

Sam Brown shakes up the banks

"Banks are interesting. . . I would be in favor of formation of public banks. Not so much a central bank because then what you get is someone off in Washington making decisions about what is good for us, and I don't think they've done a terrifically good job of that over a period of time."

By Timothy Lange

When Colorado Republicans heard that San W. Brown Jr. was going to try to unseat the incumbent state treasurer in 1974, they could scarcely contain their glee. Here was a 31-year-old upstart with heavily anti-establishment credentials, someone who had only been in Colorado four years, challenging Palmer Burch, 67, who was completing his first term as treasurer after a 20-year hitch in the state legislature.

"Can you imagine," asked then-Gov. John Vanderhoof at a kickoff dinner for Burch, "an individual with no more training than leading riots and radical parades and Gene McCarthy campaigns... who wants to become treasurer of Colorado?" The red-baiting campaign, in which Brown was falsely linked to SDS, backfired. Brown was elected in the stunning Democratic sweep of state offices that year and has gone on to make dramatic changes in the operation of the treasurer's office.

Like other ambitious politicians, Brown promised to serve the entire four years, but he is now off in the middle of his term to take over a \$42,000-a-year job as head of ACTION, which encompasses the Peace Corps, Volunteers in Service to America (VISTA), the Retired Seniors Volunteer Program and various other programs.

An outstanding ROTC cadet in high school, Brown supported the right of radicals to speak at the University of Redlands from which he graduated in 1965, blew the whistle on CIA funding of the National Student Association when he was that group's vice president in 1967, dropped out of the Harvard Divinity School to coordinate the grassroots McCarthy campaign in 1968, was an initiator of the 1969-70 Vietnam Moratorium, and worked for Iowa's Harold Hughes and New York's Richard Ontinger. He arrived in Colorado in 1970 with a \$7,500 advance from Random House to write a book of political coalition building.

►Even his friends wondered.

After the book didn't happen (the advance is still being paid back), he continued his antiwar efforts and filled in as a vice president for his father's store-chain, Brown's Shoe & Co. In 1972, he joined the successful campaign to keep Colorado tax money from subsidizing the 1976 Olympics.

Even some of his friends wondered what was going on when Brown decided to run for the treasurer's job, a post they saw as little more than a dusty sinecure for farmed-out politicians or ambitious bookkeepers. Brown, however, saw the job as being more than custodian of the

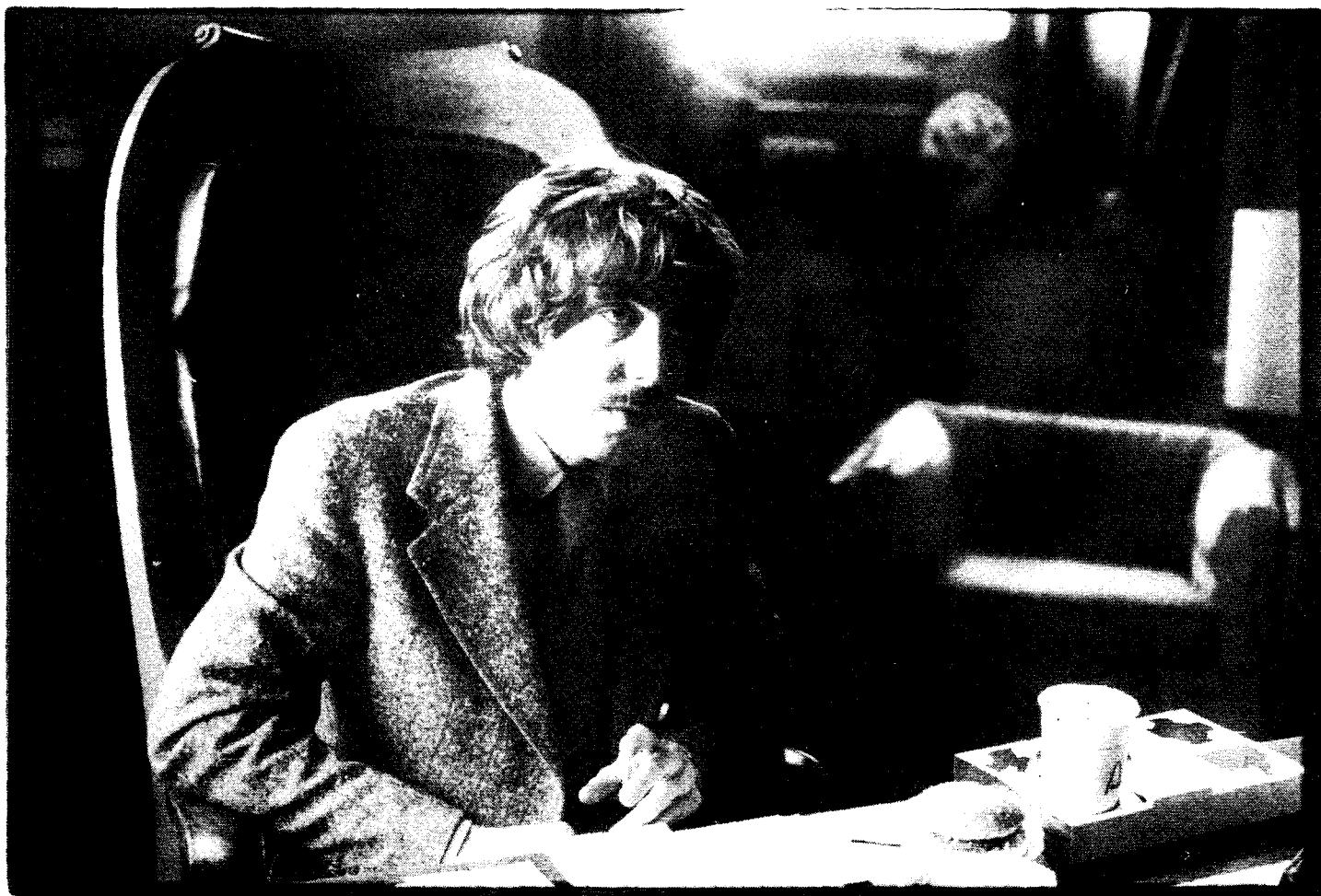


Photo by Eric S. Wiener

Economics on a human scale

Between waiting in court to present a routine matter, fighting with Colorado Senate Republicans over his socially motivated Treasury policies and running back and forth from Denver to Washington to discuss his appointment as the head of ACTION, Sam Brown stopped by his office for a Big Mac and a 30-minute interview with IN THESE TIMES.

Q: You've supported Fred Harris twice now. What is it about his politics that appeals to you?

A: Well, he talks about a fundamental question that we've got to deal with in our society, which is the maldistribution of wealth. He's the only person who talks

about it very directly. I think many questions society faces are economic ones, and they are going to require some fundamental changes.

How do you go about making those changes?

The main thing that has to be done—that I thought his campaign offered an opportunity to do—was to build a majority, to build a coalition which really could govern the country. And to build it across racial and sexual and all sorts of other lines because the unifying elements were elements of economics.

Now, what you have to do in terms of specific programmatic content when you get elected, I think, is two or three things.

state's cash-flow and pal to the big commercial banks.

Before Brown took over as treasurer, there were no written guidelines for depositing state money. The treasurer could, within certain limits, deposit funds in whichever banks he chose and, as in the case of Burch, those banks were often the ones whose directors had contributed money to the treasurer's campaign chest. It was what one small banker called the "buddy system," and it meant that the big banks got to handle most of the state's cash.

Using a program similar to one developed by Illinois' Adlai Stevenson III, Brown now deposits all state funds with the highest bidder. Deposits of less than 360 days go to banks that bid the highest interest rate, but for longer term deposits, the bidding process has a kicker. Banks get extra credit for having made large numbers of student, small business, agricultural, inner city and older housing loans. Consideration is now being given to including bidding credit for loans to minorities and women. Thus, a small bank unable to offer as high an interest rate as a big bank can still win the bid for state deposits based on what the treasurer calls "social criteria" and what some bankers deride as "brownie points."

►"Greenlining" shifts the money.

The precise results of this "greenlining" policy will not be clear until a study is completed near the end of June, but generally state money has been shifted from the suburban and big city banks that ben-

efitted under the old discretionary policy to rural and small inner city banks.

This shift has not made the Republicans on the state's Senate Finance Committee very happy, and they are anxious to get rid of the social criteria in the bidding process. At a committee meeting a few weeks ago, state Sen. Ralph Cole accused Brown of "appropriating state money to further your social prejudices. You're making a plaything out of state dollars." Brown angrily replied, "I frankly resent that last comment. If rumor is true, the office was used in the past not only as a plaything but as a highly politicized plaything."

The committee's Republican opposition to greenlining is more than philosophical. Three of the five are directors of suburban banks hurt by the policy, and a supposedly impartial expert who gave error-filled testimony that Brown's policy was costing the state tens of thousands in lost interest revenue, was found to be on the payroll of the Colorado Savings League, a greenlining opponent.

Brown denies that greenlining has cost the state money, claiming his other policies have more than made up for any losses and that eventually higher state revenues will be produced in those economically depressed areas now aided by greenlining.

Big bankers are fairly solid in opposition to Brown, but while the state's Independent Banking Association (IBA) of small banks has no official position on greenlining, IBA president Jim Thomas believes Brown is doing things "exactly as they ought to be done."

One is to begin to get things to some scale that makes some sense—to reduce the size and complexity of economic institutions. That means that you're going to have to do everything from rigid enforcement of expanded anti-trust operations, including both vertical and horizontal divestiture of the oil companies, and reduction in size of some of the multinationals—but you've got to do it in such a way that ensures they can't simply export this country's capital to other places with no repatriation of the profits.

On an individual basis, it means you've got to deal realistically with both a guaranteed income, and at the other end of the scale, to have a tax impact on upper

Continued on page 20.

Brown also hasn't pleased most bankers with a recently published booklet on banking. It is no revolutionary document, but a grant-funded comparative shopping guide. Bankers complain the guide will be inaccurate because of fluctuating interest rates and that publishing it wasn't in the treasurer's job description. Pointing out that his responsibility is to the people and "not the banks," Brown says, "I think in the best of all possible worlds it's up to industry to provide that kind of information." But the "best of all possible worlds doesn't exist."

In the fall presidential campaign, Brown made enemies out of some former supporters when he initiated an anti-McCarthy advertisement signed by local supporters of McCarthy's 1968 campaign. Brown said the independent contender was a spoiler who would take votes away from Carter without offering a viable or coherent alternative.

But within all wings of the relatively center-road Colorado Democratic party, the 33-year-old treasurer is widely respected and admired, not least because he has used his post to travel about the state explaining his policies, maintaining close local party contacts and apparently building a political base for what may now be an abandoned future campaign.

One Denver journalist who has closely watched Brown told IN THESE TIMES, "He's milked the job for all...more than it's worth. Nobody expected he would get so much mileage out of it."

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Deborah Meier, National Board member, addresses convention.

Photo by Jane Melnick



Photo by Timothy J. Naylor

Making socialism 'mainstream' — DSOC builds on its strengths

By John Judis

After World War I, the American socialist movement contracted a severe illness from which some historians and politicians expected it would never recover. But recently there have been signs of revival. Some have come out of the remnants of the new left of the 1960s. Others have come surprisingly from long dismissed segments of America's old left.

The Democratic Socialist Organizing Committee (DSOC) was formed in 1973 after the Socialist Party splintered into three irreconcilable parts: a group of cold-war Meanyites led by Albert Shanker who went on to form Social Democrats, USA; a group of Norman Thomas socialists who thought socialism had to be built outside the Democratic Party and who retained the name of the Socialist Party; and the 200 people who came to form DSOC. DSOC's founders were determined to avoid both the coldwar anti-communism of the right and the self-imposed isolation of the party's left. They focused on building a socialist movement from within the Democratic Party.

In three years, during a period when most other socialist organizations were stagnating or shrinking, DSOC has grown from 200 to 2,000 through widespread educational work and agitation within the Democratic Party. It has attracted significant support from the left wing of the labor movement and of the Democratic Party.

By signing up such notables as Georgia State Senator Julian Bond, Gloria Steinem of Ms., Vic Gotbaum and Lillian Roberts of AFSCME, Victor Reuther of the UAW, Joyce Miller of CLUW, New York State assemblyman Seymour Posner, Ed Donahue, the president of the Graphics Arts International Union, and Harvey Cox of Harvard, it has been able to provide socialism with a needed legitimacy in the eyes of many people who have been afraid to identify themselves publicly as socialists.

It has also had one spectacular organizing success. At the 1976 Democratic convention, DSOC organized "Democracy '76," which united prominent Democrats and labor leaders around a program that stressed full employment and democratically planned investment.

►Still a collection of individuals.

DSOC has also remained largely a collection of individuals led by Michael Harrington, its founder and chairperson. While it has been able to organize nationally within the Democratic Party out of DSOC's New York office, it has not been able to create many local organizations or a socialist presence outside of New York and a few other cities.

Its membership has also remained largely white and, for the most part, limited to the leaders rather than the rank and file of reform movements. While some would argue this is an effect of the time and not a fault of DSOC, others have been less charitable. "We haven't even organized top down, but top sideways," New York member Jim Chapin quipped.

For many people who became socialists during the 1960s, DSOC also remains tainted with the heritage of the right wing of the Socialist Party—in fact, several prominent leaders wielded the anti-Communist axe themselves during the 1950s and '60s. Believing DSOC not seriously committed to socialism, but to destroying communism they continue to keep the organization at arm's length.

Last week at a Holiday Inn in Chicago, DSOC held its biennial convention. While some of the delegates came there primarily to see old friends and exchange experiences, others came with the express purpose of trying to shore up some of DSOC's weaknesses while building on its strengths.

►Full employment the key issue.

DSOC wants to build a socialist wing within the mass reform movement inside the Democratic Party. "Our analysis," Michael Harrington told *IN THESE TIMES*, "is that the political working class, the political women and minorities are within the Democratic Party. We want to become the socialist wing."

In his keynote address to the convention, Harrington depicted that mass reform movement as currently in crisis. Under the impact of a shrinking American capitalism, "it is quite possible that we will see the effective dissolution of the liberal ideology formulated by the New Deal and defining the point of view of the mass left ever since."

Liberals, Harrington argued, will be forced either to the right or to the left—either toward the "crackpot realism" of Charles Schultze or Hugh Carey who accept five percent unemployment and budget cuts as normal, given the working of the system, or toward a socialist politics that sees democratic structural reform as essential to solving America's basic problems.

The critical issue, Harrington believes, is full employment. Both corporate leaders and the rightwing liberals now understand that the labor market is divided in such a way that a five percent unemployment rate leaves minimal unemployment among adult white males. Anything less threatens to put these workers in an undesirably strong bargaining position. Corporations are left with a choice between raising prices to offset wage gains and accepting a redistribution of wealth. Full employment might give the working class as a whole enough leverage to force significant redistribution of wealth.

Politically, Harrington believes, full employment would not only give the working class power, but would provide a precondition for unity within the working class and with other national working classes.

Harrington sees full employment as an issue that could play the same explosive role in the next five years that civil rights and peace played in the Kennedy and Johnson years.

►Overcoming local weakness.

He proposed and the delegates accepted a plan to stage a full-employment confer-

ence in Washington D.C. this fall that would bring together labor, community, and Democratic Party activists from around the country. Harrington wants to model the conference on the Socialist Party's Continental Congress of 1933, using it as a way for local chapters to get in touch with the labor movement and Democratic Party in their cities. He hopes that out of it might come a permanent full employment coalition.

But Harrington himself admitted that the Washington conference was not enough to overcome DSOC's local weaknesses. Other DSOC members were more emphatic. "If we limit ourselves to Washington-based conferences, we're going to go nowhere," Elizabeth McPike, an Illinois delegate and National Board member said.

DSOC members see their Los Angeles local as a model of what they would like to do across the country. In Los Angeles, DSOC as a group helped to organize CAUSE, the Committee Against Utility Service Exploitation, which successfully blocked a utility rate increase and an attempt by the telephone company to charge for information calls. Burt Wilson, DSOC member, leader of CAUSE, and a recognized socialist, is now going to run for state assembly and is given a chance of winning against a field that includes former state assembly leader Jess Unruh.

At the convention, the delegates passed resolutions mandating the leadership to encourage the development of local chapters that would participate in community organizing and, where possible, run their own candidates for office as explicit socialists. But while the resolutions encountered no opposition, some DSOC members were skeptical about whether the Los Angeles model could be readily adopted in other parts of the country.

Nancy Shier, an experienced Democratic Party activist, said in the workshop on electoral campaigns that she didn't think "it was possible at many places at this time" for DSOC to run candidates. Candidates who run, she and others argued, have to have an independent base of their own in order for them to be serious candidates, and DSOC has few people like this outside of Los Angeles and New York City.

►Passing resolutions not enough.

Deborah Meier, a National Board member from New York and a founder of DSOC, was skeptical as well about DSOC's local community organizing thrust. She stressed that passing resolutions would "not be enough," unless new people came into DSOC with community organizing backgrounds. "Most of our leadership does not have community organizing backgrounds. Even if you pass a resolution, I don't think that Mike [Harrington] can articulate it."

Meier and other National Board members look to what they describe as "the best survivors of the '60s" to bring this orientation to DSOC. So far, DSOC has

managed to recruit only a few of these. Harry Boyte from the New American Movement played an important role in the convention and is now on the National Board. But other survivors retain a hands-off attitude, wary of DSOC's views on communism and socialism.

There is still a significant minority within DSOC that in Deborah Meier's words "thinks anything is preferable to communism." Meier added: "They don't expect to win us over, but they expect to hold us back a little and they do."

There is also a minority that identifies socialism with an advanced welfare society or regulated capitalism, although these views seem to have little place within the leadership.

At the convention, Harrington and other speakers, partly with an eye to the skeptics among the over 100 observers, went out of their way to make clear DSOC's differences with coldwar anti-communism and welfare socialism. In his opening talk, Irving Howe distinguished socialism from capitalism and all forms of state-managed socialism. The basic idea of socialism, Howe insisted, is "the idea that ordinary people rule."

Howe rejected nationalization as a way of seeing the path to socialism in the U.S. and called instead for a decentralized, democratized economy in which local industry is run by boards of elected workers and consumers.

►Some change in foreign outlook.

At the plenary on foreign policy, the first DSOC has ever had, it became clear that DSOC leaders regard the Western European Communist parties in a more favorable light. Bogdan Denitch, the chair of DSOC's International Affairs Committee, described the Italian Communist Party as "a mass workers party" and as "profoundly democratic," and endorsed its strategy of seeking an "historic compromise."

In describing the future of socialism in Europe, speakers also sounded an optimistic note. They described the task of Europe as one of going from "social democracy to socialism," which indicated again to wary listeners how DSOC understands the European welfare state.

But while DSOC has changed its views of Western European Communist parties, it has not softened its stand toward communist countries. Its literature tends to be unrelenting in its criticism of the Soviet Union, and one leaflet even puts the USSR in the same boat as post-coup Chile.

►Feeling each other out.

While Harrington told *IN THESE TIMES* that DSOC demanded no "theoretical obedience" on questions of communism and democracy, but only support for the rights of dissenters, Meier was less assuring when asked about different views of the Soviet Union. "Anyone who joins will have to live with Mike's own view of the Soviet Union. (See interview, page 7.) He is going to remain our spokesperson."

For Meier, the convergence between DSOC and much of the new left is proceeding, but slowly, as "both sides continue to feel each other out." For her that is the way it should be.

One new leftist who had come to the convention to look DSOC over, expressed some understanding for DSOC's lingering anti-communism. "It is true that there is still some anti-communism in DSOC," he told *IN THESE TIMES*, "but what can you expect given American history and the way the working class itself sees socialism. Any organization that had no anti-communists would have to be outside the debate that is going to have to go on inside the working class in order for socialism to become accepted."

"And the one thing that remains impressive about DSOC is that they are attempting to bring socialist ideas right into the mainstream of American politics. I don't know many other organizations that are."