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Edited by MICHAEL HARRINGTON

How real is the energy crisis?

By MICHAEL HARRINGTON

At a recent meeting in Washington, D.C., leaders from six international unions with a variety of jurisdictions (industrial, public employee, the airlines) were in remarkable agreement on their rank-and-file's attitude toward the energy crisis. Everyone reported that the workers did not blame Israel or the Arabs but the oil corporations and the United States government. And they were convinced that the crisis is a phony, contrived by the companies to maximize profits.

Finally, the trade unionists were also in agreement that because of the energy crisis, new political departures are possible. The membership, they said, was more open to serious critiques of corporate power than at any time in recent memory.

Because I share this estimate of the political potential of the present moment, I want to go into two aspects of the current crisis. Is it really "real"? and precisely how should the attack on company profiteering be made? Although the citizen in the street has missed some of the issue's complexities, I believe he or she has understood the essential point about it: that corporate priorities have been substituted for the public good.

First, is the crisis real? The answer is yes and no.

It is clear that our current plight is not the result of some "objective" energy limits. There is an enormous amount of oil in the world and tremendous energy potential in other resources. The shortages which we face are the result of a united front of the government and the oil companies to support corporate priorities. Readers of the NEWSLETTER have seen this allegation documented in detail in the September and December issues, so here I will only summarize the evidence. Federal tax policy, particularly the depletion allowance and the 100 per cent tax deduction for foreign taxes, turned the companies into an internal revenue service for the Middle Eastern powers, motivated them not to develop refinery capacity even as demand soared, and allowed the majors to drive the independents out of business.

At the same time, Federal import quotas from 1959 to 1972 denied America access to cheap Middle Eastern oil without strings and eventually helped make us dependent on expensive foreign crude with strings. This "drain America first" policy also maintained a high, protected price for domestic American produc-

tion which cost consumers billions a year. The policy of putting the companies first and the people last set the stage for the present crisis.

Secondly, there is no question that the corporations are manipulating the crisis for their own ends. As a Senate Committee recently reported, in March and June of 1971 both Washington and the industry acknowledged impending shortages in refinery capacity

(Continued on page 6)

'Peace' rages on in Vietnam

By WILLIAM SIMPSON

On January 23, 1973, President Nixon announced the signing of the "Agreement on Ending the War and Restoring the Peace in Vietnam." The ceasefire-in-place was to have begun Saturday, January 27.

What has happened in the year following the truce?

Casualties: In spite of all the Agreement's "in-place ceasefire," military groups on all sides have not ceased firing nor remained in place. The Thieu regime announced in December that in the past ten months, 40,437 Communist troops had been killed, 11,293 of its own soldiers were killed, and 50,845 troops were wounded. The figure for the dead "Communist troops" is undoubtedly inflated, but the total of war casualties during the truce is almost 100,000.

Cease-fire Violations: The level of fighting remained relatively low during the spring and summer of 1973, but the number and intensity of attacks increased last fall and this winter back to the level of full-scale war. The International Commission for Control and Supervision can't investigate truce violations largely because the Provisional Revolutionary Government (Communist government for the 10 per cent of South Vietnam that they controlled at the time of the Agreement) won't allow investigations of particular violations, either Saigon's or its own. The general consensus among reporters and students of the war is that the Saigon troops are the immediate cause of at least half of the cease-fire violations.

Militarization: At the time of the Agreement, the

(Continued on page 2)

Vietnam . . .

(Continued from page 1)

ground troop strength of the PRG and DRV armies was said to be 140,000. By December, this had increased to 170,000 (one estimate is 200,000), backed up by 700 new tanks, heavy artillery, surface-to-air missiles, an extensive new road system, storage for food and arms, and a rebuilt port at Dong Ha. The largest mobile part of this organization is deployed in areas around Saigon. The United States Congress has authorized a 1,126 million dollar Military Assistance Program for South Vietnam for fiscal year 1974 (the Nixon Administration requested \$1.6 billion), plus \$651 million in economic aid (\$176 million of that is for the Food for Peace program, which was converted into military and police funds by Thieu, under the guidance of the U.S. AID mission). So Thieu's control and his "Democracy" Party control are guaranteed by a 1.1 million man army, 4 regiments of M-48 tanks, 400 Chinook and Huey helicopters, 36 C-136 transport aircraft, and 200 F5A and F5E fighter planes. Somewhere between 6,000 and 10,000 American civilian technicians and retired, sport-shirt-wearing Pentagon officials work for the Saigon government, paid for by U.S. Department of Defense funds, to keep this arsenal oiled, organized, and engaged in "nibbling operations"—air force, rocket and artillery attacks against PRG-held territories.

In the earlier months of last year, it was plausible to hope that the PRG would respect the Agreement as signed, press for free movement from zone to zone and freedom for political prisoners, try to prevent cease-fire violations by their own troops and overlook at least minor violations by Saigon troops, and seek elections to be held under the direction of the Agreement's Council of National Reconciliation and Concord. As Frances FitzGerald argued (*Washington Post* January 28, 1973), they believed that South Vietnam was an ungovernable disaster area, economically, socially and ecologically, so they would not work immediately to overthrow Thieu, but concentrate on consolidating and expanding political gains while Thieu's political support weakened and his economy collapsed. D. Gareth Porter has similarly argued that the central concern of the PRG has been to free itself from military harassment in order to begin the "protracted, difficult, complex" political struggle. Those are the same terms used to describe the NLF work in the South in 1956-59. These terms mean to communicate to the party followers, says Porter, that a political and not a military solution to the struggle will be sought.

There has never been much room for misunderstanding the Thieu regime's policies: its very survival depends on maintaining a state of military hostility, subverting any moves toward a political settlement, and exacting severe political repression internally. Thus on December 29 Thieu was reported to have stated flatly, "There will be no general election in South Vietnam as called for by the Paris cease-fire agreement." (*Washington Post*, December 30) His

administration has consistently harassed and publicly denied the existence of the urban third force, those potential groups of neutralist, nationalist citizens that would probably not support Thieu or the PRG in elections and would advocate disarmament if they became openly political.

The brute facts seem to prove that the Communist political strategy is not working well, the South Vietnamese army is not deteriorating, Thieu's political base is not substantially weakening and while the government is weaker than it was a year ago, it is not on the verge of collapse.

The main point of discussion in Saigon and Washington during November and December was "Would the Communist forces strike the urban areas in an all-out offensive? And if so, when?" The PRG will probably rely increasingly on a military strategy for South Vietnam. To "smash the Saigon forces' nibbling operations, and to firmly maintain the revolutionary administration," which the *People's Army Review* stated is the Communist military mission, full scale warfare will be the policy. Thieu's strategy will be the same, and he will name the largest military operations with absurd Pentagon neologisms: punitive protection, advance strike, defensive offense, truthful lies. . . .

The strongest argument for expecting some kind of Communist offensive is that, with the U.S. ground and air forces removed, they can win—for a price—and they know it. The question remaining for the PRG is what would be "won" by such a strategy. □

Spanish workers jailed

After eighteen months in the Carabanchel prison on the outskirts of Madrid, 7 Spanish metal workers, a lawyer-journalist, a taxi-driver and a construction worker-priest were convicted, on December 29, 1973, for the "crime" of "illicit association having the character of an illegal workers' assembly."

The trial was held before the Tribunal of Public Order, a court for political crimes which does not require witnesses or evidence. The crime they were accused of was engaging in workers' organizations independent of the Government's *syndicates*.

Though the defense had asked to call 32 witnesses, it was allowed to call only 16. Because of the arrests and right-wing violence which followed the assassination of Premier Carrero Blanco, on the day the trial began, only three dared to appear in court.

The defense made two points. First, it was not proved that the Carabanchel Ten had met as leaders of the Workers' Commission movement. Second, if they had so met, such a meeting could not constitute a crime under the Universal Declaration of Human Rights or the Covenant of the International Labor Organization, both of which guarantee the right to form free labor unions.

The defendants were given sentences ranging from twelve to twenty years.

Readers who want to express support for the Carabanchel 10 in Spain should write to Amnesty International, 200 West 72 Street, New York, N.Y. 10023.

AFT fight: Who's teaching whom?

By RICHARD LEWIS

While populism and participatory democracy are replacing one-person rule in the United Mine Workers, the opposite seems to be occurring in another union—the American Federation of Teachers. The long-simmering dispute between AFT President David Selden and Albert Shanker, president of the AFT's largest affiliate, the United Federation of Teachers (Local 2 in New York City) has boiled over once again, and it looks like Shanker will be the winner.

On Dec. 7, Shanker, who also sits as first vice-president of the AFT, called a special meeting of the union's 20-person executive council in New York City (it usually meets in Washington, D.C., where AFT headquarters is). At the meeting, he pressured a heavy majority of the council to join him in demanding Selden's immediate resignation, though Selden's third two-year term doesn't expire until August. Shanker's weapons were classic. There was the implicit reminder that as a Shanker loyalist, you don't need a friend at Chase Manhattan if your local has strike costs or fines to pay—you can count on Shanker and the \$15-million annual New York State United Teachers budget for help. (Your alternative is to take a chance on getting a little something from the smaller, heavily restricted \$8-million budget of the parent AFT.) There was also Shanker's aura as the union's political fortune-broker. Since 208,000 of the AFT members come from New York, he commands about half of the AFT's convention delegates. So, if you're an AFT council member with financial worries or political ambitions, you back Shanker. Only four council members dared not to in the Pearl Harbor Day attack on Selden.

To Shanker's surprise—and to almost everyone else's—Selden didn't step down. The 59-year-old AFT president is an easy-going professorial type, who rides his bicycle 12 miles to work and is given to rambling, homily-filled discourses. He generally has no stomach for internecine warfare. Yet, at a press conference Dec. 19, he issued a four-page statement, the gist of which was that Shanker was "too big for his britches." Selden declared he would tough it out until at least the union's August convention; he hired Joe (Miners-for-Democracy) Rauh as his lawyer; and he announced the formation of Teachers' Cause, a new, loose, rank-and-file caucus. Selden hasn't said so, but all indications are that he wants to run once more.

What lies behind the bitter feud between these two former comrades of the early days of teacher militancy?

Shanker publicly bases his oust-Selden drive on allegations that Selden broke discipline in the current merger talks with the 1.2-million-member unaffiliated National Education Association (NEA). The real struggle between the two runs much deeper. They represent opposite sides in the labor movement debate over questions like the future of the Democratic Party, U.S. foreign policy and internal union democracy.

Selden was one of the trade-union presidents who

actively campaigned for Senator George McGovern in 1972. Within days of his nomination, McGovern spoke to the AFT national convention in St. Paul. Delegates cheered widely and gave him a near-unanimous endorsement, over the opposition of Shanker, who wanted a membership referendum, which would have effectively delayed any endorsement until close to election day. That fall, Selden spent much of his time stumping for McGovern before union and education audiences. AFT publications promoted the McGovern platform, and members sent in money for his campaign.

Shanker, on the other hand, withheld his support and the UFT's money from the AFT convention mandate, and, like Meany, stayed "neutral." He criticized McGovern and Nixon equally in one of his series of paid advertisements in the *New York Times*. After the election, in another ad, he waxed enthusiastic over Nixon's choice of Pete Brennan as Secretary of Labor.

The AFT's support of McGovern was only one of several positions that annoyed Shanker and apparently moved him to accelerate his drive for union leadership. In recent years, usually over his opposition, AFT conventions took stands for the immediate withdrawal of U.S. troops from Indochina; for AFT affiliation to Labor for Peace (Selden served on its board with leaders of the UAW, AFSCME, the Meat Cutters, and other unions out of grace with Meany); for defending the due-process rights of Angela Davis while she was still in jail without bail; for the Equal Rights Amendment at a time when the AFL-CIO was against it; for affirmative action to increase the numbers of females on college faculties; and so on. The AFT's civil-rights program focused on eliminating racism and undoing the racial imbalances on school faculties; it did not follow the tread-lightly Meany-Brennan line.

Few of these positions ever got much beyond AFT convention rhetoric or publicity in the union's newspaper, but to Shanker and the ideologues of Social Democrats, U.S.A. who comprise some of his key staff, the AFT's unorthodoxy on such issues proved embarrassing in their quest for influence with the current AFL-CIO leadership. More threatening to them was the fact that, given the highly autonomous nature of the AFT, such convention policies often sparked locals to implement these resolutions. There were AFT antiwar marches; there were petition drives to free Angela Davis; minority-group hiring clauses cropped up in AFT locally negotiated contracts with school boards. All of this was hard for Shanker to stomach.

Except for the McGovern endorsement, few of these "divisive" (as Shanker habitually calls them) policies were initiated by Selden. Selden, in fact, often tried to brake some of them. Most were products of rank-and-filers drawn to the open and democratic AFT conventions. For years, the AFT has had at least two membership caucuses which maintain year-round activity and which offer convention delegates a choice of platforms and candidates. Each presidential candidate traditionally gets space to campaign in the AFT paper.

There is little evidence that such activity ever hurt the growth of the union. The U.S. Labor Department reports that from 1962-1972, the AFT was the fastest growing union in the country. Much of this growth came from Selden's commitment to merge with the NEA; his cajolery and cleverness steered several local and state AFT affiliates—including New York—into merging with NEA chapters. At the same time, the AFT ran a vigorous organizing drive, slotting a major share of its budget each year for recruitment. With most of the nation's big-city teachers already in the AFT, the union recently turned its attention to organizing in the South (it won the first teacher-representation elections ever held in Alabama and Tennessee) and on college campuses (of eight representation elections this year, AFT won five).

Ironically, Shanker built his case against Selden around the merger issue. He accused Selden of compromising the AFT's firm stand for AFL-CIO affiliation by any merged group. Selden actually had proposed a guarantee that the new group produced by AFT-NEA merger not be permitted to withdraw from the AFL-CIO for three years. He saw it as a kind of insurance policy that AFT would not be undercut the day after merger, but his formula came out sounding like a "trial period."

Against this background, Shanker began his efforts to consolidate his power in the AFT about 18 months ago. Among his actions were these:

- Shortly after the 1972 presidential campaign was over, Shanker got the AFT executive council to designate him as the union's choice for a seat on the AFL-CIO executive council. He argued that Selden was unacceptable to the AFL-CIO vice-presidents' "club," because of his pro-McGovern stand. The council voted 11-9 to endorse Shanker. When he learned that AFL-CIO protocol would keep him from an appointment (after all, he was only one of 20 AFT national vice-presidents and AFL-CIO vice-presidencies always go only to one of the top officers of a union), he got the council to designate him "first vice-president" of the AFT, a title which does not even exist in the AFT

constitution. (Shanker finally obtained an AFL-CIO Council seat last October under Meany's sponsorship, although eight AFL-CIO council members voted against him. One current theory as to why he's now demanding Selden's resignation instead of waiting until August is to affirm to the AFL-CIO his role as the leading figure in the AFT.)

- Last spring, Shanker pushed through the council, by then firmly in his camp, a series of proposals to limit union democracy by changing the AFT constitution. The proposals went to a national membership referendum, but only about a fifth of the AFT members voted (most of them in the highly disciplined organizations like the UFT). These amendments (a) eliminated the weighted-voting formula which had for 50 years balanced small-local interests against the bigger locals; (b) made it harder for delegates to amend the constitution by requiring a two-thirds rather than a simple majority vote; and (c) gave each local at the convention the right to vote its entire membership strength on roll-call votes, another departure from weighted voting. At the same time, Selden and 77 locals which backed him offered a motion for the election of the AFT president by the rank and file. That effort to preserve some rank-and-file control was defeated with Shanker's opposition.

- Over the past year, Shanker has moved to politicize the small AFT headquarters staff, which has a collective-bargaining contract with the AFT executive council and which traditionally and by contract is non-political and "civil service." Shanker and his backers seek to remove more than half the staff from the bargaining unit and make them political appointees, serving at the pleasure of the council. The staff union won't agree and has appealed the unit question to the NLRB, meanwhile working under their old contract without a raise since January, 1972.

- Shanker moved for, and won, abolition of the AFT's public-review board—an impartial body of outsiders to which aggrieved union members could turn for relief. The board had ruled against the New York local in a number of cases.

- Most recently, at a January meeting of the AFT executive council, Shanker's now wholly self-confident forces voted to make all union publications subject to a review by a three-person committee of his supporters. This may block Selden's last contact with the AFT membership—his monthly column in the *American Teacher*. The council also gave increased power to Al Loewenthal, assistant to the president, who was appointed by Selden in 1970 but whose loyalties have swung over to the Shanker team.

Shanker's supporters say these moves are designed to make the AFT more efficient. Selden's backers say the AFT is efficient. At the same time that it has preserved a loose, democratic structure, it has fostered an experienced corps of organizers and bargaining experts, its publications have reflected the union's diversity, and it has initiated outstanding insurance and other membership-service programs. Selden cites a recent study by an NEA-associated organization that shows AFT-negotiated contracts to be far better than their

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NEA counterparts.

Shanker has built an effective union in New York City. The main difference between it and the national AFT, however, is not efficiency but the contrast between a monolithic organization and a pluralistic one. Employees of New York's UFT are expected to be politically loyal to the union's administration, and during last year's AFT constitutional-amendment poll, staffers actively marshalled votes for Shanker's position. The UFT leadership perpetuates itself through a slate-voting system, so that if Shanker's Unity Caucus gets only 50.1 per cent of the vote, say, for convention delegates, the entire delegation is committed to his positions. He's taught this lesson to his supporters elsewhere across the U.S., and proportional-representation systems which had in the past sent mixed delegations to union conventions have now been replaced by disciplined blocs. Dissent also has been erased from New York publications; one large Long Island local complained bitterly in a recent newsletter that it had failed in its attempt to open the pages of the *New York Teacher* to dissenting views of members.

Shanker is well-known for his outspoken anti-Communism, but ironically some of the machine-building tactics he uses are reminiscent of those he accuses Communist factions of using in the union in the '30's and '40's. But the line comes from Meany, not Moscow.

Given Shanker's overwhelming power (he's only lost one election, recently—when he ran as an uncommitted delegate to the Democratic National Convention), why is Selden willing to fight, especially

after trying to compromise with Shanker these past years? In the first issue of his Teachers' Cause newsletter (available from 7102 Rebecca Drive, Alexandria, Va. 22307), Selden asks, "Why, indeed? To give up this fight is to give up our integrity—and eventually—perhaps after the merger—we shall overcome. We may not win in August, 1974, but there will be other years, and in the process of articulating our principles and responses to events we will, at the very least, force those in power to be more mindful of the desires of thousands of members who have been silenced by Shankerism."

Merger with the NEA may hold the key to Shanker's eventual downfall. In the merged organization, the AFT wing will have a far smaller power base—probably no more than a fifth of the total membership—than Shanker's forces now have in the AFT. That may be why Shanker moved now against Selden. Merger talks were proceeding too smoothly, and they might have resulted in AFT-NEA unity while Selden was still in the saddle. Now that merger will not be completed by this summer, and probably not for several years. Before Shanker tries to take on the NEA through merger, he needs time to build the AFT into the same tightly disciplined army that he has created in New York. Whether he will have the same success in commanding the loyalty of the 2 million teachers in the U.S. that he has had in the UFT depends on how effectively Teachers' Cause and the other rank-and-file factions in the AFT can build a resistance movement. □

Nixonomics '73 — Pangloss-in-reverse

The old economic fight between liberals and conservatives used to run something like this: liberals argued that an expanding economy with slight redistribution of income was important, even if that brought some inflation. Conservatives would maintain that stable prices were more important, even if keeping inflation down caused unemployment.

In 1973, the argument turned topsy-turvy as Richard Nixon, Pangloss-in-reverse, presided over the worst of both economic worlds. Inflation raged at an annual rate of about 9 per cent through the first three months of 1973, according to a study released January 14 by the staff of the Congressional Joint Economic Committee. That rate was nearly three points higher than "the runaway inflation" which Nixon decried in his January '73 economic report to the Congress. And it compares very unfavorably with the 1.4 per cent average rate of annual price increase throughout the early '60's.

The 1973 inflation also hit harder than usual at the poor and those with moderate incomes, according to the report. The 24 per cent annual rate of price increase for food in the first nine months was sixteen times higher than the rate of food price inflation through the '60's. Housing costs for both renters and homeowners also shot up, as did taxes

on all levels. Fuel prices were rising faster than usual through September as well, but the report notes that fuel price increases in October and November dwarfed the previous increases. The price of home heating oil jumped 15.7 per cent in those two months, and gasoline prices rose at an annual rate of 75 per cent.

At the same time, purchasing power, as measured by real compensation per man-hour, actually declined for the first six months of 1973. For the nine months taken as a whole, real compensation per man-hour (a measurement which includes wages and all forms of fringe benefits adjusted to the Consumer Price Index), rose a mere 0.4 per cent.

The Committee staff sees a bleak outlook for the year ahead: "There is no indication at this time that the rate of inflation will moderate in 1974, and consequently the real purchasing power of consumers is likely to continue to decline. In view of the recent slowdown of economic activity and the energy crisis, unemployment will certainly increase during 1974. This situation of higher prices and fewer jobs will further erode consumer income and confidence, which in turn will add substantially to recessionary prospects in 1974."

—JACK CLARK

Energy . . .

(Continued from page 1)

—but in 1972, the companies *reduced* that capacity in a short term move which could only exacerbate the crisis and, not so incidentally, permit the integrated giants to drive the small operators and filling station owners out of business. Evidence on the public record shows that the companies have consistently lied about their energy resources. The natural gas lobby has been screaming to high heaven that Federal price regulation has kept them from looking for new sources of gas. But one Congressional study showed that actual gas reserves may be as high as 2,175 trillion cubic feet rather than the industry figure of 275 trillion cubic feet. Those new reserves will undoubtedly be “found” at the precise moment that the price restraints are taken off.

Thirdly, it is outrageous that the government must go hat-in-hand to get its information about the crisis from the very industry which helped to manufacture it. In his January 19th energy message, Nixon talked almost plaintively of his ability to sit down with the captains of oil and get their cooperation. Since he has embraced their entire legislative program — on the Alaska pipe line, a deep water port in Puerto Rico and so on—one wonders what they would bargain about.

Clearly, the crisis has been contrived in some considerable measure. And yet, it would be a serious mistake if the whole situation were dismissed as simply phony. It isn't. It is real.

The theory that the crisis is a mere sham has a very conservative implication. If the companies are simply hiding abundant stocks of relatively cheap energy in order to bid the price up, then all one has to do is to bring the conspirators to justice and go back to the old, energy-guzzling way of doing things. Then we can return to the realm of consumer “freedom,” i.e. the rigged market in big cars, the huge Federal subsidies for highways which help destroy the central cities and the lives of the poor who live there, and so on.

The crisis is “real” in the sense that the priorities imposed upon our society by the oil-government complex are indefensible in terms of our domestic life and intolerable in a world in which the poor of Asia, Africa and Latin America are, at this very moment, suffering more than anyone else from high oil prices.

It is dangerous, however, to overestimate the power and the planning genius of the oil industry. If one argues that the crisis is simply contrived by the companies, then one also has to say that the oil industry has decisive political power over the automobile industry, the industrial heart of the American economy (cars, glass, rubber, machine tools, etc.). General Motors, a corporation with some influence over American capitalism, is losing in the present situation. Its inventory of gas-guzzlers is being devalued; so is at least some of the plant technology for building them. If the crisis was a result of a conscious decision by the empire of oil and the American government, it must have been a deliberate attack on the basic economic interest of the empire of auto.

The international impact of the crisis is related to

this point. One present consequence of the situation is that continental Europe and Japan have suffered a very real loss of relative power. Are the oil companies strong enough to prevail over those governments simply in order to raise profit margins? Is George Schulz's

The crisis has been contrived in considerable measure, yet to simply dismiss it as phony would be a mistake.

concern that the entire international monetary system —indeed the world economy itself—is threatened, an idle matter? I can think of no serious model of the world economy which allows one to think that a single industry could impose such enormous costs upon other industries within the United States and upon entire nations simply in pursuit of its own profit.

Moreover, it is wrong to overestimate the “rationality” of the oil conspiracy. The plot theory assumes that the industry was totally in control of the situation, in America and in the Middle East, and that it coolly manipulated a complex of factors for its own selfish purposes. In fact, the companies were caught off balance along with everyone else. They hardly created Qaddafi or encouraged the Saudis to move “left.” Indeed, there are credible reports that Aramco is recklessly pumping its Saudi fields at a destructive rate in anticipation of imminent nationalization.

That the companies moved at every point to exploit their private and profit-making interest is obvious. So is the fact that they enlisted the cooperation of the American government in carrying out this anti-social program. But that they were totally in command of the situation is a theory which simply does not square with the economic and political facts.

But finally, there is an ironic twist in my analysis. Whether one believes, as I do, that there is a basic, underlying energy crisis which has been utilized by the corporations where they could do so, or whether one thinks that the whole situation is a creation of the companies, the political conclusion should be the same. There must be a democratic assault on the intolerable minority power of the empire of oil. There must be new ways of making basic energy decisions—in public, not in the board rooms—and a new content to those decisions.

Consider the question of profit. The companies, as everyone should know by now, have been making enormous profits in the past year or so. But they are developing an ingenious defense of this bonanza which the democratic Left must take seriously. If we simply attack oil profits as if they led to tycoons lighting cigars with hundred dollar bills, we will miss the nub of the argument—and lose the political debate.

As far back as 1919, John Maynard Keynes, that most shrewd of capitalist reformers, commented that, if the main purpose of profits were to provide for the needs of millionaires, “the world would long ago have found such a regime intolerable.” The great justifica-

tion for profits is that they serve as a source for capital accumulation and thereby for increased productivity, jobs, and the like. Indeed, for more than a century, defenders of the economic status quo have pictured capitalism as a system of production for use. In that idyll, profits serve simply to enlarge the national pie.

That is, of course, precisely the case which the oil corporations are making right now. Z. D. Bonner, the President of Gulf Oil, told the Jackson Committee last month that "we are faced with a serious long-term shortage because the capital investment in energy has been inadequate." Bonner's point is, as we have demonstrated at length in the NEWSLETTER, nonsense. But it is the rationale for demanding even higher profits—not out of corporate greed, you see, but only because the selfless companies want to develop new sources of energy for us.

So the democratic Left cannot say that profits simply go to "champagne baths, bubble dancers and high living," a position caricatured and derided by the *Wall Street Journal*. Some profits do go to such purposes, but some don't. It is the latter which allow the oil corporations to masquerade as philanthropic institutions interested in profits only to facilitate greater service to humanity.

In any modern economic system—whether capitalist, Communist or genuinely socialist—part of the current output must be put aside for depreciation and new investment. That does not mean that private corporations are the best, the most socially conscious or even the most efficient mechanisms to make those choices. It is an affront to democratic principles when Mobil asserts (as in its recent advertising campaign) that oil corporations need higher profits so that they can decide how to invest \$1 trillion over the next fifteen years. That proposition is as inefficient as it is anti-social.

The companies have numerous "perverse incentives" to make the wrong energy decisions on behalf of the American people, who never elected them to anything. The oil giants, Mineworkers President Arnold Miller has pointed out, own all sources of energy in America: coal, natural gas, shale oil leases and so forth. When these integrated and monopolistic outfits approach an investment decision, they approach it on the basis of what will maximize return on the resources they already hold, not on the basis of what the public needs. If it would improve their position, they would strip mine the West, ravaging the environment there, while Appalachian coal sits in the ground, condemning the people there to an even more bitter poverty.

Would the companies put billions into developing solar energy if that would render some of their present holdings unprofitable? Would they take social costs into account when considering strip mining and solar energy? The evidence of recent decades is overwhelming. The oil majors have resisted internalizing any social costs until forced to do so by the threat of imminent public action—and then they have forced the public to pay for television commercials describing their great compassion for the environment and the safety of fish.

Secondly, the private sector cannot make innovative energy investments for economic reasons. As a Senate Finance Committee study last November asked, if the United States brings in new production at \$5 to \$7 a barrel "and the Arab nations then drop the price to \$4 a barrel, where will the American producer stand?" Who thinks that the companies will make any bold new departures that might make them vulnerable to an OPEC price war?

These structural imperatives within the oil industry make it impossible for the oil majors to make investment decisions that are either social or efficient. Therefore, the basic investment priorities for the next fifteen years should be set by the Congress and the President, not by the Boards of the oil majors. In his energy message on January 19, Nixon, typically, got all of this backward.

Nixon proposed to lower environmental standards, to cut some, but only some, of the overseas tax advantages and to let the domestic depletion allowance stand. His attack on "windfall profits," the *Christian Science Monitor* concluded, would not cost the companies anything. But his excise tax on crude oil (which he demagogically calls an excess profits tax) promotes the oil companies' favorite lie. Nixon stipulated that the "excess profits tax" would be lifted if the companies agree to invest in production a sum equivalent to the tax. Since that is precisely what the oil majors have already announced that they intend to do, it is no tax at all. It is, rather, a trick to fool the voters while Nixon completely abdicates the responsibility to assert public decision-making power over the priorities of the corporate elite.

There is, then, a real energy crisis which has been manipulated to suit industry purposes. The crisis offers the possibility of achieving some structural reform to reduce the power of the corporations over American society. For that reason alone, the crisis must be taken seriously. The democratic Left must counteract the philanthropic rationale for private profit and point out that the companies are perversely motivated to make anti-social choices. We want democratic determination of priorities, an end to all tax advantages for the oil giants, and a vast expansion of the public sector. The Stevenson proposal for a public energy corporation to develop all energy resources on federally owned land is a good first step. But it is only a first step. □

Newsletter of

THE DEMOCRATIC LEFT

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Jimmy Higgins reports . . .

FORTY PER CENT of the country's domestic oil supply is controlled by an obscure three-member body known as the Texas Railroad Commission. Commission members are elected to six year terms in notoriously low-turnout elections. Like most Regulatory commissions, it's a consistent servant of the very interests it's supposed to regulate. So, when the Commission must decide who gets a drilling permit, or how far the environmental damage can go, or (most important of all) what the optimal rate for extracting oil from the well is, a call to one or more of the oil "majors" settles it.

BUT THERE'S A PROBLEM. His name is Mack Wallace and he was appointed by his old college chum, Governor Dolph Briscoe, to fill a vacancy on the Commission. Wallace, a long-time liberal activist in Texas politics, has been a nuisance to the oil companies. Two to one votes are becoming more and more commonplace on the Commission.

BUT THAT 2-1 MAY BREAK the other way in a few months. Wallace will be up for election this year, but so will Commission chairman Jim Langdon, a reliable majors man. And lining up to oppose Langdon is Sissy Farenthold, who got 46 per cent of the vote in the '72 Gubernatorial primary and was a leader in the Texas delegation to the '72 Democratic National Convention. She is far better known than Langdon, though of course, she's not as well-funded. The Democratic primary is May 4, and Farenthold supporters are hoping to build a strong, nationally-oriented, public interest campaign. If they succeed, it will be a breakthrough in the politics of energy, and a guide for the rest of us.

AFL-CIO SHAKE-UP—After thinking it over for a couple of months, W. J. Usery, head of the Federal Mediation Service, turned down George Meany's offer to run the new AFL-CIO Department of Organizing and Field Services. Unhappy about labor's impeachment drive, Usery did not want to give the public impression that he supported Meany's (or anyone else's) dump Nixon efforts. Besides, Usery is proud of his efforts to "stabilize" wages, and wants to con-

tinue his service to the Administration, but in a new capacity—as Secretary of Labor. Present Labor Secretary Peter Brennan, who has been a source of recurring embarrassment to the Administration, will soon announce his resignation.

USERY'S REFUSAL LEAVES A BIG JOB OPEN. Usery, a former Machinist, would have assumed a powerful role in the Federation had he taken the new job. Word was that he'd rank immediately below Meany and Secretary-Treasurer Lane Kirkland. There was even speculation that he could leapfrog over Kirkland to succeed Meany. Now, partly to spite Usery, the job has been reduced in prestige. Acting Director Alan Kistler will probably be offered the permanent position. Kistler is a very able staffer and will most likely do a fine job. But he is not a political power nor is he attached to a powerful bloc in the Federation. He will not rank number three in any practical sense, and no one is speculating about Kistler's succeeding Meany.

THE WILD CARD in the whole reshuffle is Donald Slaiman, the current director of the Civil Rights Department. Slaiman is slated to become the assistant director of the revamped organizing department, and unlike Kistler, he does have links to major Federation power blocs. Slaiman, for instance, built the close relationship between the A. Philip Randolph Institute and the Federation. As Civil Rights director, Slaiman has worked closely with the building trades, and has expended much effort in defending the craft unions against their black and liberal critics.

OF WOMEN AND STEEL—"Women are in an alien country . . . in the mills. It doesn't matter how smart you are or how much seniority you have, if you're a woman, you don't stand a chance." That's what a woman with 25 years in the steel mills told a public meeting in Gary, Indiana last month. The meeting was co-sponsored by the Chicago chapter of the National Organization for Women and Local 1066 of the United Steel Workers. Three other women testified about discrimination and harassment in the mills, and by the meeting's end, a group of thirty women formed a committee to bring the complaints to state and federal anti-bias agencies. NOW Board member Mary Collins Robson drew loud applause from the 100 women present when she called for "a powerful majority coalition" of women, minority groups and labor "to fight for decent jobs and an end to discrimination."

WALTER HELLER, the new president of the American Economics Association, agrees with us. He wants to see public organizations, like the TVA, develop our new energy resources. He's not ruling out nationalization of the oil industry either. Meanwhile the Stevenson proposal (see December NEWSLETTER) has been separated from the Federal Oil and Gas Regulatory Act, and now stands as a bill in its own right. It won't be getting as much attention as the Nixon and Jackson proposals, but it's a promising approach, and strong public support could make the difference. Write your Senators and Representatives.

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