975.

SHEARER, CPPC, AND THE IPS NETWORK

Another section extracted from the same document is of particular interest, both as an outline of the purported accomplishments of the Economy Project, a CPPC operation run by Shearer, and as evidence of a relationship between the California Public Policy Center and the Institute for Policy Studies:

The Economy Project

This project has operated on a one-time-only grant from the Institute for Policy Studies. The grant ended in December, 1975. The focus of the project was to find ways in which state government can act entrepreneurially [sic] to guide economic development. The project has studied the costs and benefits of such economic policy options as: a state-owned bank; a development corporation to promote labor-intensive small businesses; investment policies of public pension funds; and methods of improving productivity through industrial democracy in California firms.

Reference has already been made to CPPC's study, JOBS FROM THE SUN: Employment Development in the California Solar Energy Industry, for which the project director was Fred Branfman. It is noteworthy, however, that this study was extensively promoted by the National Conference on Alternative State and Local Public Policies in its newsletter, Ways & Means; the July-August 1978 and November-December 1978 issues, for example, listed JOBS FROM THE SUN as one of several available "Conference Publications." Along with CED Chairman Tom Hayden's Testimony Before the [California State] Assembly on Resources, Land Use and Energy, it was also among "PUBLISHED RESOURCES" on "Jobs and Energy" recommended in an important volume, Public Policies for the Eighties: Perspectives and Resources for State and Local Action, published in 1978 by the Conference on Alternative State and Local Policies, the name by which NCASLPP is now known.*

Derek Shearer's ties to both the Institute for Policy Studies and its National Conference on Alternative State and Local Public Policies/Conference on Alternative State and Local Policies have been extensive. In addition to the indications contained in the interview with Barbara Bick in Communities magazine, numerous documents published by IPS and the Conference attest to the depth of his involvement in this avowedly leftist and increasingly widespread apparatus.

The official program for NCASLPP's June 1975 founding conference listed two "Resource Leaders" for a Saturday, June 14, afternoon workshop on "Financing and Support of Local Economic Development": "Sam Brown, Treasurer, State of Colorado" and "Derek Shearer, Special Consultant, Director of Employment, State of California." The title page of the Second Annual Public

*In a detailed discussion occasioned by publication of the 1979-1980 annual report of the Institute for Policy Studies, the November 7, 1980, issue of Information Digest reported that "In October 1979, IPS's National Conference for [sic] Alternative State and Local Public Policies (NCASLPP) directed by former Students for a Democratic Society leader Lee Webb was independently incorporated under Webb, now an IPS trustee, as the Conference on Alternative State and Local Policies (CASLP)." Much is now being made by the IPS leadership, as well as by staff people with various of the Institute's "spin-off" groups, of this alleged independence, as if there had never been any real link between IPS and these other subsidiary projects. Such a contention is, however, dubious as logic, in addition to being misleading. CASLP, for example, may now be nominally independent of its parent (thereby presumably also relieving the Institute of a direct financial burden into the bargain), but there still exists an obvious and extensive interlocking relationship based on the community of interest that inevitably arises from common goals and a common perspective on the issues, to say nothing of the question of shared personnel. This, in the last analysis, is what really matters. If an organization is started by IPS (or with significant assistance from it) and is run by people trained or otherwise heavily influenced by IPS and still active in its programs, this much-touted independence becomes, in reality, a meaningless distinction.

Policy READER, "compiled and edited for the second annual Conference on Alternative State and Local Public Policies" in Austin, Texas, during June 1976, reflected that it was "Edited and compiled by" Lee Webb and "Derek Shearer, California Public Policy Center Los Angeles, California." At NCASLPP's third annual conference, held in Denver, Colorado, on July 7-10, 1977, "Derek Shearer, Campaign Manager, Yannatta for Assembly, California" participated in a workshop on "How to Run an Issue-Oriented Campaign: A Workshop for Potential Candidates" during the afternoon of Friday, July 8; during the afternoon of Saturday, July 9, "Derek Shearer, Public Interest Economist, California" was part of a workshop designated as a "Review of Alternative Economic Policies: Bank of North Dakota, Link Deposits, CDCs."

Shearer has been listed as a member of the Conference steering committee in several sources over the years. Among these have been the May-June 1979 issue of Ways & Means; the official program for the fifth annual NCASLPP conference, held in Philadelphia-Bryn Mawr, Pennsylvania, on August 3-5, 1979; and a brochure promoting a December 11-13, 1980, "national Energy Conference" in Austin, Texas, under the auspices of CASLP's Energy Project. Shearer also served as editor for a bibliography on "Economic Democracy" as part of CASLP's Public Policies for the Eighties compilation; and his volume on Public Control of Public Money was listed as one of the available "Conference Publications" on "Economic Development" in the July-August 1978 issue of Ways & Means. It should hardly seem surprising that among those "ORGANIZATIONAL RESOURCES" listed by Shearer in his section of Public Policies for the Eighties were CASLP and its newsletter, Ways & Means; the New School for Democratic Management; the Exploratory Project on Economic Alternatives, founded by Gar Alperovitz and Geoffrey Faux, both of whom have records of close involvement with activities of IPS; Working Papers for a New Society, a publication originally, according to IPS itself, "sponsored with the sister Cambridge Institute for Policy Studies"; and In These Times, an avowedly socialist weekly newspaper self-described as "A publication of the Institute for Policy Studies."

With regard to the Institute for Policy Studies specifically, as reported in the November 21, 1980, Information Digest, the 1979-1980 IPS annual report listed Shearer as one of the Institute's Associate Fellows, both Fellows and Associate Fellows being described by IPS as part of the "formal Institute community" for 1980; and a brochure promoting "The Washington School: Programs in Politics and Ideas Spring 1981" and bearing the name and address of the "Institute for Policy Studies, 1901 Q Street, N.W., Washington, D.C. 20009" lists Shearer as one of four "co-leaders" for a seminar on "Building a Progressive Movement" scheduled for May 16, 1981, at the Methodist Building in Washington.

According to Carnoy and Shearer's Economic Democracy: The Challenge of the 1980s, "In 1973, the Institute for Policy Studies organized the decade's first conference on alternative economic

policy from a leftist perspective."* This was without doubt the conference on "Strategy, Programs, and Problems of an Alternative Political Economy" held in March 1973 and cited in one of the Institute's own publications, Beginning the Second Decade: 1963-1973, which named Derek Shearer as one of the participants. The full list of those involved is of some interest, as it includes the names of several people intimately associated with both IPS and the economic democracy movement generally. In addition to IPS Fellow Leonard Rodberg, the conference organizer, there were the following:

Elliot Sclar, Geoffrey Faux (Cambridge Institute), Peter Barnes (The New Republic), Barry Bluestone (Dept. of Economics, Harvard Univ.), Bert Gross (Dept. of Planning, Hunter College), William Shepherd (Dept. of Economics, University of Michigan), Ed Greer (Rockefeller University), Irving Bluestone (Vice-president, United Auto Workers), Bob Brand (Dept. of Biology, Univ. of Pennsylvania), Richard Applebaum (Dept. of Sociology, Univ. of California at Santa Barbara), Lee Webb (Radical Studies Department, Goddard College), Ed Kirshner (new town planner), Derek Shearer (journalist; author of articles on reconversion), Gar Alperovitz (Exploratory Project for Economic Alternatives), Richard Kaufman (Joint Economic Committee), Howard Wachtel (Dept. of Economics, American University), Vic Reinemer (Assistant to Senator Lee Metcalf), Matthew Edel (Dept. of Urban Affairs, Queens College), Barry Weisberg (California Resource Center), William Behn (Stanford Univ.), Chester Hartman (National Housing and Economic Development Project, Earl Warren Legal Institute), Sam Bowles (Economy of education, Harvard Univ.), Beverly Moore (Public Interest Research Group), Paddy Quick (Dept. of Economics, Boston College).

SHEARER, CED, AND IPS

Rodberg and Barry Bluestone contributed chapters to a November 1975 IPS study, The Problem of the Federal Budget, prepared at the request of several members of the U.S. House of Representatives

*Carnoy and Shearer's account should also be of interest to those concerned with the origins of the so-called Humphrey-Hawkins full-employment legislation. They report that "One of the participants was professor Bert Gross of the City University of New York, an old New Dealer who had been executive secretary of the first Council of Economic Advisors in the 1950s." He "presented the conference with an outline for a full-employment bill, which he had drafted for the congressional black caucus. After many rewrites, his outline became the Humphrey-Hawkins Full Employment bill; a weaker version of the bill became law in 1978...."

led by Representative John Conyers (D-Mich.), whose background includes membership in the National Lawyers Guild, once cited officially as "the foremost legal bulwark of the Communist Party, its front organizations, and controlled unions." A much longer study published by IPS in 1978, The Federal Budget and Social Reconstruction: The People and the State, included chapters authored or co-authored by Bluestone, Sclar, Hartman, Wachtel, and Shearer, whose background sketch in the volume's "List of Contributors" is instructive as an illustration of the interlocking relationships found throughout the economic democracy movement:

Derek Shearer is a public interest economist who was special assistant to the California state director of employment development. He is on the boards of the New School for Democratic Management, Popular Economics Press, and the Campaign for Economic Democracy. He is a founding member of the National Conference on Alternative State and Local Public Policy [sic] (a program of the Institute for Policy Studies), the editor of the conference's Public Policy Reader (Transaction Books, 1977), and West Coast editor of Working Papers.

One final aspect of Shearer's activities may be worthy of special note. According to the inaugural (January 1980) issue of Coop Bank Monitor, a newsletter published by the Coop Bank Monitoring and Assistance Project, self-described as "one of the activities of the Conference on Alternative State and Local Policies," in October 1979, "the U.S. Senate confirmed the nominations of the Board of Directors of the NCCB [the National Consumer Cooperative Bank, in the creation of which IPS played an important role] which were made by President Carter." Members "of the initial board, composed of seven government agency representatives and six public representatives with cooperative backgrounds," included, among others named, at least three people with records of involvement in CASLP activities: Father Geno Baroni of the U.S. Department of Housing and Urban Development, Sam Brown of ACTION, and "Derek N. Shearer, lecturer at U.C.L.A.; member of the Steering Committee of the Conference on Alternative State and Local Policies; member, California State Task Force on Public Investment."

CONCLUSION: DEREK SHEARER AND TOM HAYDEN

That Derek Shearer's ties to Tom Hayden are of some years' standing is indicated by the following paragraph taken from a critical but highly informative article, "The CED Syndrome: The Politics of the New Class," written by Justin Raimondo and published in the January 1980 issue of The Libertarian Review, which article also makes it clear that CED owes more than a casual debt to IPS's Conference on Alternative State and Local Policies:

The organizational roots and history of the Campaign for Economic Democracy can be traced in a concrete way

from the Conference on Alternative State and Local Public Policies, first convened in the early 70s by New Leftists with social democratic urges. The conference looked to Canadian and "Eurocommunist" economic models for inspiration, and was fond of vague phrases like "worker's control." Conference member Derek Shearer, now critical of CED's opportunism, helped write Hayden's campaign platform for his unsuccessful 1976 run for U.S. Senate in California. Written by Shearer, along with Professor G. William Domhoff (author of The Higher Circles and other works),* Richard Flacks, and Hayden himself, the platform--called "Let's Make the Future Ours"--is filled with panaceas such as advocacy of state banks, municipally-owned utilities, national health service, and "direct" workers' control of industry. Now Shearer says that "terms like socialism and capitalism don't have any currency in America. So economic democracy was, in one respect, a euphemism for democratic socialism. But it was also a way of going beyond the usual idea of socialism to one that included workers' control and consumers on corporate boards" (In These Times, 5/9/79).

*G. William Domhoff is one of the foremost exponents of the "power-elite" view of United States society and government. His 1967 book Who Rules America? argued that the "governing class" in this country is "a social upper class which owns a disproportionate amount of the country's wealth, receives a disproportionate amount of the country's yearly income, and contributes a disproportionate number of its members to positions of leadership" and that the "power elite" is made up of "all those who are in command positions in institutions controlled by members of the upper (governing) class." His more recent 1978 volume, titled The Powers That Be: Processes of Ruling-Class Domination in America, "presents a new theory of how the owners and managers of large banks and corporations dominate the United States." This "new theory" is purportedly "critical of recent Marxist views of America at several points," although "it does share their premise that social classes are central to an analysis of power in America." In Domhoff's words, "most political and economic problems in the United States must be understood in terms of the conflicts and compromises between the interests of two basic social classes that are rooted in the social organization of production. These two classes are the ruling class, which owns and manages the major business enterprises, and the working class, which owns no income-producing property." Domhoff explicitly "does not deny that there is 'class struggle.'" He prefers, however, to stress "the ruling capitalist class, for it is the major initiator of action." In The Powers That Be, Domhoff expressed his "appreciation" to five people "for their helpful suggestions on the first draft of the manuscript." One of these people was Derek Shearer. It is perhaps also worth noting that, in the "Acknowledgements" section at the beginning of Economic Democracy: The Challenge of the 1980s, Shearer and Martin Carnoy list five people who "read parts of the manuscript and offered helpful suggestions" and that these five included Peter Barnes and Richard Flacks, both of whom have been actively involved with the Foundation for National Progress, and "Bill Domhoff."

The event that appears to have brought all this together, especially from the standpoint of potential political impact, was the Santa Barbara Conference on Economic Democracy, also known in the relevant literature as the California Conference on Alternative Public Policy. This extremely significant undertaking will be considered in detail in the immediately-succeeding study in this series; for the present, it is sufficient to turn again, briefly, to the volume of Working Papers on Economic Democracy that was prepared for the conference under the aegis of the California Public Policy Center. The preface to this document, signed by Fred Branfman and Cary Lowe as co-directors of CPPC, declared that "These working papers are meant to serve as background for workshops at the conference, and to lay the basis for further development of a state-wide perspective on Economic Democracy." Thus, the importance of the compilation to the developing economic democracy movement is obvious, which makes it of particular interest that "Special thanks is due Tom Hayden, who put considerable time into reading, editing, and advising on each paper...and Derek Shearer, whose voluminous work has helped lay the theoretical basis for Economic Democracy."

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