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legislation US - Energy

CLEC : HIDDEN AGENDA, HIDDEN DANGER

INTRODUCTION

When Congress adjourned last year with the natural gas issue still unresolved, political analysts placed much of the blame for the legislative impasse on efforts of a group of activists which calls itself the Citizens/Labor Energy Coalition (CLEC). It has emerged as the leader among self-styled "public interest groups" opposing natural gas decontrol. Its lobbyists patrol the halls of Congress and testify at hearings in search of votes against removing the federal gas price ceilings. Its affiliate, Energy Action, issues a constant barrage of "studies," which garner considerable attention in the national media despite widespread criticism of their accuracy. CLEC also directs a grass-roots operation; it claims that its canvassers speak to some 50,000 households each evening.

Although CLEC is identified mainly with energy issues, its officials envision their organization as more than a single issue group. They see CLEC as a catalyst for a mass movement to alter the nature of American society. Its founders state openly that CLEC is to be the instrument to seize power from "...the men who run the giant corporations, the banks, the bureaucracies, and the political organizations that dominate our lives." They would then reconstruct America's political and economic system according to a socialist blueprint.¹

Until then, however, CLEC has a vast array of short-term goals. Most of its policies would greatly expand the federal role in energy. This is consistent with CLEC's basic position

¹ Quoted in Robert Goralski, C/LEC: Citizen's Action In Action, A Study of the Citizens Labor Energy Coalition, unpublished.

that energy is too important to be left to the private sector. Among these policies are tighter controls on natural gas prices, establishment of a federal oil and gas company, creation of a federal agency to purchase all oil imports, imposition of vertical and horizontal divestiture requirements on integrated oil companies, and the elimination of virtually all tax incentives for oil and gas exploration.

Although CLEC's comprehensive "wish list" seems no more likely of passage today than it was in 1979, when a similar measure was introduced in Congress by Senator Howard Metzenbaum (D-OH) and then-Representative Toby Moffett (D-CT) as the Citizen's Energy Act, the group's effectiveness should not be underestimated. It had considerable success in the natural gas debate and boasts a number of strong supporters on Capitol Hill. More important, CLEC spokesmen recently have been tougher on Members of Congress who fail to support them, implying that CLEC's grass-roots supporters will campaign against uncooperative congressmen in the upcoming elections.

In one recent incident, a CLEC representative engaged in a heated exchange with Representative Bob Whittaker (R-KS), as a result of the congressman's complaint that CLEC had misrepresented his views. Whittaker accused CLEC of using "bullyboy tactics" in an effort to influence his vote. While Representative Whittaker courageously stood up to CLEC's pressures, other Members may be less willing to do so.

CLEC's new militancy and its anticipated active role in energy debates make it essential that legislators, decision makers, and the press understand the organization's background, history, and ultimate goals. Only then can CLEC's views be evaluated appropriately by Congress and the American people.

THE FORMATION OF THE CITIZENS/LABOR ENERGY COALITION

The brainchild of William Winpisinger, President of the International Association of Machinists, Heather Booth, then Executive Director of the Midwest Academy (a training center for radical activists), and Michael Harrington, founder of the Democratic Socialist Organizing Committee, CLEC was born at a two-day meeting in Washington, D.C., in April 1978. Some 60 groups, many with close ties to organized labor, attended the conference, as did Senator Edward Kennedy (D-MA).

The Washington conference was the outgrowth of a series of earlier meetings initiated by "Democracy '76," a radical coalition formed to influence the Democratic Party's 1976 presidential platform. After the election, the coalition was reconstituted as "Democratic Agenda," with the goal of moving the Democratic Party's positions far to the left.

At the CLEC organizing conference, its founders made it clear that energy issues were to be a vehicle to move the country

leftward. As Winpisinger and Booth state in one document presented to Conference participants:

Energy policy must be regarded as an avenue to broader national goals. The policies and programs which are adopted in order to resolve pressing energy issues, both national and international, will in large part determine the economic and political direction of the country in the next decade and beyond.²

The new direction favored by CLEC's founders is evident from their public statements. In Towards a Socialist Presence in America, CLEC founder Michael Harrington explained:

As socialists of the democratic left, we stand for fundamental change, for socialism, and for every immediate gain which can be achieved by the largely nonsocialist mass movement in which we loyally and enthusiastically participate, the unions, minority and women's organizations, the student movement, the liberal wing of the Democratic party among them. We act, then, as part of the left wing of the Democratic party in order to change the party itself, to turn it into a new kind of mass political party in America with a democratic left program and the active participation of forces for social change.³

Co-founder Heather Booth has a similar view. A brochure of her Midwest Academy, for instance, states that:

The challenge of this decade is to develop a majority movement of everyday Americans who can take control of the forces that shape our social, political, and economic lives...to unite people in step-by-step campaigns where our collective strength wins concrete improvements and begins the job of redistributing social wealth and power.⁴

Despite such open, unambiguous statements by CLEC founders, the American public--and many key decision makers--remain largely unaware of CLEC's socialist roots and goals. They tend to see CLEC as a "consumerist" organization concerned with keeping consumer prices low--an image CLEC carefully cultivates. CLEC also works at its reputation as a "public interest David" taking on the "corporate Goliath." However, given CLEC's close ties with powerful labor organizations, such as the National Association

² Welcoming letter to participants distributed at C/LEC organizing conference, April 1978.

³ Michael Harrington, "Toward a Socialist Presence in America," Social Policy, January/February 1974, p. 8.

⁴ Goralski, op. cit.

of Machinists, and with labor related groups, including the National Council of Senior Citizens, such a self-characterization is a complete fiction. Indeed, CLEC has grown from the original 60 members to some 220 groups, and the activities sponsored by the group and its affiliates now boast a \$12 million annual budget and a combined staff estimated at 1,500. (See Appendix for list of associated groups represented on CLEC's Board of Directors, as cited in Robert Goralski, C/LEC: Citizens Action in Action.)

There is little doubt that the CLEC coalition can marshal human and economic resources at least equal to the lobbying efforts of its targets in the corporate sector. Moreover CLEC's generally sympathetic treatment in the media means that rather than being a "David," it in fact is now the "Goliath."

An important development in gaining credibility was CLEC's December 1981 merger with Energy Action. Energy Action director Jim Flug--a former aid to Senator Edward Kennedy--had been a member of CLEC's board of directors, so to some extent the merger merely formalized an existing relationship. Energy Action, which had enjoyed considerable influence on Capitol Hill, had been dealt a serious blow during a congressional hearing when it was forced to admit that it was funded by a handful of large contributors. This destroyed Energy Action's claims that it spoke for the "people."

At this time, CLEC had little real research capability of its own and relied heavily on the Energy Action for statistics and analyses. By merging, the two organizations pooled their strengths. CLEC gained a much needed research capability, and Energy Action could henceforth claim to represent the views of CLEC's members.

CLEC'S FUNDING

Initial funding for organizing CLEC was a \$20,000 grant awarded to the Midwest Academy by the Stern Foundation. A private foundation, headed by Phillip M. Stern, it contributes frequently to radical causes. The Ottinger Foundation also gave the Midwest Academy \$15,000 to help create CLEC.

But CLEC also has been funded by the American taxpayer. It has received some \$288,490 in federal grants and contracts between 1979 and 1981.⁵ It enjoyed, moreover, the services of eight VISTA volunteers. These grants are only the tip of CLEC's federal dollars iceberg. Many of its constituent organizations also receive large federal grants not reflected in CLEC's audits and reports.

⁵ Eye On the Bureaucracy (Vienna, Virginia: The Conservative Caucus Education and Research Foundation, January 1984), p. 2.

Chicago, Illinois 60614...While the commonality of address deserves consideration the substantive question is whether or not there is in fact genuine organizational separation between CLEC and the Midwest Academy.

What makes this memorandum more significant is that it was written during the Carter Administration--which was far more sympathetic to organizations such as CLEC and the Midwest Academy than has been the case of the Reagan Administration.

In the same memo, Pasymowski noted that "...CLEC conducted a Regional meeting several months ago to develop its Coalition. The meeting was conducted in Cherry Hill, New Jersey, which is one of the wealthiest communities in the country, a place where low income people are not likely to frequent."

The Reagan Administration has eliminated grants to CLEC. Ironically, this forced the organization to develop a money-raising technique that has turned out to be not merely a lucrative source of funds, but also an effective means of spreading CLEC's gospel across a broad segment of the population--by door-to-door canvassing.

THE CLEC CANVASS

According to the organization's claims, some 1,000 canvassers reach 50,000 homes nightly, taking CLEC's message to neighborhoods throughout the U.S. Although based primarily in the urban areas of the northeast and in the midwest, CLEC has established canvass operations in some southern states, particularly Virginia.

CLEC canvassers ask homeowners for contributions to help keep utility bills low. They work from a prepared text, which couches the issue in simplistic terms. It is understandable that many people, burdened with rising utility bills, are more than willing to give \$5 or \$10 to apparently sincere and eager young people soliciting contributions for a campaign to "do something." What CLEC does not tell its contributors is that most of the canvassers are not volunteers, but are paid, some on a salary basis and others on commission. In Virginia, for example, CLEC's affiliate, Virginia Action, requires its canvassers to sign a contract covering such things as dress, hours, sick leave, excused absences, and so forth. It stipulates that the canvassers can keep 40 percent of the first \$400 they collect, and 50 percent of the amount above that. Reportedly, Virginia Action canvassers must also meet a \$400 weekly quota, or they are fired.

If CLEC's claims are accurate, simple arithmetic shows the enormous fundraising potential of its canvass effort. Assuming that canvassers collect only their minimum quota, CLEC would realize a \$12.5 million net income, while reaching some 15 million households in the course of the effort. So much for CLEC being a "David."

CLEC'S ORGANIZING PHILOSOPHY

As an outgrowth of the Midwest Academy, the CLEC organizational approach owes much to long-time union organizer Saul Alinsky, author of Rules for Radicals.⁶ He argued that "community organizing" is the key to effecting radical social change in America. He emphasized that organizers should focus on what he termed the "have somes, want mores," i.e., the middle class. To do this, he said, the organizer first must develop credibility with these people, so that they would be receptive to the radical principles espoused. He therefore counseled that the organizer should find an issue of local importance around which to mobilize the community--say the need for a stop sign at a dangerous intersection. Once the organizer had won victories on such local issues, he would have the credibility to promote his real agenda.

Heather Booth, like many other CLEC activists, served her political apprenticeship in the civil rights and antiwar movements. Active with Students for a Democratic Society (SDS), Booth initially eschewed Alinsky's low-profile approach. But she came to recognize its tactical merit and founded the Midwest Academy to train community organizers in Alinsky's technique. As Bill Thompson, founder of Massachusetts Fair Share, a CLEC organization, put it, "No Ho Chi Minh, Kim Il Sung, Che, we tried to get back to the real everyday things, to a calm style. We switched issues from Vietnam and Cambodia, and just moved into the community."⁷

By so changing their approach, the radical community organizers of CLEC were just acknowledging one of the crucial lessons of the Vietnam War protests: winning requires the support of a broad spectrum of mainstream America for whom the rhetoric of the radical left is simply unacceptable. Gale Cincotta of National People's Action makes the point that this strategy is "not as dramatic with everybody out in the streets, but it's steadily gaining strength in every city and state. The base was there...."⁸ In dealing with that base, of course, CLEC and its affiliates are careful to avoid "buzzwords" that might be a tipoff to their real orientation.

An example of their Orwellian doublespeak is found in the use of the term "economic democracy." Derek Shearer, a former editor of Ramparts magazine, discussed the use of the phrase at a 1981 conference sponsored by Ralph Nader in Washington. In counseling attendees to use the term "economic democracy" instead of making direct references to socialism, Shearer noted that:

⁶ Saul Alinsky, Rules for Radicals: A Practical Guide for Radicals (New York: Random House, 1971).

⁷ Goralski, op. cit.

⁸ Goralski, op. cit.

while we can't use the "S" word [socialism] too effectively in American advertising, the word "economic democracy" sells. You can take it door to door like Fuller brushes and the doors will not be slammed in your face. So I commend it to you for those who are willing to compromise on the "S" word.

CLEC's leadership apparently has taken Shearer's advice to heart. Even though some of the organization's founders, such as William Winpisinger, who describes himself as a "seat of the pants socialist," and Michael Harrington, who founded the Democratic Socialist Organizing Committee, are avowed socialists, the term "socialism" does not appear in any CLEC publication.

A major advantage of this obfuscation has been that it enables CLEC to join coalitions with groups that would be unlikely to affiliate with an openly socialist organization. During the recent natural gas debate, for example, some large utility companies actually donated funds to help finance CLEC activities on the decontrol issue. Were CLEC perceived to be a socialist organization, the firm's stockholders would no doubt have objected.

CLEC AND ENERGY ACTION

Among the most controversial aspects of CLEC activities are the studies produced by its affiliate, Energy Action. This group repeatedly has been accused of making inaccurate and misleading statements in its publications. A frequent charge is that it embellishes its figures or that its arguments violate basic economic principles. While such practice is not unusual in the cut and thrust of politics, Energy Action and CLEC enjoy a relatively sympathetic and uncritical press. As a result, many of their questionable figures become part of the conventional wisdom and are cited without attribution.

Although the controversy over Energy Action statistics has existed as long as the organization itself, the dispute has received little press attention until quite recently. After issuing a report projecting local increases in natural gas prices this winter, the organization found it necessary to withdraw the study, admitting that the analysis was faulty and the conclusions inaccurate. Yet the conclusions contained in the report were already being widely quoted by major news organizations. While this is the first time Energy Action has actually admitted such failings, its critics contend that similar flaws are to be found in many of the organization's other studies.

One of the most frequently cited examples of Energy Action inaccuracies was the assertion, made in a March 1979 study, that oil decontrol would lead to oil prices of as much as \$872 per barrel. Although no credible economist associated himself with the assertion, the figure was reported without comment in many newspaper and television stories and thereby given credence. A

close analysis of the study's methodology indicates that the figure was determined on the basis of questionable assumptions regarding the supply response of decontrol and the likely price performance of the oil market following decontrol. All of the anticipated costs resulting from these assumptions were then assigned to a very small increase in oil production.

In a February 1981 study, The Decontrol of Natural Gas Prices, Energy Action projected that, if natural gas prices were to be fully decontrolled, the resultant cost would be the equivalent of \$60 per barrel wellhead price for oil. Again, no credible economist following accepted methodology would make such an assertion. Yet, as in the case of Energy Action's wild prediction of the effects of oil decontrol, the figure has been quoted widely in the press--in some cases without attribution--with the resulting implication that it was highly reliable.

When questioned about the \$60 per barrel figure by an investigative reporter for Reason Magazine, Energy Action Director Ed Rothschild admitted that the number was too high. Energy Action, however, has yet to correct its mistake--even though the figure is still quoted in the media.⁹ Rothschild's lack of concern is no surprise to those familiar with the group. Critics of Energy Action's work often have prepared detailed analyses of its statistics and conclusions, citing specific inaccuracies and misstatements, which the organization simply has ignored.

Energy Action may refuse to acknowledge such criticism because of its political philosophy and CLEC's attitudes concerning the energy market. This philosophy was best summed up by David Moberg, who writes, "...energy supplies and prices are too important to leave in corporate hands. Both must be controlled by government in the public interest to assure equity, to minimize disruption of communities, to promote conservation and renewable energy sources, and to minimize monopoly power." In other words, nationalization of the energy industry. Moberg goes on to quote Bob Creamer of the CLEC affiliate, Public Action, as attributing the energy crisis to "basic economic arrangements," which had to be challenged. Ultimately, Creamer asserted, "...the current domination of energy policy by private corporations will seem as absurd to our grandchildren as slavery or monarchy now seem to us."¹⁰

Many observers assume that CLEC will disappear once the natural gas debate is concluded. Nothing could be further from the truth. CLEC was active in a wide range of issues at state and federal levels long before natural gas decontrol became a political concern, and it still maintains an active interest in

⁹ Milton R. Copulos, "Inflammatory Rhetoric," Reason, August 1983.

¹⁰ David Moberg, "Activists Regroup for Reagan Years," In These Times (Chicago: Institute for Public Affairs), December 10-16, 1980.

many issues other than natural gas. CLEC activists have been behind efforts to increase taxes on petroleum companies at the state level, for instance, while prohibiting firms from passing the cost of these taxes through to the consumer. CLEC has also advocated retail petroleum divorcement (prohibiting the operation of service stations by integrated oil companies), and it has been involved in a host of other anti-oil crusades. Indeed, CLEC already seems to be gearing up for the next round of attacks on "Big Oil" that will follow the natural gas debate.

CLEC'S UPCOMING AGENDA

CLEC has taken a strong interest of late in water quality. Like natural gas, "clean water" is an issue ideally suited for exploitation through CLEC's local organizing techniques. Although federal funds pay for much of the cost of water pollution control, the facilities that operate the controls are located at the local level. This enables CLEC to coordinate a lobbying effort aimed at both state legislatures and the Congress. Such a twin-level strategy fits the CLEC mode. In effect, the group frequently has tested legislative proposals at the state level before proceeding with them to the federal level.

Unitary Taxation

Another issue in which CLEC is now playing a major role is "unitary taxation." This refers to tax law rulings and legislation that allow states to tax the earnings of multinational corporations on the basis of their worldwide operations, rather than being limited to those that occur within the particular state. The effect of unitary taxation is to increase greatly the tax burden on such firms--and ultimately on the consumer. For example, the state of Florida, which recently enacted such a proposal, expects an annual \$100 million in new tax revenues.

Utility Boards

In many states, CLEC affiliates have been promoting Citizen's Utility Boards. These are state funded entities, which supposedly act as people's advocates before public service commissions. In practice, the "Board" becomes a state funded staff of lawyers, which opposes all utility rate increases. Such boards also serve as a means for CLEC spokesmen to gain prominence and respectability as "friends of the consumer"--at taxpayer expense.

The 1984 Election

CLEC can be expected to take an increasingly active role in the 1984 congressional elections. Several members of the House Energy and Commerce Committee apparently have been targeted for defeat by CLEC; others undoubtedly will be subjected to grass-roots pressure to convince them to vote in accordance with CLEC positions. Given CLEC's active and sophisticated grass-roots

network, its radical forces may prove to be a significant factor in some key elections.

WHAT TO DO ABOUT CLEC

Free and open debate is essential to American democracy. Participants in this debate, however, have a moral obligation to engage in the exchange honestly. CLEC's pattern of using exaggerated statistics and its determination to withhold from the public its underlying philosophy and goals fail to meet this obligation. This may be CLEC's Achilles' heel. If so exposed to U.S. society, mainstream America would reject CLEC's hidden agenda. The most effective tool to counter its misstatements and programs, therefore, is to let the people know where CLEC really stands and what its leadership really wants to achieve.

There has been hesitancy to confront CLEC and its claims on the part of many corporate executives. This is understandable, given CLEC's cozy relationship with the media. But to remain silent is a serious tactical error by business. By failing to challenge CLEC vigorously, executives lend it respectability. In so doing, they may be contributing to their own demise. The simple fact is that CLEC sees all of corporate America--not just the energy industry--as the enemy. The corporation and the profit motive are, in the eyes of CLEC founders, immoral and responsible for most of society's ills. Their ultimate objective therefore is the elimination of business and industrial corporations from U.S. society.

The U.S. business community must respond to CLEC's radical threat by making the public case that the American free enterprise system has brought greater benefits to more people than any other in the history of man. To defeat CLEC's agenda, the best weapon is to tell the story of free enterprise. Failure to tell this story will allow the CLEC image of free enterprise to prevail--and to invite increased government control and planning.

Milton R. Copulos
Senior Policy Analyst

APPENDIX
CLEC Associated Groups

Amalgamated Clothing and Textile Workers Union (ACTWU)
New York, New York

American Federation of State, County and Municipal Employees
(AFSCME)
Washington, D.C.

Campaign for Economic Democracy (CED)
Los Angeles, California
(Branch offices in San Diego, Oakland, and Sacramento, plus 30
local chapters throughout the state.)

Citizens Action
(Citizens Action Organizing Committee--CAOC)
Cleveland, Ohio

Citizens Action Coalition of Indiana
Indianapolis, Indiana

Connecticut Citizen Action Group (CCAG)
Hartford, Connecticut
(Branch offices in Willimantic, East Hartford, Meriden, Waterbury,
Stamford, Derby and Danbury.)

Consumer Energy Council of America
Washington, D.C.

Energy Action Project
Washington, D.C.

Illinois Public Action Council
Chicago, Illinois
(Branch: Champaign, Illinois)

Iowa C/LEC
Address unknown

Kansas City C/LEC
Address unknown

Massachusetts Fair Share
Boston, Massachusetts
(Branch offices in Lynn, Springfield, Lowell, Worcester and Fall
River.)

Mountain Plains Congress of Senior Organizations
Address unknown

National Clients Council
Washington, D.C.
(Fifty-two state groups)

National Community Action Agency
Executive Directors Association
Washington, D.C.

National Education Association (NEA)
Washington, D.C.

Northern Plains Resources Council
Billings, Montana

Ohio Public Interest Campaign (OPIC)
Cleveland, Ohio
(Branch offices in Columbus, Cincinnati, Akron, Dayton, Toledo
and Youngstown.)

Oil, Chemical and Atomic Workers International Union (OCAW)
Denver, Colorado

Operation PUSH (People United to Save Humanity)
Chicago, Illinois

Oregon Fair Share
Portland, Oregon
(Sixteen local chapters)

Public Citizen
Washington, D.C.

Rural America
Washington, D.C.
(Branch offices in Des Moines, Iowa; Austin, Texas; and Jackson,
Mississippi.)

Service Employees International Union (SEIU)
Washington, D.C.

Sheet Metal Workers' International Association (SMWIAO)
Washington, D.C.

Solar Lobby
Washington, D.C.
(Branch office: Santa Monica, California)

State and Local Leadership Project
Chicago, Illinois

United Automobile, Aerospace and Agricultural Implement Workers
of America (UAW)
Detroit, Michigan

United Electrical Radio and Machine Workers of America (UE)
New York, New York

United Food and Commercial Workers International Union
Washington D.C.

West Virginia Citizen Action Group
Charleston, West Virginia

Wisconsin C/LEC
Address unknown

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International Association of Machinists and Aerospace Workers
(IAM)
Washington, D.C.

National Council of Senior Citizens
Washington, D.C.

