

Newsletter of

THE DEMOCRATIC LEFT

November 1976—Vol. IV, No. 9



Edited by MICHAEL HARRINGTON

NYC hospitals: the crisis of public health care

by LUTHER CARPENTER AND DAVID BENSMAN

New Yorkers have suffered two hospital strikes this summer. Now there is peace. For five whole months there will be no picket lines, no angry *Times* editorials, no patronizing *News* articles about hospital workers—not even any lay-offs. But after the calm the storm will return, for, under the guise of fiscal responsibility, the Ford-Carey-Emergency Financial Control Board (EFCB) assault on public health care continues.

Every day, 20,000 people, most of them poor, receive care in emergency rooms and outpatient clinics at New York's sixteen municipal hospitals. Some are low-paid workers, afflicted with backache, flu, depression or yeast infections; others are feverish children, assault victims, alcoholics and junkies. Another 10,000 sick people occupy the system's beds daily. Despite the fantastic recent growth of private and public health plans, more than half the outpatients and 13% of the inpatients are not covered by medical insurance of any kind. They have nowhere else to turn. The private and voluntary hospitals won't take them; they even "dump" patients who have exhausted their benefits onto the municipal system. The current attempts to dismantle our public health system, closing some hospitals, laying off non-professional employees, and cutting health care quality, *will* soon produce what New York never had before—a completely ghettoized health system, providing inferior care for the poor and dependent patients the non-public hospitals don't want.

"The basic problem underlying the fiscal problem is the fact that voluntary hospitals and private doctors will not take care of low income people . . . who have no third party coverage."—Report of Special Committee on Hospital Closings of the Health and Hospitals Corporation [the Mangiaracina Report], May 8, 1976, p. 11.

Fine words about halting runaway medical costs, a worthy objective, serve to rationalize the current assault. But our political leaders, and their supporters at the private and voluntary hospitals, have limited the budget issue to the public hospitals alone. While state fiscal officers go through the Health and Hospitals Corporation (HHC) budget with a fine-toothed comb, no public agency possesses detailed data about physicians' fees or other costs at the non-public hospitals. (Thus armed with its self-imposed ignorance, the State cut Medicaid reimbursement rates for our public hospitals but not for the others.)

New York's fiscal crisis gave the public's enemies

their chance. Last January, the EFCB imposed on the City Health and Hospitals Corporation (a semi-autonomous public agency like the Board of Education) a three-year "plan" requiring \$109 million in savings for 1976-77. This cut amounted to 30% of the money supplied directly to the HHC from city tax levies, primarily to subsidize outpatient and emergency care and care for patients without medical coverage. Thus, this cut struck directly at services which cannot be cut without causing suffering and death.

To make the required savings, the HHC took the easy way. They drew up plans to discharge 8,000 non-professional employees—19% of the nurses' aides, lab technicians, food preparers, and janitorial staff. Such layoffs were to "save" \$66 million; in contrast, all other cuts amounted to only \$17 million. Projected boosts in revenues from Medicaid, Medicare, and private insurance reimbursements were to make up the rest.

The self-defeating nature of the budget cuts forced

(Continued on page 4)

Sweden's swing to the Right overstated

by MICHAEL HARRINGTON

"Trouble in Paradise" was the headline American editors kept ready for all stories describing difficulties in Sweden. That country was pictured as the very model of socialism. Since socialism, as everyone in the national media knows, runs counter to human nature, bad news for the Swedish social democrats was good news for the American press. So, it was hardly surprising that the socialists' defeat in the recent Swedish elections was greeted with delight in the United States. Socialism, after forty-four years in power, had finally been rejected by the most socialized electorate in the West; political reality had now turned to the Right.

This popular analysis is false on every count.

The electoral shift in Sweden was anything but a massive trend. The socialists lost less than 1 percent of their vote—four Parliamentary seats out of 349. The Communists, who had supported them in Parliament, also suffered a slight decline, while a motley, unprincipled alliance of bourgeois parties, united only in

(Continued on page 6)

Transkei independence: dispute in black South Africa

by SHELLY PITTERMAN

October 14—It will be a while before coverage of southern African affairs recedes into the back pages of America's newspapers. When the current negotiations over Namibia and Rhodesia end, the dissolution of South African apartheid is next on the regional agenda, and the most immediate controversy centers around the issue of Transkei's independence.

In fulfillment of South Africa's separate "homelands" policy, this black enclave, strategically located on the southeastern coast of South Africa, is scheduled to become a nation on October 26 (although the real possibility of delay exists). Many contend that independence for the Transkei will be not only a farce, but indeed an obstacle to South Africa's 18 million blacks in their struggle to attain majority rule.

Transkei, which was incorporated into the South African Republic in 1910, is the designated "homeland" of the Xhosa and Sotha tribes. Unlike the other bantustans, it is divided into just three geographical units (KwaZulu, for example, is a crazy quilt of non-continuous patches that represent an administrative nightmare). Transkei's scheduled independence has generated a heated debate not only in South Africa itself, but within the whole Organization of African Unity. A majority of the OAU has thus far deferred any commitments to diplomatic or economic relations with what may be Africa's newest "pariah state."

Why does such confusion and disagreement reign over the peaceful granting of black administration when, in fact, this is the ultimate goal to which many elsewhere still actively aspire? The first qualification to be made is that only *some* of South Africa's blacks, mostly members of the Xhosa tribe, will belong to the Transkei nation. Secondly, consideration must be given to the degree to which Transkei will be 'independent.' Further, what are the implications of Transkei independence for the mounting struggle in South Africa to attain effective majority rule? And how will this initial move toward full "bantustanization" affect the security of the white minority regime in South Africa?

The two main protagonists in this saga are Transkei's Chief Minister Kaiser Daliwonga Matanzima and Gatsha Buthelezi, the Chief Minister of the KwaZulu. Chief Matanzima, the prospective leader of the first homeland to be granted nationhood, has no reservations as to the positive role which Transkei could play in hastening the achievement of racial equality in all of South Africa. Chief Buthelezi, representing the most populous of the country's nine homelands, contends that "South Africa is one country . . . (and) . . . those who are attempting to divide the land of our birth are attempting to stem the tide of history."

South Africa's "separate development" policy is, fundamentally, the divisive force to which Chief Buthelezi refers, and he is strongly critical of Chief Matanzima's accordance with it. Originally anathema to early settler regimes, the separate development of the black

homelands is now considered a politically viable mechanism for the fulfillment of the white government's apartheid policy. Through the establishment of ethnically-based, independent homelands in South Africa, all blacks would be impelled to forsake their South African citizenship. Although a mere 4.5 million whites, occupying a full 87% of the territory, would be greatly outnumbered by the black workers still manning the factories and gold mines, the political disgrace of minority rule and its resultant conflicts would presumably be ameliorated.

Not only will the precedent set by Transkei threaten the ongoing struggle within South Africa's black community for majority rule, the opponents of separate development submit, it will assure systematic disenfranchisement of the nation's diverse ethnic groups.

How independent could Transkei conceivably be? Nearly half of the Xhosa population—1.7 million persons or 44%—live outside of the territory, work in South Africa's urban areas and mines. Would they be granted citizenship in Transkei, thereby alleviating their sheer numerical threat to the white minority regime? How independent could Transkei conceivably be if, as the *Boston Globe* reports, the homeland is "incapable of producing enough food to feed half of the Xhosa population living there" and is forced to import a significant amount of food from the Republic of South Africa? Only 30-40% of Transkei's \$150 million annual budget is expected to be generated by local resources and Xhosa people beyond its borders.

And despite the contention made by Tsepo Letleka, prospective Ambassador to Washington, that "Transkei is a multiparty, non-racial democracy," what does the recent arrest of nine opposition Democratic Party leaders by Chief Matanzima bode for the future state? These prominent leaders all opposed independence on the grounds that it would be dangerous to the welfare of the majority of South Africa's blacks.

The representatives of Transkei have taken pains to answer these and other queries; they perpetually dismiss the misgivings as secondary to the ultimately novel significance of a legitimate black state capable

Newsletter of

THE DEMOCRATIC LEFT

Michael Harrington, Editor
Jack Clark, Managing Editor

Signed articles express the views of the author.

Published ten times a year (monthly except July and August) by the Democratic Socialist Organizing Committee, 853 Broadway, Room 617, New York, N.Y. 10003. Telephone (212) 260-3270

Subscription rates: Sustaining \$10 per year; Regular \$5 per year; Limited income \$2.50.

Application to mail at second class postage rates is pending at New York, New York.

of pressuring diplomatically for change in South Africa from within South Africa. Letlaka states: "Our independence has nothing to do with apartheid or separate development. We want and deserve our independence because our people have struggled for it. We are opposed to apartheid and have never condoned it. Why is apartheid, of which we are unwilling victims, now being used as an excuse for denying us our inalienable right to freedom and independence?"

In order to minimize economic dependence on South Africa, Transkeian authorities have begun to forge European and American contacts. Self-governing since 1963, Transkei boasts an international airport which will bring in visitors to the new Holiday Inn being built in Umtata. The coastal location of Transkei could be an important factor in breaking South Africa's economic domination over the territory. Conceivably, an independent Transkei, recognized by its fellow African states and awarded full diplomatic validity, could play a central and progressive role in changing the political organization of South Africa.

A major controversy will be the status of the Xhosa peoples not living within Transkei and, aside from cultural connections, owing little or no allegiance to the homeland to which, under apartheid, they are legally bound. If they, in fact, do become Transkeian citizens, as South African authorities would prefer, this move would initiate the process of narrowing the black majority through the nefarious mechanism of separate development. Rodney Vika, a member of Chief Matanzima's ruling Transkei National Independence Party (TNP), says that "we plan to make representations to South Africa that our citizens working there should be treated no differently than Frenchmen or Dutch people." This strategy is unimpressive to

Chief Buthelezi and those contending that the fragmentation of South Africa's blacks is the fundamental aim of the regime's separate homelands policy. Dr. Matanzima, however, has stated that "Africans of Transkei origin living permanently in the Republic of South Africa would be given the choice of whether to become Transkeian citizens or not. Those who chose not to take up Transkeian citizenship would be the responsibility of the South African government."

More than half of South Africa's 18 million blacks do not live in the bantustans, but rather in the urban areas where violence has recently flared. The status of these people will be a prime concern—and source of controversy—for all involved with the Transkei issue.

What role should the United States play with regard to Transkei and the other homelands which await nationhood? On October 26, as the South African flag is folded, should the U.S. recognize Chief Matanzima's newborn state? Would the granting of diplomatic relations serve to vindicate South Africa's homelands policy and confirm the black population's subservience to it? Or would the extension of support to Transkei foster economic independence and diplomatic stature, allowing for greater leverage in the struggle to eradicate the South African infamy of apartheid?

As America strives to revitalize its relations with black Africa, careful consideration must be given to the positions taken by the already established black African states before definite policies are adopted. If the member states of the OAU conclude that diplomatic and economic relations with Transkei will perpetuate South Africa's racist policies and hinder the attainment of majority rule in Zaania (as the nationalists call South Africa), then America should heed their opinions. We have amassed enough of their scorn. □

The rich are different . . .

by JIM CHAPIN

Everyone "knows" that ours is the age of the limousine liberal. Conservatism, we've heard on all sides, is now the voice of the common people while social justice is a plaything of the privileged.

Vulgar Marxism, though, may better explain the conduct of the United States Senate than sophisticated "new majority" thought. For a recent study released by Ralph Nader's Citizen Action Group (CAG) confirms that the Senate remains a millionaire's club, a conservative club at that. CAG asked each Senator to estimate his personal wealth in one of five broad categories. Fifty-nine Senators replied; reasonable estimates of the worth of 19 Senators were calculated, "leaving 22 Senators for whom no reliable information was available." At least 21 Senators are millionaires; only five share the material condition of most Americans, i.e. of holding assets worth less than \$50,000.

The following graph offers a breakdown of the political views of Senators at various levels of wealth, based on the 1975 ADA ratings for each group:

Wealth group	# in Group	Average ADA rating, 1975
under \$50,000	5	92
\$50,000-\$250,000	30	59
\$1250,000-\$500,000	18	53
\$500,000-\$1 million	4	53
\$1 million or more	21	29

For every liberal millionaire like Ted Kennedy or Phil Hart, there are a half dozen James Eastlands, Barry Goldwaters and Russell Longs. And thanks to the Supreme Court ruling on the Campaign Reform Acts which restricts all donors in the amount they can give, except the candidates themselves, who may spend an unlimited amount in an attempt to be elected, we can expect the Senate to become an even more exclusive preserve of the wealthy.

Can we reasonably expect an assembly whose average member is worth half a million dollars to shift the economic burdens of our society? On the other hand, imagine the attitude of the Senate on tax reform if all Senators, not just five out of one hundred, owned as little as most of us do?

NYC hospitals...

(Continued from page 1)

on New York City could not be more clear. Laying off thousands of workers inevitably results in service cuts, and inferior care drives patients who have Medicaid, Medicare, Blue Cross, etc. to non-public hospitals. The city loses two ways, for the private and voluntary hospitals must be reimbursed at a higher rate, and the municipal hospitals become less efficient as they lose patients. As revenues derived from insurance reimbursements shrink faster than overhead can be cut, politicians demand a new round of lay-offs and the quality of health care deteriorates further. The whole process is a vicious cycle. Although 6700 non-professional employees were laid off in the last year, there is certain to be a multimillion dollar budget gap, and the EFCB will certainly demand more firings after Jan. 1.

HHC has an answer to this critique but not a convincing one. The Corporation claims it can maintain services, and thus revenues, by increasing worker productivity by ten per cent. But a Special Committee set up by the Corporation disagreed. In a report issued on May 8, the Committee warned that "excessive or continuing labor strife," "mismanagement," and "a chaotic administrative situation" could impede productivity gains. Now, we've had our first municipal hospital strike, workers have been forced to give up a cost of living increase of \$450 each, a substantial chunk of their \$10,000 yearly income, and little has changed in the Corporation's management or the hospitals' administration. Clearly there will be productivity shortfalls, and, according to the Special Committee report, each 1% productivity shortfall would cost the Corporation 1.4% of its revenues. Bad times lie ahead, as long as budget cutting remains a process of generating illusory savings in order to temporarily balance budgets.

To compound our misery, State Health Commissioner Whalen, a Carey appointee, has renewed the assault on public health by ordering new cuts in State Medicaid reimbursement rates to the municipal hospitals, only a month after he had maintained average rates for the voluntaries and privates. Last fall, the public hospitals received \$215 per day for eligible hospital inpatients. In January, the rate was cut to \$200; now it is down to an average of \$197. Although the new rates were set on a hospital-by-hospital basis for the first time, using better data than ever before, they seem as irrational as ever. For they will force the HHC to lay off workers and cut services, thereby starting the same vicious cycle again. Moreover, what sense does it make that public hospital Medicaid rates are lower than the Medicaid rates at non-public hospitals?

The HHC budget could be reduced, of course, but simple-minded approaches will not do the job. District Council 37, the union which represents public hospital employees, casts HHC management as the weak-willed, incompetent villain, and independent experts support its charges. In particular, HHC lacks planners to formulate new approaches to the problems of savings and revenue generation; they rely instead on emergency, ad hoc budgetary axe-wielding. And HHC still

lacks adequate data about the services it pays the affiliated teaching hospitals to perform.

But "improved management" is often a slogan which obscures basic policy issues. The real problem is to deploy public health resources more effectively, and this cannot be done without changing the relationship between the public and non-public health systems.

"We believe it would be a fiscal blunder to assume that it will be easy to achieve productivity increases because HHC is inefficient. When adequate analysis can be done, it is likely to show that HHC is a relatively low cost delivery system for the types of health care it provides." Mangiaracina Report, p. 8.

Appearances notwithstanding, there is only one medical system in New York. Public, voluntary and private hospitals are all financed by public funds and run by the boards of directors and chief physicians of the voluntary hospitals and private medical schools. The boards of directors of non-public hospitals contain bankers, real estate owners, contractors, and powerful people with useful political connections. This condition originated when these hospitals depended on philanthropic donations, and is anachronistic now that the non-public hospitals raise only 0.6% of their revenues from such gifts. But as a result of their continued power, the HHC and its hospitals' executive directors do not assign or supervise professional personnel in the municipal system. Instead, the affiliated hospitals decide what kind of medical care will be given, and they do so in terms of priorities developed in the private sector.

Consider the following example: a 43 year old divorcee, whose former husband is delinquent in his child-support payments, walks into the outpatient clinic of a municipal hospital. She is suffering from mild depression, hearing loss, painful bunions and vaginal discharge. A competent doctor, with a nurse and a community liaison officer to assist, could talk to the woman, listen to her problems, remove the wax from her ears, remove her bunions, test and treat her innocuous discharge, all perhaps in a couple of hours. The community liaison officer could put her in touch with the proper government agencies to handle her family problems, and follow them through to resolution. Total cost to the city, partly reimbursable through Medicaid or Medicare, might be \$200. But in our city hospitals, something different happens. A private doctor, doing Thursday morning clinic work as a side-line, would listen to her symptoms for two or three minutes, and refer her to a psychiatrist, an ear-nose-throat doctor, a podiatrist and a gynecologist, without checking whether her symptoms warranted such extensive and expensive treatment. The poor woman would have to make at least four additional visits to various clinics, each one costing \$57 to Medicaid or the city budget. This example shows that the total bill could be reduced while patient care is improved.

In our private-sector-dominated public hospitals, no one would follow the woman's progress and relate the different treatments one to another. And there are no incentives to minimize costly laboratory testing and excessive out-patient visits. Thus will matters remain as long as private doctors refuse to deal with the prob-

lems of public health, and public hospitals are powerless to set their own priorities and to recruit doctors dedicated to full-time, effective out-patient care.

The domination of health care by the private sector is responsible for another costly irrationality, the over-

Capital quotes

Now the pendulum is beginning to swing back, as the payoff from running a slack economy for the past two years begins to materialize. Not only have price increases decelerated, but the rise in hourly earnings has slowed perceptibly. Economists and policymakers alike are beginning to realize that the law of supply and demand has not been repealed. So long as the labor market can be kept relatively loose, wage increases, which are the principal component of price rises, will gradually moderate.

To be sure, as the economic recovery continues, the labor market will tighten and the rise in hourly earnings could accelerate. The rate of inflation is roughly equal to the increase in earnings less the increase in productivity. Over the long run, productivity gains averaged about 2.5 percent. Thus, if we wish to push the basic inflation rate down to, say, 5 percent in late 1976 and 1977, we must hold the rise in hourly earnings to about 7.5 percent.

The only sure way to achieve this is to maintain a greater degree of slackness in the labor market than we have had during most of the last ten years. It is clear that once unemployment falls below a certain point, it becomes increasingly difficult, if not impossible, to control inflation. But for many years, economists thought that this point was around 4 percent—a figure that got to be called the “full employment” rate of unemployment. Now it turns out that 4 percent is far too low. *In fact, it has been too low for the past twenty-eight years.*” (emphasis in original)

Fortune, September 1976

“We’ve Learned How to Lick Inflation”
the first article in a *Fortune*
series, “An Agenda for the New
Administration.”

supply of beds, which cost hundreds of dollars per week to maintain, even when unoccupied. This problem cannot be solved by the HHC alone, for there are more vacancies in the voluntary and private hospitals than in the public ones. In fact, the municipal hospitals have eliminated 3150 beds in the last seven years. Meanwhile, the non-public hospitals still plan more new construction, at a cost of at least \$200,000 per bed. This route must lead to more vacancies, many in the public system. In Queens, for example, there is an average of 150 empty beds in the pediatric wards of the municipal, voluntary, and proprietary hospitals—and Long Island Jewish is building a new facility to accommodate 200 children. Such decisions must be brought

under control. Now, the private sector makes all the decisions, and the municipals take the blame.

Reforming the relationship between the public and non-public hospitals will require long-term planning and public accountability for the private and voluntary hospitals, but it can start with the renegotiation of the affiliation agreements. Under affiliation agreements, the teaching hospitals provide all the doctors to the public hospitals and are paid additionally for administering professional services. DC 37 estimates that \$30 million could be cut without a loss of services. Lacking a close study, we cannot say whether the union is correct, but it has a potentially strong argument. “Costs-per-bed range from \$1,468 to \$50,000. NYU Medical Center, for its affiliation with Bellevue, 1381 beds, receives \$10,783,000 annually. Beth Israel, affiliated with Gouverneur, 206 beds, receives \$10,334,000,” according to D.C. 37’s report. Outside experts agree that there is room for sizeable savings, and the Health and Hospitals Corporation has had to admit that they had a point. Affiliation agreements should give the public hospitals control over the physician services provided and the ability to scrutinize the administrative costs charged to the municipal system by the teaching hospitals.

Prospects are bleak. Neither Governor Carey nor Commissioner Whalen have shown any willingness to attack the non-public hospitals’ domination of public health. When the State cut Medicaid reimbursement rates to municipal hospitals, it did nothing to provide incentives for either the non-public or city institutions to stop wasting manpower on inefficient ambulatory care, for the private sector lives off such inefficiency. And, in recent statements to the *New York Times* (August 10), state and EFCB officials continued to define the problem solely in terms of slippage in municipal savings and revenues.

But there are grounds for hope. D.C. 37, whose members’ sacrifices enabled the HHC to retain 1,000 jobs, and thereby maintain services and revenues, has taken a new and potentially important role in the management of our hospital system. Dedicated to quality public health services, as it must be, the union has already played a creative part in pointing out areas where revenue gains could be made, and where savings could be effected without cutting services. Now the union’s role is institutionalized on a management advisory board, and union staff, with their members’ expertise to guide them, can exert influence to save not only their members’ jobs, but the hospital system that serves the communities in which their members live. And within the ranks of the medical profession, powerful advocates of public health care have emerged, ranging from Dr. Samuel Wolfe, head of Columbia University School of Public Health’s Department of Public Health Administration, and other members of blue-ribbon commissions, to the militant Committee of Interns and Residents. Partially in response to such advice, the HHC is showing signs of reducing costs selectively and watching revenue effects. If DC 37 and the public health doctors are joined by community activists dedicated to quality public medicine, perhaps the dismal situation can be turned around. □

Sweden...

(Continued from page 1)

their desire for power, increased their aggregate vote by 1.5 percent. In the outgoing Parliament, the bourgeois coalition and the socialists with their Communist supporters were evenly balanced. Now there has been a slight shift to the coalition.

The Swedish welfare state was not a campaign issue. No political party in Sweden proposes to dismantle the welfare state, not the least because such a proposal would be political suicide. The coalition will make some reactionary modifications, shelving plans for greater industrial democracy, moving against bloc union affiliations with the Social Democrats and so forth. But the fundamental policies which the socialists introduced during their tenure are accepted by everyone.

One factor in the election was the fact that the socialists had ruled continuously for a generation. There was a spirit of letting the other parties have their chance. The question of bureaucracy, focused by highly publicized cases like Ingmar Bergman's, compounded the socialist losses. A not so incidental footnote: one of the cases of bureaucratic abuse, touted in Sweden and here, concerned a popular writer subject to confiscatory taxes because of an anomaly in the law; the situation was corrected almost as soon as it was discovered. Compare that to our own government for bureaucratic abuse.

When one looks at nuclear power, the issue which dominated the campaign, especially in its closing weeks, the complexities emerge. The two parties which were most resolutely anti-nuclear, the Center Party of Thorjorn Falladin, the new Prime Minister, and the Communists, both lost votes. A sort of "greening of Sweden" movement with no-growth tendencies, the Center Party made big gains in the last election and lost some ground this time. The three pro-nuclear parties fared differently: the Liberals and Conservatives gained slightly while the Social Democrats slipped.

About our schedule

Although our articles were written and typeset before November 2, you will be receiving this issue after the election. Next month we'll carry analysis and comment on what happened and why.

We're hoping, though, that you don't receive this issue *too* long after the election. The October NEWSLETTER, as too many of our East Coast readers know, ran into difficulty at the post office. Mailed on September 29, it did not reach some subscribers for more than two weeks. We've resorted to second class mail throughout the eastern states to save money, but we have had and we expect better delivery service than that.

This issue is being mailed on October 29; if it reaches you any later than November 12 (or if you're still irritated about the service on the October issue), submit a complaint to your local postmaster and to the Consumer Affairs, U.S. Postal Service, Washington D.C. 20261.

If this sounds like an impossible line-up on such a crucial issue, it is. The leader of the coalition campaigned on a fervent anti-nuclear platform; his partners had the same position as the Social Democrats, and the new government celebrated its accession to office by breaking Prime Minister Falladin's main campaign promise on nuclear power. The situation is so fluid that *Business Week's* Stockholm correspondent reports that industrialists have already begun to yearn for the more rational days under the socialists. There is thus a possibility that the bourgeois coalition could collapse before the next elections are scheduled in 1979. That happened in Norway not too long ago.

All this does not mean that nothing is changing in Sweden. In fact, the Social Democrats have been moving leftward for the past six years. Through the welfare state, they socialized consumption, i.e. they placed a decent universal floor under health care, income and other necessities of existence. But they left production in private hands. About 5 percent of the economy is state-owned; another five percent is co-operative. The remaining 90 percent is owned by private corporations. Under Olof Palme, the Party has been moving in the

save the dates
Democratic Socialist Organizing Committee
Third Convention
February 19-21, 1977

direction of more basic change. More nationalizations and moves toward greater industrial democracy have been widely discussed.

The LO, the labor federation, had approved the "Meidner Plan" before the elections. Under the Meidner Plan, corporations would be required to convert a portion of their annual profits into a labor-controlled mutual stock fund. In little more than a generation, ownership could effectively shift from the private board room to the workers' trust fund. Palme and the Social Democrats did not adopt the Meidner Plan as part of their program, but the existence of this LO-approved innovation may have disturbed some voters, particularly white-collar workers. Some Swedish socialists with whom I've spoken feel that the impact of the Plan was very indirect. Nevertheless, it is of some moment that the Party and the trade unionists have been moving toward going beyond the welfare state.

So, the "trouble in paradise" is not so simple as it seems to the American editorialists. Swedish socialists will now have a spell in opposition during which they may be able to clarify their new departures and explain them to the people. The governing coalition is quite shaky and still influenced by the socialists in opposition. It marked its first days in office by taking a solid position in favor of international measures against the South African racists.

Swedish socialism, one of the most vibrant and intelligent political movements of the twentieth century, is alive and well, even if somewhat disappointed. It will be heard from again, sooner than most people think. □

Corporation power and worker participation

Employers are again sponsoring campaigns on the importance of profit and its social role. This subject had been put aside in recent years. It appears that labor now should, as well, be tempted by the attractions of profits. Helped by phrases plagiarized from labor proposals for economic democracy, admen and psychologists are putting together all sorts of formulas for profit sharing plans.

Under different labels, such as company profit sharing, equity ownership, stock ownership programs, whether conceived in the form of distribution of an annual cash bonus or in the form of shares, the intention is to extend a small financial reward in exchange for employee collaboration. The aim is to bring an employee of 20 years to speak of *his* company and to feel that in a meaningful way the company belongs to *him*. Management's objective is to create a sense of loyalty based on the worker's feelings, not on the reality of his position. The small allocation of earnings which benefits the worker, in fact binds him to the company and misleads him into thinking that he has an important role to play in its affairs. Management assumes that once a worker has accepted a small financial token he will produce more and will support company policies, especially when profitability is said to be in danger.

The creation of a sense of corporate patriotism therefore obscures his real interests and weakens worker solidarity. Shared profits need to be accounted for. Where, how and under what conditions were they earned? Were they earned from oppression of others, or restrictions of rights, or choices unknown to the worker? Profit sharing may become an incentive reward for irresponsibility. Major shareholders and company managers freely exercise powers and have access to information they would not dream of sharing with small shareholders and salaried workers. Accounting methods are used very freely to minimize or to exaggerate earnings, often concealing the company's essential transactions and interests. Small shareholders and workers have no detailed knowledge of how the company is run, how it obtains capital, how it employs its reserves over the short and long term, what loans it has granted and contracted, and with what banks, financial institutions or companies, what contracts and obligations it is a party to, and how it is capitalized. Records of purchases and sales of commodities and materials, their subsequent resale (often through intermediaries or other companies) including possible fictional transactions are rarely subject to full justification or disclosure.

The sum total of a company's activities and policies reflect its corporate responsibility. Environmental problems have most recently helped define those responsibilities which are now much broader. Union demands to create a truly democratic economy by introducing worker participation in the exercise of corporate responsibility challenges the monopoly of power wielded by major shareholders and managers. The moment workers' representatives are allowed to share inside

information and power with management, company policies will have to change. The very ways of life and work of the wage-earner guarantee that he will be more responsive to corporate responsibility than the small but powerful minority who tend to evade the social issues the companies face.

Union proposals put forward in Germany, in Scandinavia and in other areas of the world to allow employee participation in the exercise of corporate responsibility, seek to avoid the selfish misuse of corporate power and foresee wealth redistribution to achieve a more balanced and efficient economy.

The response of the employers has been intransigent in fact, if not in words; they are prepared to talk about industrial democracy at the workplace without putting it into practice but they are adamant against sharing economic information or anything like the broad decision-making powers which commit corporate responsibility. Workers' participation in the enterprise, at any real level, is not yet part of management thinking.

—reprinted from the news bulletin of the International Union of Food and Allied Workers' Associations

Response

Washington, D.C.

To the editor:

I always read your NEWSLETTER with interest and benefit. But I am puzzled by the inaccuracies in the article by Robert Lekachman in your September 1976 issue, which states that "No major liberal economist, no veteran of Democratic Councils of Economic Advisers (sic) has endorsed Humphrey-Hawkins."

Whether or not I am a "major liberal economist" might possibly be questioned by some, and I recognize Dr. Lekachman's unusual definition, but most informed people would regard me as such, and certainly Michael Harrington must have regarded me as such when he obtained from me an endorsement of his latest book which was used on the jacket.

Even more unarguably, I am certainly a veteran of a Democratic Council of Economic Advisers. I was appointed Vice Chairman of the original Council in 1946, then made Chairman, and served on the Council for almost seven years when the record of economic policy and performance was actually much better than at any subsequent time.

Not only have I "endorsed" Humphrey-Hawkins; I have been identified nationwide as one of its major developers and proponents. Further still, it is not correct that no major liberal economist has endorsed Humphrey-Hawkins. A month or two ago, we issued a press release in which about 50 economists endorsed the bill, and many of them must be regarded as "major," including such economists as Robert R. Nathan and Charles Killingsworth. A number of liberal economists, some of them certainly major, have testified for the bill at hearings in Washington and around the country.

LEON H. KEYSERLING

Jimmy Higgins reports . . .

THINK ABOUT IT—For the quarter ending August 31, 1976, American Telephone and Telegraph *earned \$1 billion*. Bear in mind that AT&T is a regulated utility operating as a protected monopoly. And its profits were *\$1 billion* in three months.

THE LABOR COALITION was formed last year when George Meany decreed that the AFL-CIO and its political arm, COPE, would stay out of the pre-convention fight for the Democratic nomination. Endorsing no single candidate, the unionists in the coalition (which included the UAW, the Mine Workers, the National Education Association and AFL-CIO unions like AFSCME, the Communication Workers, the Machinists, Graphic Arts, the IUE and the OCAW) consciously spread out their forces. By any standard, they outdid the AFL-CIO unions politically closer to Meany and COPE Director Al Barkan. Coalition delegates at the Democratic convention clearly outnumbered the delegates from non-coalition AFL-CIO unions like the ILGWU and the Teachers. Since most of the unionists closer to Barkan and Meany backed Jackson, and many of them jumped on the Anybody But Carter bandwagon, the leaders of the coalition, some of whom backed the eventual winner early, developed much closer ties to Carter. Immediately after the convention, CWA President Glenn Watts pushed an endorsement of Carter through the AFL-CIO Executive Board, despite Meany's announced plan to delay the decision until the General Board met in September. In the spirit of campaign unity and in deference to Meany (who reportedly exerted some pressure), the coalition ended its separate organization before Labor Day. Many observers argue that the dissolution of a formal organization was a *pro forma* necessity. Some problems existed in continuing an official relationship with the NEA,

which has continuing jurisdictional problems with the AFT. Mostly, the coalition's formal existence opened up possible charges of "dual unionism."

BUT THE INFLUENCE of the liberal labor coalition is widely expected to live on. Informal contact and cooperation continues, and the ties to Carter remain stronger than the official AFL-CIO ties. Should Carter be elected, Leonard Woodcock, another of the coalition's leaders, may become Secretary of Labor. And Woodcock's probable successor, Doug Fraser, favors bringing the UAW back into the AFL-CIO, which would considerably strengthen the more liberal elements in the federation. Within some of the more liberal unions loom possible successors to power who are more outspoken and radical. Floyd Smith of the Machinists is retiring next year, and General Vice President William W. Winpisinger seems likely to assume the presidency. According to *Barron's*, Winpisinger has openly called Meany an old fogey whose time has passed. While Smith and other IAM leaders were backing Jackson's Presidential bid last spring, Winpisinger favored the populist candidacy of Fred Harris. In the Electrical Workers, a fight for the leadership pits two liberals against each other. Former Secretary-Treasurer David Fitzmaurice assumed control when Paul Jennings retired last spring; he's being challenged by Bill Bywater, the controversial and colorful director of the New York-New Jersey region. Either Bywater or Fitzmaurice would rate as a left winger on the AFL-CIO Executive Council; Bywater would be explicitly anti-Meany. Of course, if Sadlowski's challenge in the Steelworkers is successful, the balance would shift still further to the left. Even if Sadlowski fails, Lloyd McBride will probably be more open to cooperation with liberal unionists than I. W. Abel has been.

The Newsletter of the Democratic Left is published ten times a year by the Democratic Socialist Organizing Committee. It is available by subscription or by membership in the DSOC.

I want to subscribe. Enclosed find my check or money order. (\$10 for a sustaining subscription; \$5 for a regular subscription; \$2.50 for a limited income subscription.)

I'd like to join the DSOC. Enclosed find my dues. (\$50 sustaining; \$15 regular; \$8 limited income. Dues include \$5 for Newsletter.)

Send to: Democratic Socialist Organizing Committee, 853 Broadway, Room 617, New York, N.Y. 10003.

Name.....

Address.....

City/State..... Zip.....

THE HOLE IN THE ELECTORATE is the phrase Walter Dean Burnham uses to describe the massive non-voting we're seeing again this year. Participation among eligible voters will be lower than at any time since the formation of the modern party system in the 1820's. And there's a difference between those who vote and those who don't. The "typical" non-voter, according to Burnham's October 2 *New Republic* article, is a non-white young woman who did not complete high school and has a family income below \$8,000. The typical voter is a college educated, middle-aged male employed in a managerial or professional position with a family income above \$15,000. All of which goes a long way toward explaining why voters respond more to holding down inflation than to creating new jobs and why redistributive tax policies are anathema to the American electorate. In other Western democracies, this hole in the electorate doesn't exist; that position is filled by socialist or labor parties. Reformed registration procedures could boost participation 10-12 percent, says Burnham, but that would still leave us far behind other Western democracies in voter participation.