Newsletter of

# THE DEMOCRATIC LEFT

September 1976—Vol. IV, No. 7 117 Edited by MICHAEL HARRINGTON

## Liberals in retreat: 'stability' before jobs

by ROBERT LEKACHMAN

Something odd is happening to the Hawkins-Humphrey Balanced Growth and Full Employment Bill on its way to Congressional passage and assured veto by President Ford. Only a few months ago as the scuttlebutt had it, Speaker Carl Albert, Majority Leader Tip O'Neill, and other potentates had put the measure at the very top of the Democratic caucus list of priorities. Mr. Albert had sworn a mighty oath that by the end of May H.R. 50 would be on Gerald Ford's desk. Licking their chops, Democrats predicted that Ford's veto would present the Democrats with an important economic and social issue for the fall campaign. In these summer dog days the situation looks quite different. Those brave Democratic freshman Congressmen who a while back were threatening to send the fresh winds of change rushing through the musty halls of the Capitol are running so hard for reelection that they are publicly importuning House leaders not to damage their prospects by bringing up controversial measures like job guarantees and universal health protection. No major liberal economist, no veteran of Democratic Councils of Economic Advisors has endorsed Hawkins-Humphrey, and one influential member of the Brookings group, Charles Schultze, Lyndon Johnson's Budget Director at the height of the Vietnam war, has sharply criticized H.R. 50 as highly inflationary.

What goes on? Have jobs stopped being a motherhood issue among Democrats? For radicals, the answer is instructive. Full employment is this summer being belatedly but accurately perceived as possible in the United States only in the context of substantial structural alteration in the tax code, the organization of labor markets, and the balance of power between federal regulation and corporate autonomy. Since to be liberal is by definition to be willing to countenance only marginal alterations in existing practices and institutions, liberals in and out of Washington are quietly

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### *A public thank you*

This, our third Labor Day issue, is our most successful yet. International unions, locals and regions issued their fraternal messages and words of encouragement; organizations close to our own purposes expressed their regards; most of the active chapters of the Democratic Socialist Organizing Committee took ads as well and, of course, many of our individual readers rallied to help us out. In fact, we received so many Labor Day greetings that we were simply unable to fit them all into this issue. Greetings which arrived late or greetings which simply could not be fit into this issue will be published next month.

While you'll be hearing from us individually, we want to say thank you publicly, too. Your generosity and goodwill are greatly appreciated. You're helping us to stay a bit ahead of our creditors, and to boost circulation through a promotional campaign of classified ads and direct mail.

## *Tax charades: the making of a loophole*

by IZZY HIGGINS

Most Americans are familiar with the game of charades as something that is played at middle class suburban parties. But few are aware that charades is also played in Congress with pending tax legislation.

With the rich and the corporations in disfavor with most voters, advocates of tax loopholes cannot state their true motives for proposing new giveaways. Instead they must pretend the tax changes they advocate help the "little guy."

Thus, in the game of tax charades, tax breaks for U.S. exporters are advocated because of the jobs they may produce; real estate tax shelters are kept because of construction they allegedly finance; and depletion allowances are defended because of the incentives for energy exploration they may create. Of course, as study after study has shown, these arguments are false. DISC, which is the major tax break for exporters, according to the Congressional Budget Office, produces few additional jobs, and then only at a price of $150,-000 in tax expenditures for each new job created. Real estate tax shelters provide so little construction that the Building Trades Department of the AFL-CIO lob-

*(Continued on page 3)*

# Taxation for the many, representation for a few

by JACK CLARK

If we graded Senators on how often they vote for genuine tax reform, most members of the world's most exclusive club would flunk right out of politics.

The average Senator votes for tax reform in the interest of moderate and lower income voters 54 percent of the time, according to a recent rating by "Taxation With Representation," a Washington based public interest group. And while there are significant Party and regional differences, even the good guys are often not all that good. Thus, while Republican Senators vote in the interests of the general public only 16 percent of the time, the Democrats' record is only 63 percent. On the crucial Senate Finance Committee, Democrats score an "F" with their average 50 percent rating.

The ratings, which were tabulated quite carefully, destroy several widely accepted political labels. For example, the "liberal Republican" simply does not exist. Lowell Weicker, one of the supposed prototypes of this species, cast his vote with the reformers 15 percent of the time; much-touted Republican "moderate" Howard Baker did not cast a single vote for tax reform; Bob Packwood was on our side 7 percent of the time, and near the top of the Republican heap is Jake Javits who voted pro-reform positions less than half the time.

On the other side of the aisle, the votes are better but on some crucial fights, our "heroes" are on the wrong side. Hubert Humphrey and George McGovern both campaigned for the Presidency on platforms stressing tax reform. But both voted against the institution of withholding taxes on income from interest and dividends despite massive tax fraud in that area. So much for equal treatment of all income whether from wages (on which taxes are routinely withheld) or dividends. While Northern Democrats have somewhat better scores than Democrats as a whole, Mike Gravel (7 percent), Gale McGee (15 percent) and John Tunney (22 percent) fit in comfortably with the conservative mainstream in the upper house.

The Democrats' most glaring defaults on tax reform come in the performance of the official leadership. Senate Majority Leader Mike Mansfield has an excellent record, voting for reform 93 percent of the time. His second in command and leading contender for the leadership post next year, Robert Byrd, went with the reformers only 1/3 of the time. In the Senate Finance Committee, where many of the crucial decisions are made, Committee Chair Russell Long votes for reform positions in only 15 percent of the cases where he lets them get to the floor.

In deciding what a "reform" position was, Taxation With Representation considered several principles, among them: fairness and simplicity; efficiency in meeting fiscal goals, i.e. the tax system is there to raise money, and benefits conferred by deductions and credits are less efficient and equitable than direct appropriations; burden shifting, if the tax law is being changed (which usually means opening a new loophole), who will bear the burden of paying taxes to fill in that revenue gap; and tax reduction, which T.W.R. does not favor as "an end in itself."

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In the midst of this summer's massacre of tax reform legislation, the Nader-affiliated Tax Reform Research group settled upon an interesting tactic. It denounced 24 Democrats in Congress for not supporting the tax reform position of the Democratic Party platform. The platform pledges that "Democratic members of both houses of Congress will seek a unity of purpose on the principles of the party," to reduce unjustified tax shelters, to ensure that high income citizens pay reasonable taxes on all income and to end abuses which result in multinationals exporting jobs and capital from the American economy. Before the Convention, Jimmy Carter was talking about the platform as a covenant with the American people, and Leonard Woodcock was talking about a system of Party accountability in Congress. As the campaign wears on, it might be interesting to ask candidates at all levels if they will abide by the platform of the Democratic Party and insist that all Party positions from Speaker of the House and Majority Leader of the Senate down to the committee assignments be denied to any Democrat who votes against official platform positions.

• • •

Tax reductions have often substituted for federal reform. But an interesting item in the August 11 *Wall Street Journal* clearly indicates that reduction of the federal income tax load is no solution to tax inequity.

Over the last twenty years, our total tax system has become less progressive. In 1953, the average family earned $5,000 and paid a total of 12 percent in all taxes. By 1975, that average family was making $14,000 but paying 23 percent of that in taxes. During the same period, the tax burden on a family with four times the average income rose, but not nearly so steeply, from 20 percent in 1953 to 29.5 percent in 1975. The increase in federal income tax since 1953 has been, according to the *Journal*, "modest and relatively even: up 26 percent for the average family and 27 percent for the family earning four times the average." In other areas, though, the increases have been staggering and regressive. Property taxes rose 82 percent for the average family, 47 percent for the family with a $56,000 income. A $14,000 family faced a rise in state income taxes of 533 percent; taxes for a family in the higher bracket went up 208 percent. Social Security taxes rose heavily for both families, and in 1975 Social Security took 6 percent of the average family's income and 1.5 percent of the wealthier family's income. □

## *Tax charades . . .*

*(Continued from page 1)*

bied for their repeal. And the depletion allowance only provided the oil companies with additional profit which they used to diversify into nonenergy fields.

Although the game of tax charades is rife with such lies, it does serve some purpose. It gives Senators and Members of Congress an excuse for voting for a tax loophole and provides a rationale which they can peddle to their constituents.

The latest game of tax charades is being played in the field of estate taxes. One would have thought that the weakening of these tax laws, which only affect the richest five percent of the population and are less likely to impinge on individual incentives to earn or invest, could not be rationalized as anything but a giveaway to the rich.

But never underestimate the inventiveness of high priced economists, lawyers and propagandists. Linking the declining number of farms to the inflation which has pushed up the value of some farms enough to make them subject to estate taxes, the charade players have created a myth that the heirs of small farms and businesses are selling off their bequests to pay off the estate taxes. To solve this mythical problem for the widows and orphans of poor farmers they propose giving an across-the-board one billion dollar tax benefit to the scions of the nation's wealthiest families. And to increase competition and solve the mythical problems facing small business they advance a proposal to weaken further our puny estate tax laws. The loopholes in and general weakness of our estate taxes allow the continuing maldistribution and concentration of wealth that now exists in the United States.

Chief spokesmen for these proposals have been the Administration and farm state Senators such as Humphrey, Mondale and Nelson. Conjuring up images of the Waltons being driven from the land upon the death of Grandpa Walton, they have convinced both the House Ways and Means Committee and the Senate Finance Committee to report out bills which would substantially reduce estate taxes. The Ways and Means Committee has voted to replace the current $60,000 exemption with a phased in tax credit which will reach $40,000 in 1979 and thus exempt all estates valued at $154,000 or less from federal taxes. Russell Long's Finance Committee has decided to continue the more regressive exemption method and raise the current exemption until it reaches $200,000 for single persons and $450,000 for married couples in 1981. The cost to the Treasury of the Ways and Means proposal will be nearly one billion dollars a year or almost one-fifth of all revenues produced by estate taxes. No official revenue loss estmate for the Senate Finance Committee plan has been made, although some experts have placed the cost of the full proposal at $2,000,000 a year or a little less than 40 percent of the total revenues produced by the tax.

The contention that the estate tax has caused the liquidation of many small farms and businesses is simply not true. The current $60,000 exemption on net asset should be large enough to exclude most really small enterprises. A look at the statistics on the net value of farms and unincorporated businesses bears this supposition out. According to the Department of Agriculture, in 1973, 42 percent of all farms had a net equity of $61,000, and according to the IRS, in 1971, 59.2 percent of all nonfarm partnerships had gross assets of less than $50,000. While inflation has undoubtedly increased the value of these businesses somewhat, these figures indicate that they can be transferred from one generation to another without facing estate taxes.

Even if a farm or business is worth more than $60,000 the heir need not sell it or dip into his own pocket to pay the taxes; estates of that size usually contain enough liquid assets to pay off the estate taxes. A study by James D. Smith of the Urban Institute of Washington, D.C. proves this point. His study revealed that, "nearly three-quarters of estate tax returns filed in 1973 had a ratio of taxes and costs to liquid assets of less than .25, and 91 percent paid taxes of no more than 75 percent of their liquid assets, after prior payment of all debts. Only about 6 percent of the estates in 1973 had taxes and costs equal to or greater than their liquid assets once all debts had been paid."

While estates which contained farms or unincorpor-

## *Throw more*

Two cliches of big business propaganda collided head-on in the July *Fortune*. The only casualty was the Ford Administration's energy policy.

An article by Tom Alexander began with a familiar title, "ERDA's [Energy Research and Development Administration] Job Is to Throw Money at the Energy Crisis." Echoing White House policy-makers, the magazine complained that ERDA is doing "centralized planning on a scale never before seen in the U.S." *Fortune's* solution? Keep spending, but rely on the "market" to make decisions. ERDA should stop trying to solve the energy crisis; throwing money at it will suffice.

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ated businesses were somewhat less liquid than others, only 7.4 percent of such estates were subject to taxes equal to or greater than the amount of their liquid assets. Thus, it is clear that if Junior does not continue the family farm or business it is more because of his personal preferences than as the result of expropriatory estate taxes.

Even assuming that there are not enough easily convertible assets in the estate to pay off the taxes, an heir need not sell the farm or business. Under current law, payment of estate taxes can be stretched out over ten years at reasonable interest rates. This stretchout should give most heirs ample time to apply some of the profits of the business toward the payment of estate taxes. Admittedly, this provision is little used because it requires that the executor of the estate be personally liable for the unpaid taxes and that a costly bond be posted. However, this problem could be solved by substituting a lien on the farm or business for the executor's liability and the bond.

Another such small change could also deal with a real problem facing farmers whose property is more valuable as commercial or residential real estate than as farm land. Currently, for estate tax purposes their land would be valued at the higher level. This could create the situation where farms could not produce enough income to pay off the estate taxes. That could be solved simply by mandating the land be valued at farm prices so long as the heir agreed to keep and farm the land for a number of years.

However , such minor changes would not have satisfied the advocates of tax loopholes. For they were really interested in much larger tax breaks and only used this minor problem as a charade for their real motivation.

The battle over estate taxes is not quite over. Senator Kennedy and Representative Mikva still hope to reduce the size of the tax breaks when the Committee proposals come before both Houses. However, with the Administration pushing for an even bigger give-away and many liberal farm state Senators and members of Congress supporting the reduction in taxes there is not much hope for any significant improvement.

The estate tax proposals are just another indication of how our politics has marched backwards in the last few years. Four years ago, the Democratic Presidential candidate talked about confiscating the value of any estate that exceeded $500,000. Today the liberal Democratic Vice-Presidential candidate is advocating a tax break for these same estates. Thank God, Jimmy Carter has remained ambiguous on the issue. □

# DEMOCRACY '76

by Marjorie Gellermann

No one captured the spirit of it better than James Wechsler writing in the July 14 New York *Post*. "At the Democracy '76 rally yesterday, there were comparable portents of transition. There were different decibel levels of political enthusiasm among the speakers I heard—Mike Harrington [referred to earlier in the column as "an unrepentant, undisguised Socialist and Democratic activist"], William Winpisinger of the Machinists, Sam Brown and John Conyers. But there was no disagreement about commitment to Carter's candidacy and the breakthroughs achieved in the platform on such issues as full employment, health insurance and tax reform and guaranteed income.

"If anything, there was a sense that, despite the prophecies of flabby compromise, much of the rejected 'radicalism' of earlier years had become the realism of 1976 (just as Norman Thomas' 1932 campaign was to loom large in Franklin D. Roosevelt's New Deal)."

In a word, the Democracy '76 meeting was a rousing success. A room with a seating capacity of 500 was filled beyond standing room only; many of the people who came for the meeting simply could not get in the doors. Prior to the Convention, delegates and alternates had received, along with their copy of the Democracy '76 statement of purpose, a leaflet announcing our meeting and billing speakers like Machinist Vice President Winpisinger, Democratic National Vice Chair Basil Paterson, Doug Fraser of the UAW, Gloria Steinem, Harrington, Conyers and Brown. In the opening days of the Convention, we heard a lot of enthusiasm for our upcoming meeting. Afterwards, there seemed to be a general consensus that we had sponsored the largest, most successful meeting of the democratic Left at the Convention.

Besides Wechsler's column, the meeting was covered in the news columns of the *Post* and in the Boston *Globe*. As a direct result of our presence at the Convention, the New York Sunday *News* published a column on the Democratic platform by Mike Harrington.

In the contacts we made at the Convention, in the conversations we had with dozens of delegates, alternates and activists, we were impressed and pleased. We're convinced that most of the delegates there identified themselves with the democratic Left, and that the kinds of ideas that we're advancing have a genuine mass following, perhaps even a solid majority, in the current Democratic Party. Both Carter and Mondale keyed their speeches to the Left of the Party and to what we think will be a Left majority in November.

Organizing efforts like ours have had an effect. We've helped to create a mood, we've helped to turn back the tide of negativism which said that the society tried to do too much in the '60's, we've started to place issues on the agenda for the next Administration. Most important, we've assembled a coalition including all the progressive elements of the Democratic Party—indeed all the progressive elements in American life—around a program that begins to offer solutions and that points in a clear and new direction which can extend the successes of past social policy and lead to major gains for the poor, the minorities, the labor movement, women and the broad liberal community.

Now we move on. □

## Liberals and jobs . . .

*(Continued from page 1)*

revising their commitment to jobs and implicitly accepting as responsible national policy Simon-Greenspan-Burns preferences for continued slow growth and high unemployment as necessary casualties in the holy war against inflation.

I have stated a conclusion. It is well to fill in some of the details. To begin with a national promise of full employment *is* by itself inflationary. Although it is more efficient to operate a modern factory at 90-95 percent of capacity than at current 70-75 percent rates, the approach to full employment in an economy dominated by large corporations is a sufficient reason to raise prices. The usual sequence which follows is an effort by a union to play wage catch-up, the excuse of high wages for still higher prices and profits, renewed pressure by the union for cost of living compensation, and the familiar inflationary spiral. Orthodox economic theory still resolutely clings to Phillips curves and correlations between unemployment and inflation in which most of the blame is assigned to labor. It is a mark of a good theorist that he (or she) is undistracted by evidence even when it takes the dramatic form of sharp escalation in auto prices during two of the worst years for car sales in the last thirty years—1974 and 1975.

That minority of economists, myself among them, who believe that great corporations must either be fragmented (an undoubted political nonstarter) or permanently regulated sometimes fall into the trap of mouthing wage-price controls as habitually as unreconstructed southerners (before Jimmy Carter brought universal love to his countrymen) made damnyankee a single word. The fact of the matter is that American unions are both weaker and more conservative (could there possibly be a connection between the two adjectives?) than their Scandinavian, German, and English counterparts. American union leaders, seeking stability rather than progress, react during contract negotiations to grocery prices and in the presence of relatively stable readings in the cost of living index are prone to settle, as they did in the early 1960's, for wage improvements which march in pace with productivity gains.

That part of American inflation not explained by OPEC, world food scarcities, games of footsie with the Russians, flexible exchange rates and other external events, is less the result of union extortion than the natural consequence of corporate size and power and its analogue in the health field, the tidy cartel of doctors, hospitals, and health insurers which has made death cheaper than hospital care.

The diagnosis implies the therapy: permanent, mandatory price regulation of large corporations, plus a version of universal health coverage in which tight cost controls are featured and the Blues (Cross & Shield) excluded. I have already said enough to explain why liberals are in full flight from Hawkins-Humphrey. Although the Brookings group, harking back nostalgically to the wage-price guidelines of the Kennedy era, would willingly return to some version of jawboning buttressed by statutory authorization, even these exiled Democrats become immediately restless in contemplation of permanent mandatory controls. Economists are socialized in graduate school to believe in the magic of free, competitive markets as allocators of resources, arbiters of choice, and guarantors of efficiency and progress. If economists recognized that the American economy is in truth dominated by various arrangements of monopoly, shared monopoly, and collusions between regulators and the corporations they regulate, then economists would be in the perilous situation of conceding the irrelevance of their training and skills and the necessity of going to school with the political scientists and sociologists and learning their trade all over again. It is far too much to ask of a group which profitably bewilders its corporate, university, and political customers with arcane apparatus and advice, which though often wrong, appears to serve some priestly or psychiatric function of reassurance.

Most politicians are innocent of economic learning and, for understandable reasons, bored by the subject. Liberal politicians rely upon liberal economists to guide them. The importance of Schultze's assault upon Hawkins-Humphrey then is the cover it affords Congressional Democrats who seek a reason more flattering

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## *Capital quotes*

“The cereal industry is not charged with committing a single, specific illegal act but has been hauled into court because only four companies sell most of the cereal in this country . . . The F.T.C. [Federal Trade Commission] claims that's too concentrated. Concentrated. That's another term they use. They claim our "concentration ratio" is too high.

What's a concentration ratio?

It's a figure, a percentage that shows what fraction of an entire industry's production and sales is attained by a limited number of companies. In other words, if 80 percent of the business of an industry is done by four companies only, the four firm concentration ratio for that industry is 80 percent. They say ours is 90 percent. That's very interesting because it shows that our industry is acting like most of the mature industries in America. According to the Bureau of the Census report, the four firm concentration ratio of industries from light bulbs to baking powder is way up there. The window glass industry, for example, is 100 percent concentrated; household washers and dryers 83 percent; chewing gum 84 percent; baking powder 89 percent; automobiles 93 percent; electric light bulbs 90 percent; television sets 95 percent; outboard motors 85 percent. And I can go on and on.”

—William E. LaMothe, president
Kellogg Company
August 8, 1976
New York *Times*

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## Healthy skepticism needed

"I'd like to buy time on national television networks and kill the Kennedy-Corman national health insurance bill right now," says Berry Wheeler, a vice president of Adsociates.

An idle, boasting threat? Perhaps not. Wheeler and his public relations firm recently completed a test-tube program which completely turned public opinion around on a piece of progressive medical legislation in Oklahoma.

At issue there was a bill in the state legislature to require the use of cheaper, generic drugs in place of more expensive, brand-name prescriptions. A pharmacists' and physicians' organization hired Adsociates to organize a campaign in two cities against the legislation.

Radio commercials, newspaper advertisements and displays in doctors' offices and drug stores were used in the campaign. So was television time. Besides three thirty-second spots, there was a prime-time movie with a panel of doctors and pharmacists answering callers' questions during commercial breaks.

The results of all this? Astounding! Before the campaign, in one of the targeted towns 53 percent of those with an opinion on the bill favored the substitution of generic for brand-name drugs. After the ad campaign, 84 percent opposed the bill. In the other city, 62 percent favored the bill before the public relations blitz, 77 percent opposed the bill afterwards. □

than electoral cowardice for chickening out on jobs. Some of the substantial contributors to the campaign funds of liberal Democrats would bitterly resent permanent controls or even the much milder stand-by controls which were knocked out of earlier versions of Humphrey-Hawkins out of well-founded union suspicion that they would be applied firmly against unions and derisively against prices as in the Nixon years.

In truth effective controls are not a liberal position. They threaten that cherished autonomy which has licensed American corporations to operate as private governments unchecked by occasional elections. If the public cares enough, it can at two, four or six year intervals throw the political rascals out. It is practically impossible to get rid of the anonymous chairmen of great corporations whose decisions to open and close plants and offices are more significant than Congressional and presidential maneuvers in deciding the prosperity or decline of cities, regions, and whole countries. Controls, preferably accompanied by tax reform, and federal chartering, manifestly declare a public interest in affairs now managed privately and secretively.

There is a second reason full employment threatens price stability, one emphasized by Schultze. If the public jobs which are created turn out to be dignified and decently paid, they may well attract men and women from less dignified and less decently paid private employment. In a booming economy, private employers would be compelled to bid for scarce workers at rising wage rates. Higher wages would mandate higher prices and the familiar inflationary spiral would resume its malign sway. The best response to Schultze was made by Andrew Levison on the New York *Times* Op-Ed page. If, he argued, full employment entails elimination of some unattractive private jobs or improvement in their nature and reward, that is one of the major benefits of a full employment economy, by no means a prospect to be deplored.

For liberals this is simply another way of saying that full employment really is too radical. Radicals, but not liberals, contemplate with an equanimity that approximates ecstasy the possibility of a vast restructuring of American work and education. They look forward to a union agenda which moves toward German codetermination, Scandinavian experiments in shared management and ownership, and job redesign in the direction of interest, challenge, and promotion opportunity.

In sum, full employment requires a power shift from large corporations to unions, politicians, and the public. When unemployment is permanently high workers are frightened and employers are under no pressure to make work more humane. In the presence of full employment, the burden of fear will be lifted from employees and the burden of personnel attraction is imposed upon their employers. If American businessmen are as efficient and ingenious as their propagandists routinely assert, the rest of us can rely upon them to devise new job designs and new working conditions. Their Scandinavian colleagues manage quite successfully under a regime of high taxes and divided authority which are guaranteed to give American executives fits.

The upshot of my interpretation of the full employment tragi-comedy is this. It is highly improbable that Congress will pass this year or in the foreseeable future a genuine full employment measure. It is quite likely that in the next Congress, the first of the expected Carter administration, something *called* a full employment bill will be enacted. Percentage unemployment targets will either entirely disappear or be so stretched out as to be harmless. The relevant measure of employment will be "adult" employment and that ambiguous word will be adjusted to political necessity. As occurred 30 years ago when a strong Full Employment Bill emerged as a puny Employment Act for which even the late Senator Robert A. Taft cheerfully voted, Hawkins-Humphrey is likely in the end to seek full employment *and* other objectives, notably price stability. It is a bad omen that Charles Schultze by late July had become one of Jimmy Carter's advisers. Any optimist reassured by Carter's late and tepid endorsement of full employment might do well to glance at the official list of economic advisors. With the sole exception of Lester Thurow of MIT, a genuine egalitarian, the list is respectable, responsible, and liberal.

The Left, if it exists, has its work cut out in the next four years. □

*On Labor Day*

# THE IAM SALUTES

*Newsletter of*
**THE DEMOCRATIC LEFT**

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for raising issues that need to be debated and resolved.

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# *Jimmy Higgins reports . . .*

"A BLUEPRINT FOR SOCIALISM" is how John Connally characterizes the official Democratic platform. Well, we're for the modest advances the platform favors—national health insurance, tax reform, federal take-over of welfare costs, full employment and the rest. We're convinced that, among other things, that kind of program will give cities like New York a bit of breathing room, a chance to solve their problems. But Connally vastly overrates the platform—and the Democrats. At no point does the platform address itself to correcting the gross imbalance of wealth distribution; the Democrats don't talk about taking the corporation under complete public control or even of ending the cozy relationship which the corporate rich have enjoyed in Washington under bi-partisan sponsorship ever since World War II. No doubt the Carter Administration will improve over the record of the last eight years; no doubt, working people, minorities, women will all get a somewhat fairer shake. But socialism? To paraphrase Mike Harrington's testimony before the Joint Economic Committee on the Humphrey-Hawkins bill, this platform isn't socialism; it isn't half that good.

**GOOD NEWS FROM THE RIGHT—Hall Timanus, the chief Texas operative for George Wallace since 1968, is "very pessimistic about the future a conservative Democrat would have in the Democratic Party. . . . I have serious doubts about whether the Democratic Party of Texas will remain under conservative control, not just this year but for the long-range future." Charging that the Democrats have "Europeanized" the Party, Timanus told the press that he's actively considering switching to Republican registration. Timanus' departure could be an indication that the Democrats under Carter will continue to slough off the most ideologically conservative leaders and factions. Other reports from Texas point to trouble for the non-Wallaceite, conservative Party establishment. At the beginning of the year, Governor Dolph Briscoe and other Party leaders were lining up troops and rewriting rules to benefit Texas Presidential hopeful, Senator Lloyd Bentsen. By the time May rolled around, the "winner-take-all" provision for the primary, which Briscoe pushed through the legislature, benefitted not Bentsen but Carter. Then, Party leaders rushed to the Carter camp, but it was all too strained. At the national Convention, Briscoe and his lieutenants favored Glenn for the vice-presidency and opposed Mondale; when polled the delegation's response was exactly the reverse. In September, a state convention will elect new Party officers. A Carter organizer from the old Populist stronghold of Angelina County in East Texas has announced his intentions to run for state chair. Liberals in the state Party are sounding favorable to him. It could spell trouble for the Bentsen-Briscoe leadership.**

RIGHT TURN AT THE BORDER—Since his Presidential bid in 1972, Senator George McGovern has served as the whipping boy of the Right and a symbol for the Left. At least in the United States. But on a recent foray into Canada, the South Dakota Senator seems to have lost his political direction. Travelling to Manitoba, where the socialist New Democrats control the Provincial government, McGovern was the featured attraction at a fund-raising dinner for the small Liberal Party. Canadian party labels are confusing; Liberals are, in fact, every bit as right wing as Progressive Conservatives. Only the New Democratic Party, which represents organized workers and small farmers, stands for social change. And the NDP record in Manitoba is distinguished by innovative social policies which a number of radical and liberal elected officials in the United States are beginning to pay attention to. But there was our liberal/left standard bearer (at least he proved that he's *not* a socialist) championing the cause of the anti-labor Liberals. Well, he helped raise over $100,000 for the party coffers. As the Winnipeg *Free Press* noted in a different context, "The dinner was a sell-out."


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