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## ***THE ATTACK ON THE CORPORATION***

### (Executive Summary)

The American corporation today faces an attack mounted by a movement which believes that, in the words of Ralph Nader, Mark Green, and Joel Seligman, "the powers of giant corporations in the United States...erode the rule of law and ethical precepts" and that, as expressed by Richard J. Barnet, a founder of the Institute for Policy Studies, the nation's preeminent radical "think tank," the corporation's excessive power...over the political and economic life of the country has all but destroyed the system of checks and balances in our society." Important components of this movement include organizations like the Interfaith Center on Corporate Responsibility and publications like The Corporate Examiner, both of which are maintained by the National Council of Churches; several, among them the North American Congress on Latin America and the Corporate Data Exchange, have been characterized by a pattern of interlocking relationships with certain programs maintained by IPS and by IPS's international arm, the Transnational Institute.

An especially significant development has been the growth of the economic democracy movement, the best-known organizational expression of which is probably the California-based Campaign for Economic Democracy, led by radical activist Thomas E. Hayden and financed to a large degree with the aid of Hayden's wife, actress Jane Fonda. CED's success has led one political analyst to observe that the economic democracy movement may possess the ability to exploit economic issues in much the same way the so-called New Right has been able to capitalize on popular concern with social issues; Hayden has recently demonstrated a strong desire to work through the machinery of the Democratic Party in California, and his CED managed, in April 1981, to gain political control of the city of Santa Monica, largely through skillful organizing around the

issue of rent control.

The economic democracy movement is fundamentally at odds with free-enterprise capitalism and with the corporation as an institution within the system; indeed, one of its principal theoreticians has characterized economic democracy as, "in one respect, a euphemism for democratic socialism" that is "also a way of going beyond the usual idea of socialism to... workers' control and consumers on corporate boards." CED has trumpeted its opposition to "this source of our ills" and "stink in our midst" that "is called Corporate Capitalism." To combat this allegedly all-pervasive corporate evil, economic democracy projects a program of fundamental "structural change" as the basis for a political movement aimed at achieving power at the national, state, and local levels. This program would involve such specific reforms as a government holding company, a separate publicly-owned energy corporation, and a "fourth" network of "public" radio and television stations that is "free of any control by owners of capital." Greater "public" control of investment would be exerted through pension funds and government-owned banks and insurance companies; heavy emphasis would also be placed on the development of cooperatives and "worker-owned and worker/community-owned enterprises." At the heart of the program, of course, is the need to control the corporation through such devices as increased "worker-controlled production" and the addition of worker, consumer, and other "public members" to corporate boards of directors, as well as through greatly increased government involvement in economic and corporate planning. The goal is nothing less than "dismantling, or at least restricting, the power of these corporations" through a strategy that will "transfer capital from the corporations to the public, so that the people who work and consume can collectively and democratically decide what to do with it."

A crucial role in the development of this movement has been played by the Institute for Policy Studies and a major IPS offshoot, the Conference on Alternative State and Local Policies, formed in 1975 as the National Conference on Alternative State and Local Public Policies and dedicated to developing "a politics of how to change to a democratic, decentralized, socialism from a corporate, monopolistic state." Outgrowths of IPS-sponsored activity in this area have included the Humphrey-Hawkins full-employment legislation; the exploratory Project for Economic Alternatives, which conducted a study of possible community ownership of steel mills in Youngstown, Ohio, in 1977 with a grant of \$300,000 from the Department of Housing and Urban Development; national organizations of radical economists and urban planners; and widely-read publications like Working Papers for a New Society. Many of these have enjoyed considerable practical political impact; in the words of one movement treatise, all of them "are explicitly anticorporate" undertakings which "also have a common positive side that we have chosen to call economic democracy."

## THE ATTACK ON THE CORPORATION

### INTRODUCTION

The American corporation today faces an attack mounted by an agglomeration of organizations having as their common view a conception of the corporation as a root cause (and often as the root cause) of much that is presumed wrong in American society, both politically and economically. To these people, the corporation manipulates our foreign policy in its own selfish interests; it squanders our resources; and it exploits our people in its uncaring pursuit of profit. As expressed by Ralph Nader, Mark Green, and Joel Seligman in Taming the Giant Corporation, published in 1976 by W. W. Norton & Company, Inc., "the powers of giant corporations in the United States...erode the rule of law and ethical precepts." This is also the view held by Richard J. Barnet, a founder of the Institute for Policy Studies, as indicated in his 1975 IPS study The Crisis of the Corporation,\* in which he wrote that "The modern giant corporation, operating now on a global scale, is transforming the world economy and, in the process, is promoting a crisis of values." Barnet argues that the steady accretion of power by corporations "has weakened the power of the nation-state" as "The excessive power of large

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\*This small volume is vital to an informed understanding of the movement's view of corporate power. Barnet's basic view is that there are several "myths which legitimize the role of the corporation in society" and which constitute a "source of corporate power. They include the Myths of Free Enterprise, Efficiency, Equality, and Democracy." The "Myth of Free Enterprise" is seen as the "most powerful of the corporate myths" and is, in turn, "based on the exchange transaction," the instrument for effecting which "is the market." Such free exchange "is the essential legitimizing myth of free enterprise, which has put wealth acquired by commerce in a higher moral category than wealth acquired by conquest." Barnet argues that "The most important development" challenging this myth has been "concentration of economic power," which has led "to the Age of Oligopoly," an era in which the United States "operates a dual economy--free enterprise for small business, state welfare for big business." In "the Age of Oligopoly products are shaped not to the requirements of public need but to the requirements of corporate growth." This is also related to the "Myth of Efficiency," especially "in the consumption of resources. Under the system as it presently operates we reward extravagance and punish thrift." Our dependence "on the corporate polluters" has risen while the "Throwaway Society--from disposable bottles to disposable cars--has been successfully marketed as the highest stage of capitalism." Perhaps most importantly, however, "The concentration of economic power in the hands of a few hundred corporate managers and stockholders is inevitably translated into political power" in direct contravention of the "Myth of Democracy." To Barnet, "it would be naive to think that democracy in America is invulnerable. Its survival depends critically on the way our society confronts the issue of concentrated political and economic power." Or, put another way, "The redistribution of economic and political power is the price of maintaining democracy in America."

corporations over the political and economic life of the country has all but destroyed the system of checks and balances in our society."

As Herman Nickel has observed in "The Corporation Haters," published in the June 16, 1980, issue of Fortune, "Though the anti-corporate movement lacks centralized organization, it functions effectively as a loose coalition" in which "activists for one cause often help out campaigners for another." The National Council of Churches, for example, maintains the Interfaith Center on Corporate Responsibility and supports the operations of the Washington Office on Africa and the Washington Office on Latin America; another group, Clergy and Laity Concerned, formerly known as Clergy and Laymen Concerned About Vietnam, has progressed from active participation in the major Communist-dominated "peace" coalitions of the 1960s and early 1970s to working with "those who are angry and hate the corporate power which the U.S. presently represents." One of the movement's principal publications is The Corporate Examiner, a newsletter published under NCC-ICCR auspices and self-described as "A publication examining actions and policies of major U.S. corporations in the areas of: consumerism, environment, foreign investment, government, labor and minorities, military production, corporate responsibility."

There are numerous other such entities, many of them more obviously leftist in character. The North American Congress on Latin America, as an example, was originally an offshoot of Students for a Democratic Society and has continued to produce primary movement research on corporate involvement in Latin America. Among NACLA's principal activists over the years have been such individuals as Michael Klare and Michael Locker, both of whom have also been prominently involved in certain programs of the Institute for Policy Studies, the preeminent intellectual center for the New Left,\* and the Transnational Institute,

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\*The Institute for Policy Studies was characterized in the 1971 annual report of the House Committee on Internal Security as "the far-left radical 'think tank' in Washington, D.C.;" for general background information on the creation, leadership, financing, and certain major activities and programs of IPS, see Heritage Foundation Institution Analysis No. 2, "Institute for Policy Studies," May 1977. A detailed review of the IPS network and certain of the Institute's apparent biases may be found in "The Institute for Policy Studies: Empire on the Left," written by Rael Jean Isaac and published in the June/July 1980 issue of Midstream; an extended response by Robert Borosage and Peter Weiss, Executive Director and Chairman of the Board of Trustees of IPS, respectively, appears in the February 1981 issue of Midstream, as does Mrs. Isaac's rejoinder. Much valuable information is to be found in the coverage provided over the years in the pages of the biweekly Information Digest and in a succession of documented reports inserted into the Congressional Record by Representative Lawrence P. McDonald (D-Ga.); the nature of IPS and its relationship to the anti-intelligence complex have also been traced in Broken Seals, a study published in 1980 by the Western Goals Foundation. For a treatment of the Institute's ideological perspective that is at once both useful and concise, see Joshua Muravchic's "The Think Tank of the Left" in the April 26, 1981, edition of The New York Times Magazine.

described by IPS as "its international program" which, "with centers in London and Amsterdam, addresses the fundamental disparity between the rich and poor peoples and nations of the world, investigates its causes and develops alternatives for its remedy." In addition, Locker and other NACLA activists have played key roles in another primary movement group, the Corporate Data Exchange.

CDE has characterized itself as "an independent tax-exempt research organization formed in 1975 to investigate economic concentration and corporate control." Robert Borosage and Peter Weiss of IPS have written that CDE "has done contract work for the United Nations, the Industrial Union Department of the AFL-CIO, and the Senate Committee on Governmental Affairs (Subcommittee on Reports, Accounting and Management)" and that it "is an independent research group" which "has received modest funds from IPS and TNI in the past for different projects; it may do so in the future, for its work is of the highest quality" and "Michael Locker is a superb researcher." Given the prominence enjoyed by this "independent research group" within the anti-corporate movement, it is noteworthy that an enumeration of "Activities, Fellows, Associates" published by TNI in November 1975 included a section devoted to a TNI "Multinational Project" and that among the components listed were Counter Information Services, which describes itself as "an affiliate of the Transnational Institute," and the Corporate Data Exchange, whose contribution was characterized as "Corporate concentration and its impact on democratic process; compiling a stock directory--shareholders in 1,000 non-financial and financial corporations." A TNI activities summary also dated November 1975 included a 22-item "POLITICAL ECONOMY" section which listed a "Project to compile a corporate stock directory of shareholders of 1,000 corporations; seminar on corporate power. (Michael Locker, Corporate Data Exchange)."

#### ECONOMIC DEMOCRACY: THE POLITICAL DIMENSION

These groups and many others like them that make up the "loose coalition" to which Herman Nickel refers have become a potent force and have, in many instances, demonstrated considerable effectiveness. From the standpoint of long-term practical impact, however, a phenomenon that may well prove to be of special importance is the growth of the economic democracy movement, the best-known organizational expression of which is probably the Campaign for Economic Democracy, a California-based apparatus led by radical activist Thomas E. Hayden and financed to a significant degree through the largesse and connections of Hayden's wife, actress Jane Fonda.\* CED has enjoyed the active support of such

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\*See Heritage Foundation Institution Analysis No. 13, "Campaign for Economic Democracy: Part I, The New Left in Politics," September 1980, and Institution Analysis No. 14, "Campaign for Economic Democracy: Part II, The Institute for Policy Studies Network," April 1981.

prominent California political leaders as Governor Jerry Brown and Representatives Ronald V. Dellums and Mervyn Dymally and, largely through skillful organizing around the issue of rent control, in April of this year managed to win political control of the city of Santa Monica, where Hayden and Fonda also happen to reside. Criticized by some on the left for opportunism, Hayden has chosen to work through the Democratic Party and is expected to run for office in the 1982 elections; he has recently hired, on a part-time basis, a former press secretary to California Democratic Senator Alan Cranston, with whom, along with Los Angeles Mayor Tom Bradley, he reportedly consults. CED also managed to elect approximately one-fourth of the delegates to the January 1981 California state convention of the Democratic Party; according to an article in the May 23, 1981, edition of the Washington Post, "Hayden was the only non-elected official asked to chair a portion of the convention." Hayden's grasp of the main chance is succinctly conveyed by his statement, as quoted in the Post account, that "The Democratic Party was tight as a drum in 1968. The party has opened up. If you bang on a door and the door opens, you don't keep banging, you go in."

As observed in the April 24, 1981, issue of The American Political Report, edited and published by political analyst Kevin Phillips, Santa Monica indicated the ability of New Left elements to exploit economic issues in much the same way the New Right has been able to work with social issues. Such a development obviously means, assuming Phillips is correct, that economic democracy could become the basis of a significant political force in this country; and yet, it is probable that few people, including those who comprise the American business community, are really aware of the extent to which this movement represents an assault of the most fundamental and far-reaching sort on the political and economic mechanisms developed in the United States during the past two hundred years.

#### WHAT IS ECONOMIC DEMOCRACY?

Economic democracy is hardly a novel concept within the American left. As reported in Economic Democracy: The Challenge of the 1980s (copyright 1980 by M. E. Sharpe, Inc., White Plains, New York), a 436-page volume written by Martin Carnoy and Derek Shearer, both of whom have backgrounds of involvement in activities of the Institute for Policy Studies, "While vice-president in 1942," Henry A. Wallace "gave a speech at Madison Square Garden in New York, declaring, 'The new democracy, the democracy of the common man, includes not only the Bill of Rights but also economic democracy, ethnic democracy, education democracy and democracy in the treatment of the sexes [emphasis in original].'" More recently, however, it was "During Tom Hayden's campaign for the Senate" in 1976 that "the term 'economic democracy' was revived to describe not only the campaign program, but a vision of a better society."

Carnoy and Shearer describe their book as "a discussion of and an argument for alternatives to the present structure of production in the United States; alternatives that would change the control of capital and how it is used." Beginning with the premise that the American "economy is faced with a set of economic problems that appear to be unsolvable by corporate capitalist development [emphasis in original]", they conclude that, for changes to be made, "the way the economy is governed and the way things are produced will have to be changed as well." Thus, they arrive at a simple definition: "The essence of such transformation is economic democracy--the transfer of economic decision making from the few to the many." Still further, from a strategic standpoint,

the two essential elements of any strategy of fundamental reform in the United States today are: (1) the shift of investment control from corporate domination to the public; and (2) the reconstruction of economic decision making through democratic, worker- and worker/consumer-controlled production.

#### THE CORPORATION AS "ANTITHESIS OF DEMOCRACY"

To Carnoy and Shearer, "America is a business society. Its dominant ideology is a business one, and the dominant group in America is business." More precisely, investment (and, apparently, virtually all other significant) decisions are made "almost entirely" by the "corporate giants." Their conception of the extent of corporate power in the United States, and of the need for government action to control that power, is an interesting one; they argue that

These corporations are impersonal and powerful; in their relations with another set of large corporations--the banks--they govern the capital accumulation process and, with it, employment technology, income distribution, work organization, consumption patterns, and, in large part, our relations with other nations.

Any alternative economic and social strategy must start by dismantling, or at least restricting, the power of these corporations. They are the antithesis of democracy. But we are not proposing a return to a competitive capitalism of the past. America is no longer a nation of farmers and artisans. Today, we are a nation of employees; that is our reality. Nor do we think that the best way to work is necessarily to compete individually one against another for bread and status. Employees can produce cooperatively; their wages can be largely the direct fruit of their labor, and they themselves can decide the best way to produce and how much to produce in a democratically planned economy.

A strategy of reform must transfer capital from the corporations to the public, so that the people who work and consume can collectively and democratically decide what to do with it. The logical vehicle for that process should be the government--our democratically elected legislature and executive. Yet the government is heavily influenced (if not controlled) by these very same corporations. This is one of the many dilemmas we face: how to move the government to restrict corporate power instead of aiding and abetting it.

Because "government in the United States is bound to a corporate ideology and corporate goals" and "at all levels favors corporate interests and helps preserve corporate capitalism," it "is essential, over the next two decades, to build a mass political movement on the basis of a program such as ours and to win a majority of local, state, and national governing bodies." Or, put another way, "government--at all levels--is the key arena in the struggle for economic democracy."

Control of the governmental machinery is important, in this view, because "government is the institution responsible for distribution policy." Whether or not this is desirable, the fact is that post-World War II "economic policy has definitely given government, particularly the federal government, increasing distributional powers. Under the present configuration of economic power in corporate capitalist society, it makes sense to recognize distribution as a political issue [emphasis in original]." And, again, control of the machinery of government is necessary to effect control of the machinery of corporations that allegedly dominate it.

Carnoy and Shearer do not simply argue that a small band of financial manipulators control the economy and political life of the United States. They speak in terms of "dispensable and constantly changing managers" and a "new technocratic elite" rather than the "rich financiers" of Wall Street and contend that

if it is the corporations and their managers who are important, as we believe to be the case, then a much more complex problem arises. Corporate wealth and its distribution become the issue, and it is the control of corporations, not of personal capital, that carries implications for employment, growth, income distribution, and the structure of the economy.

Thus, given the importance of "the corporations and their managers" in dominating a society in which "government at all levels favors corporate interests and helps preserve corporate capitalism," and "Since the organization and control of government is and will continue to be one very important arena of political conflict," it becomes "crucial that proposed alternatives to the present production system deal with government as an element in the economic system as well as its role in the distribution of wealth, income, and employment."



According to Carnoy and Shearer, this is made vastly more difficult by the fact that "Institutions have been developed that not only increase production and distribute it in a particular way but also defend the system from any significant change."\* They feel that "most government programs have come into being either at the request of or with the support of specific business interests" and even contend that "others have been introduced to save the capitalist system from itself--when there are no jobs for some people, a welfare system is created to prevent them from riot or starvation." Further, "Since democratic ideals cannot be implemented in the capitalist work place, people are socialized to believe in a democracy that is limited to the non-production aspects of life." The result is that

The emphasis on consumption has made Americans much more aware of and interested in inflation, environment, truth in packaging, monopoly pricing, and television programming issues than in job health and safety, job relations and hierarchies, and even unemployment. Ralph Nader understood this in the 1960s. He also understood that any effort to organize the basis of production issues had been successfully delegitimized in American minds as "socialist." This delegitimization has changed somewhat--socialism is not as bad a word as it was ten years ago--but the focus on consumption remains. So there is a temptation for activists to organize largely on these issues.

Because of the nature of our "corporate capitalist society," one in which "the clear relationship of material wealth to political power" is a prime characteristic, "no institutional base exists around which to organize for changes in the structure of production. Corporations have grown larger and the corporate sector has gained tremendous power in the American political scene. There is no countervailing force to that power." This applies even to labor unions:

In other capitalist societies, labor organizations have traditionally been the source of opposition to the

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\*According to Richard Barnet in the The Crisis of the Corporation, "If real reform is to come, the standard-bearers will be those forces in society who suffer from the maldistribution of economic and political power, not those who, in the short term at least, benefit from it." Thus,

Organized labor seeking to protect jobs, family farmers seeking to halt the tide of agribusiness, officials of cities and towns seeking escape from bankruptcy, consumers seeking ways to reassert some of their lost sovereignty, small businessmen seeking to preserve what is left of the free enterprise system, organizations of unemployed seeking a job or an income--this is the potential coalition for the reinvigoration of American democracy.

concentration of wealth and power in the hands of capital owners. But unlike other industrialized countries, the United States does not have a political organization (party) tied directly into the labor movement, although in some respects the Democratic Party does fill this role.

Carnoy and Shearer argue that unions in the United States "have never moved out from their production base to develop an overall labor political program." Rather, "the unions have evolved into a force for integrating workers into the corporate capitalist system." They feel that the "growth of union bureaucracy and the decline of rank-and-file initiatives is built into the theory and practice of collective bargaining" and that union leaders "have become more concerned with maintaining their own powers and privileges than with organizing the unorganized, contributing to innovative trends in unionism, or promoting a general program of labor reform." Thus, "trade unions serve contradictory functions under capitalism." They "exist to improve the conditions of work for their members" while, at the same time, "they compromise themselves to deliver disciplined labor to capital owners and their managers." The consequence has been that, instead of

a struggle between these corporate interests and the interests of an active labor movement extending workers' rights, the struggle in the United States has been waged by minorities and women seeking greater equality and, in the sixties, by youth and its allies against the Vietnam war, although consumer groups and environmentalists have directly challenged corporate power. While women and minorities are organized around the issue of workers' rights, they are struggling for the rights of particular workers, even if it means lowering the employment possibilities for white males. The women's, minorities', consumer, and environmental movements are an important reality in the American political scene and certainly have their own validity. In the absence of forces to unite these movements into a coherent whole, however, they also tend to fractionalize a broader movement for structural change.

This "broader movement for structural change" is, as mentioned previously, envisioned as "a mass political movement" of a specifically leftist nature designed "to win a majority of local, state, and national government bodies." It is not, however, as some might expect, envisioned as necessarily being a third-party effort. Carnoy and Shearer recognize that, "Unlike Europe, the United States does not have a parliamentary form of government" and observe that "This is a basic fact that, until recently, has been overlooked or underemphasized by groups seeking social and political change in the United States in this century." They contend that "A vote for a third party, in the American context, is understood by most voters as a vote for the other major party"

and add that, "Consequently, most working and middle class voters have never deserted the Democratic Party in large numbers, understanding that to vote for a third party--a labor or a socialist party--would aid Republicans--the party of big business." Rather than advocate the creation of a third-party movement, they point out that

Significant gains have come where reformers and radicals have chosen to operate within the two-party framework: for example, in California in 1934, when Socialist author Upton Sinclair won the Democratic primary and was almost elected governor on his EPIC (End Poverty in California) platform; in Minnesota in the 1930s, when the Farmer-Labor Party merged with the weaker Democratic Party to become the reform-oriented Democratic Farmer-Labor Party; and in North Dakota in 1919, when populists and socialists formed the Non-Partisan League, captured the Republican Party nominations for state office in the primaries, and swept into the statehouse for two terms, enacting a number of structural reforms such as a state-owned bank that still serves the people of that state today.

#### HOW LEFTIST?

It is obvious on its face that this movement is leftist, but just how leftist is another question. As noted above, Carnoy and Shearer believe that "socialism is not as bad a word as it was ten years ago." They recognize, however, that the "existing alternatives to a capitalist economic system--particularly the Soviet Union and her East European satellites--seem to Americans to have eliminated democracy without replacing it by something better" so that

any "socialist" alternative conjurs [sic] up images of tyranny in the political as well as economic aspects of daily life. Ironically, Marxist economic and social philosophy, which--as the basis for a political movement--was and is an attempt to humanize economic and social life, is associated with dehumanization. In part this is a false image: American visitors to China and Cuba, for example, will attest to the austerity of life in those countries; yet, they also comment on the spirit of cooperativeness and well-being that pervades Chinese and Cuban life. On the other hand, we know that the oldest socialist society, the Soviet Union, actively crushes any dissent and is a model of anti-individualism at every level. The high degree of bureaucratization and centralized decision making in socialist societies does tend to dehumanize both economic and political life. Such realities of socialist development raise real problems for those who offer centralized socialism as the model for an American alternative to corporate capitalism [emphasis in original].

No matter how reluctant the proponents of economic democracy may be to adopt the socialist label, however, it is nonetheless a fact that, as will shortly be seen, Derek Shearer has been quoted as saying that "economic democracy was, in one respect, a euphemism for democratic socialism." And it is also a fact that Shearer has been credited with helping to "lay the theoretical basis for Economic Democracy." Moreover, both the Campaign for Economic Democracy and other components of this movement are closely interlocked with activities of the Institute for Policy Studies and such IPS offshoots as the National Conference on Alternative State and Local Public Policies, now known as the Conference on Alternative State and Local Policies and self-described as a "new network" established to "end the sense of isolation felt by elected and appointed officials, organizers and planners who share a populist or radical outlook."\*

#### THE "PUBLIC ENTERPRISE STRATEGY"

This "radical outlook" is evident when one examines some of the specific reforms advocated by the movement. Carnoy and Shearer recognize that the "transfer of ownership to the government does not automatically guarantee the establishment of an egalitarian, democratic society" and make the fundamental point that "What is important in economics is control as well as ownership [emphasis in original]." They argue that "public ownership" as "now advocated in Western economies" is "often presented as social ownership--that is, the owner is not always the state, but can be the workers themselves, the community, the city or region, or a combination of public and private owners." They feel that, "Overall, public enterprises have met the development needs of

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\*The founding conference of the National Conference on Alternative State and Local Public Policies was held in Madison, Wisconsin, in June 1975 under the auspices of the Institute for Policy Studies. As recently as 1978, in its volume The Federal Budget and Social Reconstruction: The People and the State, IPS referred to the National Conference as "a program of the Institute for Policy Studies." Like some other IPS projects, NCASLPP has achieved a nominally independent status; as reported in the November 7, 1980, Information Digest, "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)." In creating NCASLPP, according to one of its coordinators in an interview published in the January/February 1977 issue of Communities magazine, "we [at IPS] sent out questionnaires [sic] to our lists; to Nader groups and others" while IPS activists Lee Webb and Robb Burlage "went traveling asking around for who were populist, progressive, socialist, innovative, open-minded, locally-elected officials" who were "products of" the radicalism of the 1960s; according to the same source, the Conference exists to develop "a politics of how to change to a democratic, decentralized, socialism from a corporate, monopolistic state."

economies dominated by private business and increasingly by large corporations [emphasis in original]" but that "The potential does exist, however, for a more progressive--that is, redistributive--use of public enterprise." What they advocate is a "strategy of selective and competitive public enterprise" involving creation of a "new government holding company," a "publicly owned energy corporation" apart from the holding company, and a "fourth network" of "public" radio and television stations.

The holding company would purchase from ten to twenty percent of the shares "in at least one major firm in each major industry dominated by a few companies" and "would place public members on the boards of these corporations--members who represented consumers, labor, and the government itself; in some cases, management changes would be made." It would "help finance and encourage new public enterprises at the municipal, state, and regional levels" through "joint ventures and mixed public-private enterprises together with state and city governments, pensions funds [sic], and other sources of capital such as universities and churches." Among other projected results, these "mixed enterprises" would facilitate the "development of 'new communities,' both urban and rural, through public purchase of land and public planning of the new community and with a mix of public and private ownership of the new industries as well as stores and other services located in the community." The holding company would, "through an investment bank subsidiary," be a "source of financial support and consulting talent for major experiments in worker-owned and worker/community-owned enterprises" and "would also establish a major school of democratic management to train men and women in the skills necessary to run enterprises in both an efficient and a democratic manner."\* It is important to note that such a holding company is seen by Carnoy and Shearer as

a vehicle for selective and, in many cases, partial public ownership without the immediate financial and ideological burdens that large-scale nationalization efforts would entail. Once the vehicle is in place and a competent staff has been developed (no small problem in itself), strategic interventions would be carried out in particular sectors of the economy as fruitful opportunities arose [emphasis added].

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\*The movement itself already has such a facility, the New School for Democratic Management, located in San Francisco, California, and self-described as "a project of the Foundation for National Progress, publisher of Mother Jones magazine." FNP's financial report for 1976 declared that "FNP was formed in 1975 to carry out on the West Coast the charitable and educational activities of the Institute for Policy Studies." Both the Foundation for National Progress and its New School for Democratic Management are discussed in Heritage Foundation Institution Analysis No. 14, "Campaign for Economic Democracy: Part II, The Institute for Policy Studies Network," April 1981.

The energy corporation "would be a completely integrated firm with producing wells, pipelines, and gas station outlets" and "would be active in other nonfossil fuel areas of energy development." It would be formed "partly through purchase of the assets of a few smaller oil firms" and, "As proposed in Senator [Adlai] Stevenson's original legislation to create a Federal Oil and Gas Corporation," would have "special rights with regard to energy on publicly owned lands and would be free to engage in joint ventures with other public firms...or, in some cases, with other private firms."

Creation of the "fourth network is a critical element in our reform strategy" because "The existing networks will neither support nor encourage open debate and reporting on the nature of the American economy." To remedy this situation, "Through a tax on the sale of television sets and radios, adequate funding could be made available to transform the existing public broadcasting system into a genuine national fourth network" in which "Local stations would be democratized by providing for the election of board members by citizens of the counties in which the stations are located." To facilitate competition "with the private networks" on an equal basis, "Local public stations lacking VHF channels would be awarded them." The goal is "a fair and open-minded public network, free of any control by owners of capital," that could "make possible national discussion and reporting on the problems and prospects of democratizing the economy."

It is interesting that this "public enterprise strategy relies on government ownership of selected, healthy firms [emphasis in original]" whose capabilities can be used "to produce more balanced and equitable economic growth and to assist in the democratization of the economy" and that "Unhealthy or declining firms and industries should be handled by other entities and policies, not by public enterprises. We do not intend to bail out the losers of American capitalism." In dealing with such "vital public services" as the "northeastern railroads or possibly the steel and coal industries," in order to compensate for the failure of private enterprise, "separate public enterprises should be designed and created to run these utility-type enterprises in an efficient manner (though not necessarily one that is commercially profitable)."

Another basic point is that "public enterprises can and should be created at the state and city level without waiting for the establishment of new national public enterprises." In this strategy, both

City- and state-owned banks and insurance companies are crucial, given the key role that such financial institutions play in the investment process. Exerting democratic control over investment, rather than nationalizing major firms outright, is the strategic route we believe holds real promise for significant reform in the United States.

## "DEMOCRATIZING INVESTMENT"

"Exerting democratic control over investment" would be accomplished in significant part through "greater assertion of public control over assets and sources of funds that workers collectively and public citizens generally already 'own' or to which they hold claims [emphasis in original]" such as "federal, state, and local government funds now controlled by private financial institutions, and employee retirement funds now managed by private financial institutions." The "Assertion of ownership and rights of control by the worker-beneficiaries could turn capital investment in new policy directions" and "form the beginnings of a more equitable distribution of wealth, a genuine full-employment economy, and greater democracy at the work place and in the community." Specifically, while Carnoy and Shearer concede that such writers as Jeremy Rifkin may be "overly optimistic about 'pension fund socialism' as a strategy for democratizing the economy,

The basic elements of our strategy for democratizing investment are: the creation, from both private and public employee funds, of city- and state-owned banks staffed with trust departments competent to handle large pension fund accounts; the establishment by the labor movement itself of a national pension fund investment advisory service to assist unions in fashioning strategies for using this "pension power" (a step that has already been taken by unions in England); federal purchase of at least one healthy national bank-holding company and one nationally active insurance company to be operated as "competitive" public enterprises in the nation's capital market, as a means of providing the public with greater knowledge of the actual operation of major financial operations and giving the government a stronger position from which to influence the activities of the remaining private banks. Such publicly owned financial enterprises would also help to develop expertise among public-minded financial managers--entrepreneurs in the public interest.

## "WORKER CONTROL"

"Public enterprise" and the transfer of "power over investment decisions to workers and consumers" are seen as essential reforms requiring "mass political movements or a socially conscious political leadership willing to shape public opinion toward reform." They are "necessary for any structural change" toward economic democracy, but they are not seen as sufficient in themselves. This is because a "labor-oriented public investment policy can be, and generally is, decided by a small group of people," so that "power relations within firms (and, by implication, power relations in the society as a whole) may remain hierarchical and relatively undemocratic even after such reforms."

What is needed, therefore, is "worker control," which "means decision power over how work is to be done, how work is to be allocated, and how much workers are to be paid."

It is basic to Carnoy and Shearer's argument that "In the capitalist production process, decision making by employers is a right [emphasis in original]" and that "The ownership of property carries with it legal control over its use." Thus, given their view of the inescapable relationship between "political power distribution" and "economic power and rights," the "structural reform" of "direct employee ownership...would seem to be the most far-reaching of these reforms, since ownership should give the employees the right to govern their own work organization and the nature of the work situation." In reality, however, at least insofar as "management-initiated" employee ownership is concerned, "ownership may have little to do with employee participation in management or worker control of production." By contrast, employee-initiated plans

almost always result in direct or representative participation in the governing of the work enterprise. The most typical approach is that of the producers' cooperative in which the members both own and manage the organization. Such organizations can be created from the beginning in cooperative form, whereby members or employees are required to invest in the enterprise, or they can emerge from the conversion of conventional firms into producer cooperatives.

It is conceded that the "income maximization" that allegedly would flow from such ownership "probably would produce a lower growth rate for individual firms and for the economy as a whole." Nonetheless, "the possibly lower rate of capital formation could still represent as high a rate of domestic capital formation. Worker-controlled firms would be very unlikely to invest their capital overseas in runaway shops [emphasis in original]." Also, "Given the possibility of world resource shortages, slower growth in the United States appears likely, and worker-controlled firms promising stable, but perhaps slower, growth may have great attraction." Cooperatives "provide much more secure employment, better working conditions, more equal wage distribution, and work that is more meaningful and less demanding." Thus, "For these reasons alone, the promotion of cooperatives should be an explicit part of strategy for democratizing the economy. Even a handful of worker-owned and democratically run companies can serve as models of what a democratic economy would be like." Indeed, "it is important for any economic reform movement in the United States to include efforts to develop worker-controlled production as a basis for economic democracy [emphasis in original]."

Because "most private banks will not lend to a worker cooperative movement" and "most unions are opposed, or at least will not serve as a source of organizing power" for them, Carnoy and Shearer "see the government--the public sector--as the primary



source of financing and technical assistance for the worker control movement." Government, even though it "functions mainly in the service of private enterprise...is also an arena of conflict" that "gives legality to private property laws and can legitimize and legalize drastic shifts in the meaning of those laws." Since "participation is so vital to the economic success of worker-owned firms, it would be in the lenders' own self-interest to insist on a high-participation structure. This implies working through the government to develop and nurture worker-controlled firms." Specifically,

There are two parts to such a policy: The first is the development of public financing for cooperatives through public banks that can use union pension funds for job creation and preservation, and through direct government loans to hard-pressed industries reorganizing under worker controlled production. The second is the development of a movement for economic democracy that coordinates information from various co-op and worker takeover experiences, provides technical assistance, helps government agencies and state banks plan their use of funds for loans to cooperative ventures, and promotes the formation of cooperatives in plants and communities.

It is assumed that as "financing and information become available, the interest in co-ops among groups of workers should increase." It is also acknowledged that "this is a top-down strategy: organizers and intellectuals push a particular idea, progressive elements in the government come to accept its validity and promote it and, finally, under this stimulus, workers respond."\* Equally revealing is the authors' frank avowal that

Under certain circumstances, government in a democratic society can pass legislation that opens new political and social opportunities for citizens. Enactment of the legislation is often made possible by the lobbying and organizing efforts of a mass movement; the new legislation in turn helps the movement to grow by legitimizing the movement's goals and providing new legal and financial resources to it.

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\*The fundamental assumption of this argument is, of course, that "organizers and intellectuals" and "progressive elements in the government" need to maneuver in this manner because they know what is best for the workers, who have to be induced to respond to a "stimulus" rather than be relied upon to know what is best for themselves in the first place. Thus, and perhaps not entirely without justification, "top-down" might well be interpreted by some as being synonymous with "elitist."

## "DEMOCRATIC TECHNOLOGY"

The movement is also concerned with the question of technology. Carnoy and Shearer note the existence of "a growing band of 'ecotopians' who hope to usher in a new age of 'appropriate' or 'alternative' technology--a technology that is decentralized and on a human scale" and define the issue by arguing that "those who actually control technology" in "our society" are "the large corporations." Their view is that "The criteria for appropriate technology are not applicable to the needs of a corporate-dominated economy" and that the "very basis of the large corporation--national and international markets; national advertising; hierarchical chain of command; mass production; use of nonrenewable resources; little concern for environment--is almost the complete opposite of what is called appropriate technology." Indeed, "The two are quite incompatible."

The two areas to which they devote particular attention are solar power and agriculture. The former is seen as "originally championed by the alternative technology movement as a more democratic, decentralized, and environmentally benign alternative to the domination of energy needs by the powerful multinational oil companies" and now "fast becoming just another profit center for large corporations." The latter is seen as having become, through the "modernization of agriculture" encouraged by "federal farm policy" during the past fifty years, "new industries which together can be termed 'agribusiness.'" Its "Three major components are: the farm itself, which is increasingly large and specialized; the input-processing industry (machinery, fossil fuels for animal feeds, chemical fertilizers); and the food-processing industry." Their "examination of the cases of both solar energy and radical agriculture" leads to the conclusion that "the key elements in new directions of economic development are the control of capital and the creation of markets" and that "Only government-assisted programs that include those elements will make possible the actual development of these alternative technologies."

In addition to such reforms "as public support for worker-owned firms, two political approaches--operating together where possible--are required." So-called "progressive unions" like "the United Auto Workers, the Steel Workers, the Mineworkers, and the Machinists" should, operating through "strengthened research departments reaching out to friendly technologists in universities, and mobilization of worker knowledge at the plant level," work to "develop corporate plans" as "negotiating tools for collective bargaining and educational-political devices for the union." These plans would be "similar to the Lucas Aerospace plan" in England, a plan drawn up by "unionists" to outline "a series of new products they hoped would both save jobs and meet social needs." This plan, "which included details of not only what would be produced, but how it would be produced as well, emerged from a lengthy, democratic process of discussion involving study groups at seventeen different plant sites around England."

Also, "Government has a major role to play wherever progressive public officials have power." Thus, "Existing governmental support programs for appropriate technology" like "California's Office of Appropriate Technology or the federally funded National Center for Appropriate Technology" should "be broadened and expanded to encompass the idea of democratic technology--the redesign of entire plants around technology that is conducive to self-management and worker control rather than authoritarian, assembly-line-type organization." Also needed are "centers of democratic engineering...that would begin to train a new generation of engineers with more democratic values and attitudes." "Finally, the research and development departments of publicly owned firms" organized under the proposed government holding company "would direct their efforts toward the design of new factories and plants in which the technological processes utilized were consistent with work place democracy" while public enterprises "would also attempt to design products and market them, so as to provide consumers and other enterprises with products that encourage popular understanding and control of technology." The basic contention is that "governments have supported and subsidized technology solely to raise productivity (and profits) for private firms or...to kill our enemies more efficiently." To counter this, and to help in achieving the goals of economic democracy, what is proposed is "a new criterion: that government support of technology be consciously aimed at promoting decentralization and democratic participation."

#### GOVERNMENT PLANNING TO CONTROL "CORPORATE DOMINANCE"

Of course, essential to the success of all these reforms and others advocated by the economic democracy movement is the control of corporations. As Carnoy and Shearer put it, "Even if all of the structural reforms" they propose "were initiated by a serious reform government and fully supported by the nation's major labor unions, consumer groups, civil rights organizations, women's organizations, and others, the country's largest corporations--the Fortune 500--would still hold captive the nation's economy." Thus, it becomes axiomatic that any "strategy aimed at greater democratic participation in economic affairs and a more equitable distribution of economic wealth must deal with the dominant role of the large corporation in American society." Viewing outright nationalization as "neither politically nor economically feasible," they see a "policy of selective public enterprise using a government holding company [emphasis in original]" as "the most workable policy, at least for the next ten to twenty years." The problem is that most "of the Fortune 500 will remain in place--an economic and political force to be reckoned with." Therefore,

To forestall a united front of corporate opposition to a program of economic democracy, the large corporations must be brought under greater democratic control at the same time that alternative sources of finance--public banks and pension funds, for example--and of

production--worker cooperatives and competitive public enterprises--are being created. The elements of a more democratic economy are thus constructed alongside and within the existing system; simultaneously, the power and prerogatives of the corporations' managerial elite are steadily reduced by opening up the corporation to workers, consumers, and community representatives, as well as to public representatives [emphasis in original].

Carnoy and Shearer contend that "policies for controlling or influencing the behavior of corporations" in the United States "fall generally into four categories: antitrust, regulation, collective bargaining, and subsidies and incentives." Unfortunately, from the standpoint of dismantling corporate power, "even their combined effect has not greatly altered corporate dominance of the American economy [emphasis in original]", although they recognize that each approach does hold some potential. Antitrust, for instance, could serve as a device whereby "a particular division of a conglomerate might be detached and converted into a worker-owned or worker/community-owned enterprise." And rather than the usual subsidies and incentives, which are seen as "a system of benefits that different enterprises and industries enjoy because of their political power to win these benefits from the government," it would be preferable, in their view, in the case of "a large enterprise such as Chrysler, whose closing would affect thousands of working class families," and which "seeks tax breaks or government funds," for "the government, through the public holding company," to "take an equity position in the firm, place public representatives on its board, and restructure the firm."

Carnoy and Shearer acknowledge that the "activism of the 1960s and 1970s--particularly Ralph Nader and the consumer movement--focused critical attention on the large corporation and its effect on people's lives" but are critical of certain of its resultant reform proposals as "legalistic rather than political." Reforms like "federal chartering and/or a federal minimum standards act for corporations" exhibit "little regard for institutional relationships within and outside business enterprises, and little consideration of the constituencies that might be affected by or involved in the new arrangements." The consumer movement is characterized as "not a mass movement and certainly not a democratic movement. Instead, a handful of well-minded activists, usually lawyers, speak for 'the public interest.'" The reforms proposed by the movement reflect the lack of a political base for the movement itself."

The economic democracy movement's program is, as has been abundantly indicated, far more fundamental and genuinely radical in its implications:

The government must be committed to social goals that include a fairer distribution of wealth and income, democratization of the work place, and more balanced

and environmentally oriented economic development. The government must have the means at hand to carry out economic development in the event that private enterprise refuses to enter into planning agreements--in other words, there must be a core of publicly owned firms more responsive to government requests than private ones--and real sanctions must be levied against private firms that choose not to bargain. These could include denial of tax advantages and other subsidies, denial of export licenses, threat of antitrust suits, and so on.

Such a process of planning agreements would be facilitated by placing worker and special interest (such as consumer advocate) directors on the boards of all major corporations, and by requiring that corporations open their books in collective bargaining with unions and meetings with government officials. These policies, of course, can be expected to be carried out only by a reform government committed to economic democracy as its long-range goal.

Not just the federal government, but state governments, through stronger state economic development commissions and planning agencies, can also conclude planning agreements with firms. But this will be possible only if states have their own public sources of investment--banks and insurance companies, and pension funds--to give them the resources and leverage to act as equal partners in the planning process [emphasis in original].

The "state and local levels" are seen as particularly important in terms of citizen impact on planning. "As at the national level, effective public planning would require new public enterprises" and would make "provisions for citizen access and participation in the planning process" a necessity. "Freedom of information acts, sunshine laws, and expense reimbursement for citizen groups appearing before state agencies should enable and encourage participation by citizens in planning decisions that concern them." Also, "City-owned enterprises should have democratically elected governing boards." Other possibilities include "neighborhood government mechanisms" and "community development corporations." The virtue of the latter is that "They can serve as an economic vehicle for neighborhood government units to take more direct control over economic planning in their communities." The impact of the movement's planning proposals would also be

prevalent in the physical organization of communities--in land use, transportation and energy, housing, and recreation. Here, the public interest would take precedence over corporate interest--and the public interest would be defined through a process of democratic participation that begins at the level of the neighborhood and works its way upward [emphasis in original].

From even so brief a review as the foregoing, it should be apparent that economic democracy, however attractive the term may sound, is a concept that is fundamentally at odds with free-enterprise capitalism and with the corporation as an institution within the free-enterprise system; as such, it may fairly be said to have the most profound implications for American society as that society has traditionally come to be understood and ordered. The intriguing thing is that, unlike so much of the Marxist and Marxist-Leninist left in this country, the proponents of economic democracy seem to possess a realistic appreciation of the possibilities presented by carefully-planned, well-organized, issue-oriented attempts to use the established political system to effect elements of their program. This has certainly been true of the Campaign for Economic Democracy, to whose own ideological wellsprings some attention should be given at this point.

#### THE CAMPAIGN FOR ECONOMIC DEMOCRACY VS. "THE STINK IN OUR MIDST"

As reported in "The CED Syndrome: The Politics of the New Class," published in the January 1980 issue of The Libertarian Review, 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." NCASLPP "looked to Canadian and 'Eurocommunist' economic models for inspiration, and was fond of vague phrases like 'worker's control.'" Along with Professor G. William Domhoff, Richard Flacks, and Tom Hayden, "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." Continuing, the article reports that

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).\*

According to the Libertarian Review account, "a good proportion of the present-day CED leadership" is made up of people formerly involved in the Indochina Peace Campaign, "organized by Hayden and Fonda in the early 1970s as a lobby against the war [in Vietnam]." After the fall of Saigon in 1975, "the IPC cadre

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\*In These Times is an avowedly socialist weekly newspaper that describes itself as "A publication of the Institute for Policy Studies."

decided that it was time to dig in, to concentrate on economic issues, and to run candidates for office." Quoting again from In These Times,

Unlike Shearer, Domhoff or Flacks, they did not and do not see economic democracy as a euphemism for socialism. Instead, they see it as a transitional concept, a tactical slogan as much as a defined goal...They believed that the American revolution, like the Vietnamese revolution, would develop in stages with the struggle for economic democracy an early stage. They saw themselves as leadership cadre, with their own common, but private, blueprint for eventual revolution, who would provide guidance through the different stages.

Several key CED activists are also veterans of Students for a Democratic Society, the basic manifesto of which, The Port Huron Statement, according to an "Introductory Note" carried in its December 1964 second printing, grew "out of a draft statement prepared by SDS staff member Tom Hayden," one of the organization's founders and, for many years, principal leaders. This "first official statement" of SDS, with its articulation of "participatory democracy" and its condemnations of "American capitalism" and the "unreasoning anti-communism" of American foreign policy, was one of the most important formative documents of the 1960s radical movement from which so many present-day organizations have evolved. Of particular interest within the context of any examination of the economic democracy movement is the following passage from a section titled "TOWARDS AMERICAN DEMOCRACY":

4 Corporations must be made publicly responsible.

It is not possible to believe that true democracy can exist where a minority utterly controls enormous wealth and power. The influence of corporate elites on foreign policy is neither reliable nor democratic; a way must be found to subordinate private American foreign investment to a democratically-constructed foreign policy. The influence of the same giants on domestic life is intolerable as well; a way must be found to direct our economic resources to genuine human needs, not the private needs of corporations nor the rigged needs of maneuvered citizenry.

We can no longer rely on competition of the many to insure that business enterprise is responsive to social needs. The many have become the few. Nor can we trust the corporate bureaucracy to be socially responsible or to develop a "corporate conscience" that is democratic. The community of interest of corporations, the anarchic actions of industrial leaders, should become structurally responsible to the people--and truly to the people rather than to an ill-defined and questionable "national interest." Labor and government as presently constituted

are not sufficient to "regulate" corporations. A new re-ordering, a new calling of responsibility is necessary: more than changing "work rules" we must consider changes in the rules of society by challenging the unchallenged politics of American corporations. Before the government can really begin to control business in a "public interest," the public must gain more substantial control of government: this demands a movement for political as well as economic realignments. We are aware that simple government "regulation," if achieved, would be inadequate without increased worker participation in management decision-making, strengthened and independent regulatory power, balances of partial and/or complete public ownership, various means of humanizing the conditions and types of work itself, sweeping welfare programs and regional public development authorities. These are examples of measures to re-balance the economy toward public--and individual--control [emphasis in original].

That this view of the corporation is essentially characteristic of the present-day anti-corporate movement is indicated by several previously-cited statements from, for example, Nader's Taming the Giant Corporation, Barnett's The Crisis of the Corporation, and Carnoy and Shearer's Economic Democracy: The Challenge of the 1980s. It may be seen in especially vivid form in an undated CED brochure decrying the "racism and sexism and joblessness and wars and inflation and...sugar-coated poisonings of our minds and bodies" allegedly caused by "this source of our ills" and "stink in our midst" that "is called Corporate Capitalism." And it was certainly basic to Hayden's 1976 campaign platform, described in the January 12, 1976, edition of the Los Angeles Times as "an unusual 268-page political manifesto...detailing his plan for a 'new democracy of participation.'" This document, according to the Times, supported such proposals as the "creation of public banks at federal and state levels" and a foreign policy that is "humanist in its approach" and respects "'the right of self-determination, including the right to choose revolution and socialism.'" Its "basic thrust" was "an attack against what he sees as the twin evils of big and powerful corporations and big and powerful government":

His plan for "economic democracy," as he calls it would put elected public and employe representatives on the boards of directors of major corporations. It would encourage the development of cooperatives and publicly owned corporations in the manner of today's municipal utility districts.

Such moves are essential, Hayden asserted, to avoid "corporate and government authoritarianism." Without major reform, he stated, eventually "we will find the interests of these companies incompatible with democracy itself [spelling and punctuation as in original]."



THE INSTITUTE FOR POLICY STUDIES AND ECONOMIC DEMOCRACY

At the heart of this movement as it has evolved has been the Institute for Policy Studies and its National Conference on Alternative State and Local Public Policies. The Conference has been a particularly important development because it has provided the movement with an apparatus through which to maintain coordinated liaison on questions of organization and policy; it has also focused its efforts on building a nationwide leftist political movement from the ground up, beginning with state and local contests. A useful characterization is provided by Carnoy and Shearer:

In 1974, the Institute for Policy Studies in Washington realized that many 1960s activists were running for and winning public office at the state and local levels. It seemed that substantial political change could occur only if a base of support could be built in local communities where people actually live and work, not in Washington, a town of bureaucrats and lobbyists. A network was formed called the National Conference on Alternative State and Local Public Policy [sic], which publishes a regular newsletter, produces readers on public policy and model legislation, and sponsors annual gatherings where progressive public officials, community organizers, and labor leaders meet to exchange experience and discuss political program and strategy. The conference provides a vital link for reform efforts in different cities and states.

With reference to the development of the broader economic policies around which the movement has evolved, again according to Carnoy and Shearer, "In 1973, the Institute for Policy Studies organized the decade's first conference on alternative economic policy from a leftist perspective." One of the proposals advanced at this gathering eventually "became the Humphrey-Hawkins Full Employment bill." This was merely one of many significant outgrowths of this effort, however. For example, "Boston College economist Barry Bluestone, who attended the conference, later drafted with the help of economist Ben Harrison at MIT, a comprehensive reform program for populist presidential candidate Fred Harris in 1976." In turn, this "paper was subsequently published as part of an alternate federal budget study, requested by fifty liberal members of Congress and prepared by the Institute for Policy Studies."

Other examples abound. "Two other conference participants--Gar Alperovitz and Jeff Faux--formed the Exploratory Project [for] Economic Alternatives (EPEA). Funded by several foundations, EPEA issued a series of reports on economic policy."\* Then, in

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\*Alperovitz was named in Beginning the Second Decade: 1963-1973, an otherwise-undated publication of the Institute for Policy Studies, as an IPS

1977, EPEA "received a \$300,000 grant from HUD [Department of Housing and Urban Development] to study the possibility of worker-community ownership for the closed Youngstown steel facilities." The result was that "In 1978 the project became a permanent operation--the National Center [for] Economic Alternatives--a

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"Resident Fellow" and part of "THE INSTITUTE COMMUNITY, 1973 - 74." He has recently been listed as a member of the faculty of the IPS Washington School. Among his published writings are "Notes Toward a Pluralist Commonwealth (together with their Addenda)," published in 1973 in Strategy and Program: Two Essays Toward a New American Socialism by Beacon Press, a Boston, Massachusetts, house whose books "are published under the auspices of the Unitarian Universalist Association." The volume's "Note on the Authors" identified Alperovitz as a "Fellow of the Institute for Policy Studies, Washington, D.C., and Co-Director of the Cambridge Institute, Cambridge, Massachusetts," described in Beginning the Second Decade as one of IPS's "sister" organizations; Cambridge was one of several places with "long-term projects and institutes" whose "development" was "encouraged and aided" by various IPS Fellows. The book's other essay, "Prospects for the New Left," was written by Staughton Lynd, identified as "chairman of the first march against the Vietnam War in Washington, D.C., on April 17, 1965, and director of freedom schools during the Mississippi Summer Project of 1964." Prominent in "community organizing," Lynd was listed in Beginning the Second Decade as an IPS "Associate Fellow" and part of "THE INSTITUTE COMMUNITY, 1973 - 74."

Lynd expressed his view that "democracy...can only survive as libertarian socialism, in which economic as well as political decision-makers are elected and the people take more part in decisions of every kind" and advocated that the movement "spell out in specifics what a socialist approach to public health, a socialist system of education (if any), workers' control in particular industries under socialism, and the rest, might look like." From a tactical standpoint, he stated that the "transition to socialism in the United States...would require both the election of a socialist government and mass civil disobedience" and added that "A useful rule of thumb...is to avoid easy political targets--the notorious mayor, the corrupt machine boss--and keep the focus on corporations."

Alperovitz's essay was an attempt to "review and affirm both the socialist vision and the decentralist ideal [emphasis in original]" and to argue the need to "affirm the principle of collective ownership or control of capital (and democratically planned disposition of surplus)" and to "extend it...to local communities" as "elements of a larger solution--as the natural building blocks of a reconstructed nation of regional commonwealths." In addition to advocating such efforts as "Actions...to constrain corporate investment abroad" and "other anti-corporate direct-action campaigns", he made a number of specific proposals, among them "efforts (activist political, legislative) to shift the tax burden onto the elite (minority) top 15-20 percent of the income pyramid, with steeply progressive taxation above \$20,000--and, onto the major corporations [emphasis in original]." In their jointly-authored "Introductory," Lynd and Alperovitz stated that "The word 'socialism' underscores our long-term hope" but added that "a socialism appropriate to our day and age must be both 'new' and specifically 'American' in form, style, and content."

kind of left-wing Brookings Institution that continued to provide studies on the national economy for unions and progressive members of Congress."

Also, "A number of the papers presented at the 1973 conference later appeared as articles in the premiere issue of a new journal founded in the 1970s--Working Papers for a New Society." This magazine has been described by IPS itself as "sponsored with the sister Cambridge Institute for Policy Studies" and, according to Carnoy and Shearer, "was created to provide a link between alternative policy thinkers and political activists, and to answer the questions: What is the task of the Left? and What works?" Described by them as "the best progressive policy journal in the country" and as "a kind of Fortune magazine of the Left," Working Papers has been "read by congressional aides, columnists such as Tom Wicker, public officials like the mayor of Cleveland, and thousands of professionals, union officials, and community organizers."

"Housing expert Chester Hartman also attended the 1973 conference" and later, in 1977, "received a small grant from the Stern Foundation to establish the Planners Network, which links left-wing professionals in urban planning and related areas." In 1979, he "drafted a rent-freeze measure that appeared on the San Francisco city ballot." Oakland, California, "planner" Ed Kirshner "presented a paper at the conference on public ownership of land" and "became director of Community Economics, an alternative consulting firm which provides technical assistance to progressive public officials, trade unions, and community groups." One of Kirshner's accomplishments has been "a comprehensive study of programs for community economic development in Berkeley and Oakland, called The Cities' Wealth." It is noteworthy, from the standpoint of practical implementation of movement programs, that the "left-wing slate" fielded by the radical Berkeley Citizen Action in 1979 won "the mayor's office, the city auditor's position, and three out of four open council seats" and that this "brought the BCA within one vote of a full majority on the council and increased its ability to begin to implement its program (based, in part, on Kirshner's The Cities' Wealth)." It is also noteworthy that Kirshner attended the June 1975 founding conference of the National Conference on Alternative State and Local Public Policies, that he was involved in the February 1977 Santa Barbara Conference on Economic Democracy, and that he has been among several Fellows of the San Francisco-based Foundation for National Progress, publisher of Mother Jones magazine and self-described as "formed in 1975 to carry out on the West Coast the charitable and educational activities of the Institute for Policy Studies."

Another organization cited by Carnoy and Shearer is the Union for Radical Political Economics, "a professional organization of radical economists, primarily university teachers," a group of whom, in 1975, "started Dollars & Sense, a monthly publication of popular articles on current economic issues" that "became a kind of alternative Wall Street Journal or Business Week that attempted

to unravel economic news and make it comprehensible to a nontechnical audience." Like so many other groups within the movement, URPE has also applied its energies to influencing government:

Many URPE members became active in local political efforts--from running progressive candidates to assisting food co-ops and worker-owned firms. URPE members drafted an alternative national urban policy paper at the request of Director Sam Brown at the federal agency ACTION. Other URPE members wrote policy papers for state agencies in California and Massachusetts.

#### CONCLUSION

As Carnoy and Shearer recognize, the obvious question is, "Where do all these activities lead, and how do they fit together as parts of an integrated whole?" The answer they provide is, like the question, appropriate while, at the same time, it again makes clear the movement's view of the corporation as the very essence of what is wrong with free-enterprise capitalism in the United States (the logical corollary of which is, of course, that undermining the corporation as an institution is likely to be the surest means of undermining the system as a whole): "All of these political activities" conducted by the groups discussed in their book, among them organizations like CED and the various components of the IPS network with which it works, "are explicitly anticorporate. They also have a common positive side that we have chosen to call economic democracy."

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