

# PERSPECTIVES

□ FOR A NEW AMERICA □

## For a socialism that works, Part II

*This is Part Two of a three-part series that we hope will inaugurate an ongoing exploration of an American form of socialism, how it would work, and what it would reject or build upon in the American historical experience. We invite responses to the series as well as original articles on the subject. Our hope is to stimulate American socialists to develop critical and concrete thinking about the practical problems of a socialist economy in the U.S.*

We used a new economic system comprising, broadly speaking, several sectors:

(A) a "public sector," composed of regular government administration, at all levels of government, and parts of the economy under public ownership. This would include utilities and other special industries whose form of public ownership and organization are designed to provide a special degree of government control, for purposes of regulation or planning, or for reorganization of an industry into a unified entity. It would include both conventional nationalization and public ownership of utilities at lower levels of government.

(B) a "market socialist" sector, composed of all other business corporations, to be operated exactly as private firms, on a competitive and commercial basis, with regular financing and the control of management separated from government, but with ownership vested in a new system of investment banks owned by local governments (cities, towns, counties, townships, etc.). The purpose of such public ownership is not government control but greater equality through the socialization of ownership.

(C) a private sector composed of small business, including family-operated farms, for the large parts of the economy where small business has genuine economic advantages and where socialization of ownership would either bring little gain in equality or damage incentives.

(D) a cooperative sector composed of consumer and producer cooperatives, where, for any reason, such as circumvention of monopolistic power, advantages of bulk purchasing, or other considerations, equity and well-being of people can be improved by their formation.

The underlying conception here is neutral with respect to the question of the optimum mix of government planning or other intervention, and market forces. That decision, and the decisions on ordinary nationalizations, are to be made *first*. Then it is proposed, in the *remaining* parts of the economy where government power to hire and fire the management of firms is not necessary, to put all corporate business firms into sector B. The underlying conception here is versatile and could be applied in many countries with widely differing circumstances and widely differing amounts and types of government economic planning.

In the U.S., most utility industries and perhaps some other special industries or parts of them should be put into sector (A). But the great bulk of corporate business should be put into sector B.

The central concern here is with sector B, and we will now focus on that alone.

What is proposed is a radical innovation in socialist thinking that, I suggest, could provide solutions—not perfect solutions, there is no such thing, but workable solutions—to a series of practical dilemmas of the socialist idea that have therefore been politically fatal to democratic socialism. By solving these problems the tables could be turned and pri-

vate corporate capitalism, in the U.S. as well as in other countries, could be made vulnerable to a new type of socialist political offensive.

Confronted with the great economic advantages of the "free enterprise" concept, socialists have tended to drag their feet about admitting these advantages fully and explicitly. Let us take a different course: Let us scrutinize the belief that in order to make a competitive market economy work with efficiency and dynamism it is necessary to have individual citizens as investors in big business, and hence millionaires and billionaires. The latter folks are very certain about that theory. Let us look at it.

Today in the American capitalist economy a large role is played by private "institutional investors." Indeed, close to half of all new stock issues go to such private organizations, as opposed to individuals. On the other hand, many European countries have had a century of successful experience with publicly owned municipal and financial institutions, such as savings banks and insurance companies. It would be only a small step in logic—but a vast step socially and politically—to put together these two familiar notions into a wholly new, and separate, institution—namely a system of investment banks that would be owned by local governments and would, in turn, be the owners of corporate business.

It is proposed that these banks be induced into existence by the national government offering to distribute socialized securities to such a bank in each locality where the local government established a bank meeting specifications laid down in national law. These banks would be operated under a pattern of regulation, but not direct control, by the national government in a manner little different from existing government regulation of private banking and other financial institutions.

It is proposed that the securities of all corporate business be socialized by national legislation and then distributed to these local government investment banks, with this transfer, and the necessary transitional arrangements, directly stipulated in the socialization legislation itself.

It is proposed that these public banks then hold and trade in these securities and buy the new securities issued by corporations and, by exercising the stock voting rights, hire and fire the top management of corporations, all with the sole aim of maximizing their own profits. These public banks, along with some existing types of institutional investors having a group character, such as mutual insurance companies, universities, and employee pension funds, would form a capital market among themselves. Stock markets, with some modification in their organization and procedures, would be retained but with trading on them, not by individuals or stock brokers and dealers trading on their own account, but solely by such socially owned institutions. To meet the needs for new capital, these banks, in addition to receiving the corporate securities upon socialization, would also receive new capital funds periodically from the national government out of taxation.

These banks would then pay their dividend and interest earnings to their respective local governments, which in turn would be free to use this income—a new type of "revenue sharing"—for any purpose, i.e., either tax reduction, operating expenses, or improvement and expansion of public services.

This would give the local government a self-interest in enforcing management of its bank so as to maximize return on its assets.

In this way, capital, via both stocks and bonds, would be allocated under the economic discipline of ordinary commercial principles to the firms in the market-socialist sector. The social function of stock markets would thus be performed but without any possibility for individuals to get rich from the process.

The underlying conception here is a market process for publicly owned capital that is separate both from the national government and from the particularistic interests of individual local governments. Each firm is to be separated from control by any single local government; no firm is to be "based" on any particular locality. These banks, in turn, are to invest in operations, not in their own locality, but in other localities across the nation; these banks are not local "planning" bodies and have no "social responsibilities" whatever, except to earn profits in the national capital markets. The "decision-maker" is not local governments but an impersonal national market process that, actuated by the self-interest of individual local governments, operates, as a system, automatically to steer capital to the most profitable uses and locations, as measured by market forces.

Whether the resulting pattern of investment is optimum from some social point of view is irrelevant; the purpose of *this* part of the economic system is solely to provide such a market process. Where the results of this process diverge from the socially desirable, then *separate* government measures can be used to promote the results desired.

This approach for sector B would require effective regulation of the local government investment banks by the national government. There are genuine problems here. But these problems appear to be manageable, and the impurities would not be crucial to the over-all success of the system.

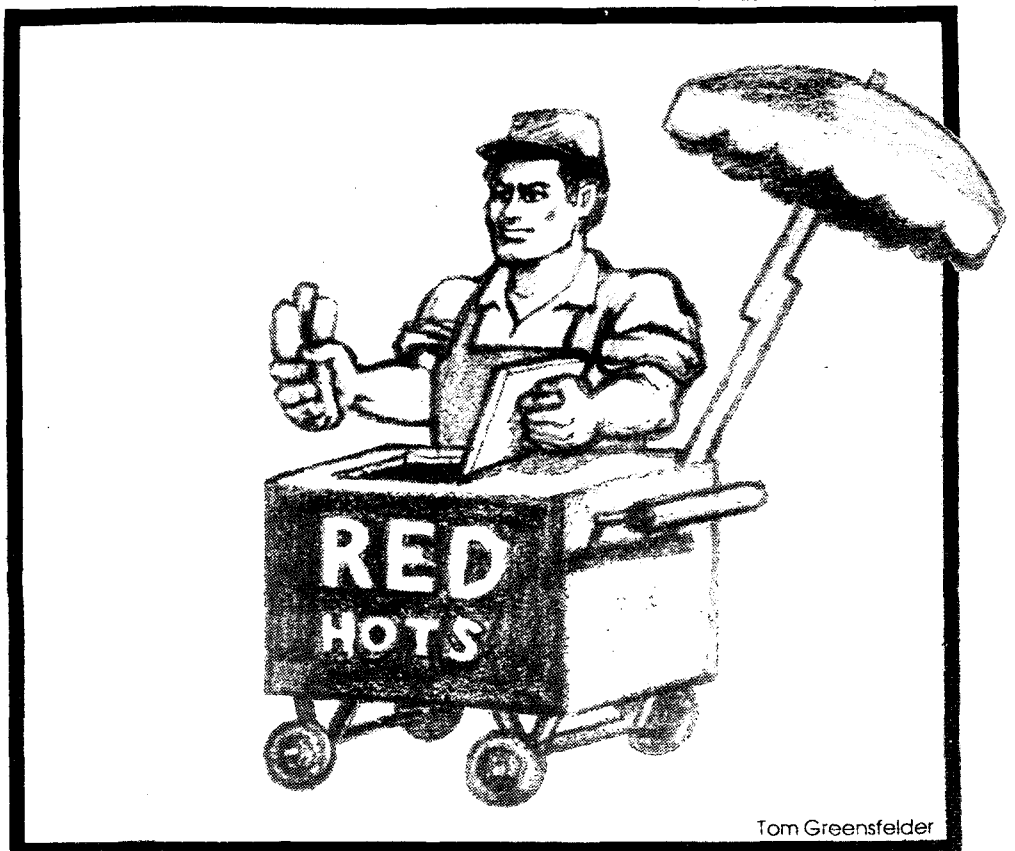
In regard to capital for high-risk in-

vestments, the proposed system of local investment banks would not, by itself, be adequate. But it could be supplemented by other arrangements and measures. The national government could underwrite, by annual reimbursements to these banks, a certain percentage of their capital losses incurred in certain general categories of investments, such as common stocks of small companies, where rates of return, growth rates, and the risks are often high.

American governments today, by countless devices of financial inducement, share the risks of "private" investment. The national government could play exactly the same game with such publicly owned local investment banks. Further, in promoting both specific broad purposes and specific projects that are deemed important, governments can (and already do) share risks or assume the full risk, and they are under incessant pressures to do so from business executives themselves and countless interests in society. Any reduction in private venture capital caused by the expropriation of large family wealth would lead to increased pressures upon governments to provide venture capital in other ways. The rich are no longer essential for "venture capital."

Such an ownership structure for sector B—by vesting ownership and control of individual firms neither in the national government nor in any single local government but in a marketized system of a vast number of local public banks—could retain all the advantages of competitive free enterprise and the flexibility of capitalist organization but within the framework of social ownership of means of production.

*(Part III, Slaughtering sacred cows.) Leland Stauber is professor of political science, Southern Illinois University, Carbondale. He is the author of the forthcoming book, Market Socialism and the Problems of Control: A Reappraisal of Practical Experience. The views outlined in this three-part series are presented in greater detail in his article, "A Proposal for a Democratic Market Economy," Journal of Comparative Economics, September 1977.*



Tom Greensfelder

## FAMILY ALBUM OF U.S. LEFT CULTURE

For the first time: the story of German, Yiddish, Slav, Finnish, Ukrainian, "Debsian," Communist, Popular Front Culture in America, 1880-1940. Also **Cartoons** by Art Young, and artists from Yiddish and Finnish Socialist humor magazines. **Poetry** by Morris Rosenfeld, Covington Hall, Arturo Giovannitti. **Jokes and Stories** by Morris Winchevsky and T-Bone Slim. L.C. Fraina on Modern Dance. New Contributions by **Peggy Dennis** and **Lester Rodney** on the 1920s-30s. SPECIAL SECTION on Sports and the Popular Front. 116pp (8½x11"), \$2.50.

In **Cultural Correspondence**, #6-7, the quarterly of Left Culture and Humor. Subscription: \$5/year. c/o Dorrwar Bookstore, 224 Thayer St., Providence, RI 02906.

**SPECIAL OFFER:** One year **Cultural Correspondence** plus Andre Breton, **What Is Surrealism? Selected Writings** (Monad Press, 600pp, list \$8.95 pbk); both for \$10.



# Arafat

Continued from page 2.

event of a new civil war, it was more than likely that the rightists, who control the army, would inherit the arms. "It's a risk they have to take," he said of the Americans.

When I returned home to the U.S., I looked back through *Uncertain Greatness*, a study of Henry Kissinger's diplomacy by ex-Security Council staffer Roger Morris, where I discovered an interesting passage:

*Ironically, however, it was the most ruthless exploitation of internal weakness that crowned Kissinger's Middle East policy in 1975-76... As Lebanon plunged into a bloody civil war, the CIA, with the connivance of the intrepid if short-sighted Israeli intelligence service, was accused by*

*some officials of supporting covertly the fighting that inflicted an awful, temporarily crippling attrition of the PLO. Allegedly conducted by the special Israeli bureau of the CIA, the Lebanese operation proceeded, according to these sources, while unwilling American diplomats tried to arrange a ceasefire, and while congressional and executive oversight groups were consistently misled on the scope and purpose of covert involvement in Lebanon.*

Morris is no flaming radical, nor is he a partison of the PLO. His book is informed by diligent scholarship and inside knowledge. In the passage above, Morris is clearly trying to protect both himself and his sources by couching his accusations in the most tentative form.

Along with the statements of the ambassador and Dory Chamoun, they add weight to Yasir Arafat's suspicions of American involvement in Lebanese internal affairs.



## Health Service

Continued from page 7.

all health insurance bills are longshot propositions.

The Kennedy and labor-backed Committee for National Health Insurance is apparently relieved that there is finally a "more radical" bill to "legitimize" their own, but Dellums and his supporters have a different outlook. They are convinced

that a real alternative to the current system will be received with greater public enthusiasm than watered-down, bureaucratic tinkering. They concede that winning public support isn't going to be easy, but as one Gray Panther supporter told a Kennedy staff member, "Why start by compromising? If you fight for what you really want, the ultimate political compromises will be that much closer to your goals."

Joyce Goldstein is executive director of Health Service Action in Washington, DC.

## REVIEW

Editor: Immanuel Wallerstein

a journal of the  
Fernand Braudel  
Center for the Study  
of Economies,  
Historical Systems,  
and Civilizations

Review is committed to the pursuit of a perspective which recognizes the primacy of analysis of economies over long historical time and large space, the holism of the socio-historical process, and the transitory (heuristic) nature of theories.

Contents of Volume I, Nos. 1 and 2, include:

|                                  |   |
|----------------------------------|---|
| Anouar Abdel-Malek               | East Wind   |
| Arghiri Emmanuel                 | Gains and Losses from the International Division of Labor   |
| André Gunder Frank               | Long Live Transideological Enterprise!<br>The Socialist Economies in the Capitalist International Division of Labor |
| Huri İslamoğlu and Çağlar Keyder | Agenda for Ottoman History  |
| E. Le Roy Ladurie                | Occitania in Historical Perspective   |
| Karl Polanyi                     | The Economistic Fallacy   |

Double issue on "The Impact of the *Annales* School on the Social Sciences," Vol. 1, No. 3/4, including articles by Fernand Braudel, Jacques Revel, Traian Stoianovich, Halil İnalcik, Peter Burke, Eric J. Hobsbawm, Norman Birnbaum

\*\*\*

\*\*\*

\*\*\*

I wish to subscribe to Review for one year (four issues). I enclose a check for \$10 payable to Fernand Braudel Center, State University of New York at Binghamton, Binghamton, New York 13901, U.S.A.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Country \_\_\_\_\_ Postal Code \_\_\_\_\_

## Random Samples

### Son of S.I

Jan. 31, after eight days of debate, the Senate approved S.1437, the criminal code revision bill, by a 72-15 vote. Some amendments were adopted, but the bill still contains many repressive features. Attention now shifts to the House where the bill is known as H.R.6869.

Opponents of the bill encourage citizens to write to the members of the House Judiciary subcommittee on Criminal Justice and to Judiciary chairman Peter Rodino (D-NY). Members include: James Mann (D-SC), Elizabeth Holtzman (D-NY, chairperson), Sam Hall (D-TX), Lamar Gudgeon (D-NC), Bill Lee Evans (D-GA), Charles Wiggins (R-CA), and Henry Hyde (R-IL).

### Born again?

Dick Ebersol, who originated NBC's often irreverent *Saturday Night Live* program, is now, at 30, NBC vice president in charge of variety, comedy and specials. Nine months ago he says that he decided to dedicate his life to Jesus and was "born again."

But he denies that his new outlook will lead to any new moral standards around NBC. "All it does is give me peace of mind in my personal life," he told the *Washington Post*. "But whether it will affect my programming, it doesn't. It just makes me think clearer, but that just means that I probably think more commercially than I did before." (*Sojourners*)

### Need new directors

According to the Associated Press, Harold M. Williams, chairman of the Securities and Exchange Commission, told the fifth annual Securities Regulation Institute in San Diego, Calif., that he would like to see the boards of directors of corporations composed of "independent" members who are not active in corporate management.

The large corporation, Williams said, "has ceased to be private property even though theoretically still owned by its shareholders, and has become, in essence, a quasi-public institution." He said that management control frequently focuses on short-term economic gains and "encourages and rewards conduct often contrary to the long term best interests of socially accountable business."

(Thanks to Roger Peace)

### Self defense starts young

An 11 year old girl has successfully fought off two would-be child molesters. As she was walking home from school, a car with two men stopped, and the passenger opened his door and grabbed the girl by the arm. She flipped him onto his back on the sidewalk, chopped him in the neck with the edge of her hand and jabbed him in both eyes with her fingers.

The driver jumped out, screaming, "That's murder!" Neighbors, alerted by the noise, called the police and both men were apprehended.

The girl is the daughter of a woman who studied judo and a man who holds a brown belt in karate. She was unharmed, except for a slight bruise on her arm where the man grabbed her.

(Plexus/Off Our Backs)

### Women in sports

The Women's Equity Action League (733-15th St. NW, Washington, DC 20005) has compiled a looseleaf kit on "Women in Sports." The kit includes the text of laws affecting women's participation in sports, reprints of articles, charts, cartoons, copies of government documents and materials developed by WEAL to help evaluate the situation at your school or college and to take action. Useful bibliographies list fiction and non-fiction books for both children and adults. Price is \$4.00.

### Riches for Ob-Gyns

Doctors who treat "female problems" apparently have no problem collecting fat fees for their services.

A survey by the National Opinion Research Center indicates that gynecologists and obstetricians are among the highest paid medical professionals in the country. The survey, conducted for HEW, reveals that the average specialist in gynecology and obstetrics annually earns a comfortable \$69,000 before taxes. The average MD in the U.S., by contrast, squeaks by on a mere \$53,000 a year.

The typical Ob-Gyn, in addition, takes a vacation each year of between five and 11 weeks, the survey reports.

It all works out to average earnings of as much as \$1,685 per week, or \$294-337 per working day.

## BEHIND THE SCENES IN TWO WORLDS

### The People and the State in the German Democratic Republic and the USA

by Elaine Mensh & Harry Mensh

Examines democracy and the state, advocacy and criticism, the status of artists, intellectuals and working people, the issue of women's equality, attitudes and practices regarding racism in a socialist and a capitalist state.

#### ORDER FORM

Enclosed is \$\_\_\_\_\_ for \_\_\_\_\_ copy(ies) of BEHIND THE SCENES IN TWO WORLDS.  
☐ paper \$4.95 or ☐ cloth \$15.00. Please include 50¢ postage and handling charges for each book ordered.

Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Mail to Dept. T1  
**INTERNATIONAL PUBLISHERS**  
381 Park Avenue South • New York, N.Y. 10016



No movement for the transformation of American society can hope to succeed without a strong element of patriotism. The Left needs a rationale for social change that flows naturally out of our unique American history, experience, and revolutionary-democratic-humanist traditions.

Send \$1 for pamphlets and other material:

**The New Patriot Alliance**  
The New Patriot Alliance  
Room 305, 343 S. Dearborn  
Chicago, Ill. 60605  
312/663-1664

## MDEM SEEKS EXECUTIVE DIRECTOR

MDEM, an interfaith social change organization in rural Southeast Missouri, is seeking an Executive Director.

#### REQUIRED QUALIFICATIONS:

1. Commitment to organizing poor people for social change
2. At least 2 years administrative and supervisory experience
3. Proven communications skills, including writing ability, public speaking and fund-raising

**Salary:** In the \$10,500 to \$11,500 range, depending on experience and training.

For more information, send a resume to:

MDEM, Box 524, Hayti, Missouri 63851

MDEM is an Equal Opportunity Employer



## LIFE IN THE U.S.

## SPORTS

## Action needed to control colleges

By Mark Naison

**R**ECENT REVELATIONS OF fraud and favoritism in National Collegiate Athletic Association (NCAA) investigation procedures dramatizes what many people have known for a long time: Big-time intercollegiate athletics are among the most corrupt and exploitative activities in American sports.

The payoffs, bribes and doctored transcripts so graphically exposed in recent congressional hearings are only one part of the story. Just as serious is the cynical exploitation of scholarship athletes from poor families who are placed in programs that give them almost no time to attend classes in return for the spurious promise of a "free college education" and a shot at making the pros.

No systematic statistics have ever been compiled on the percentage of scholarship athletes who graduate with their class or graduate at all, but the record of some highly successful athletic institutions suggest a problem of staggering dimensions. Some people might argue that examples like Texas Western, where none of the starters on the 1966 NCAA championship basketball team received degrees, or Arkansas, where only one of 25 black scholarship athletes graduated, are not representative, but I suspect that a close look at the programs at Oklahoma, Arizona State, Maryland and hundreds of other schools would reveal a similar pattern. I'm convinced that thousands of athletes, many of them black, are being recruited under misleading circumstances and are being used to generate revenues for universities without getting a fair return for their services.

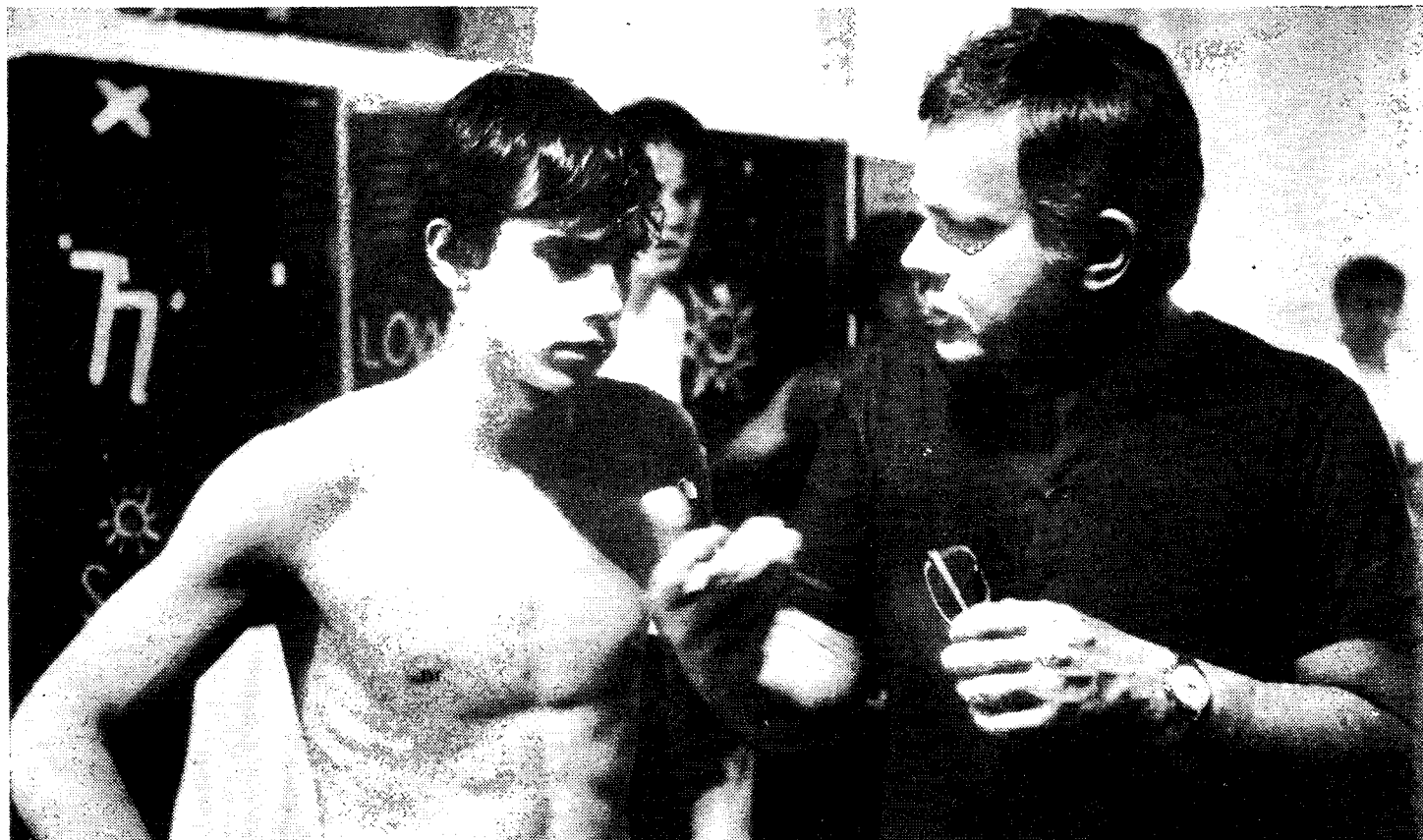
Federal legislation is required to check these abuses. The NCAA, the self-regulating body of university athletic departments, has never taken the problems of scholarship athletes seriously—its primary concern has been to protect its member institutions. Universities have demonstrated that they are no more willing to eliminate the exploitation of scholarship athletes than private industry was willing to check the exploitation of its workers in the days of *laissez faire* capitalism.

Indeed, the atmosphere of cutthroat competition that pervades big time college sports, and the huge money at stake in TV contracts, alumni contributions and grants from state legislatures place pressures on coaches and athletic directors that make it very difficult to run a successful athletic program in the revenue-producing sports without taking advantage of the athletes involved. College athletes, unlike their counterparts in the pros, have no union, and often work under sweatshop conditions, receiving little return for long hours of labor, suffering from irregular and often inadequate medical care, authoritarian treatment at the hands of coaches, and a complete absence of any grievance machinery.

Concerted action by faculty, student, and community organizations on specific campuses might remedy some of these problems, but in the long run, local efforts will be swept aside by the pressures of the market unless they are reinforced by some central regulatory agency.

Federal legislation should have the following objectives:

- To create a federal commission, with powers of investigation and subpoena, to examine college sports programs.
- To require the publication of annual financial statements by college athletic departments, with detailed breakdown of recruiting expenses, available on request to students, faculty and federal investigators.
- To require the publication of annual reports by athletic departments, detailing



While public exposure of college recruiting and scholarship abuses is useful—like that in the movie *ONE ON ONE* (above)—it is not enough. Legislation is required.

what percentage of scholarship athletes receive degrees and graduate with the class. Such reports should also be given to every athlete being recruited by the school.

• To provide for collective bargaining rights for college athletes and the right to be represented by counsel in all negotiations with athletic departments regarding academic or athletic status.

Officials of FANS and Sports for the

People have tentatively agreed to cooperate in publicizing conditions in college sports and in generating and refining legislative remedies. I would also like to enlist the aid of *IN THESE TIMES* readers.

We need information about what percentage of athletes graduate at particular schools, or in entire athletic conferences. If you can get such information about institutions you attended, worked

at, or are otherwise familiar with, please send it to me, c/o *IN THESE TIMES*. I am also interested in getting statements, signed and notarized if possible, but anonymous if necessary, describing misleading recruiting practices, payoffs, maltreatment of injuries, racial discrimination, or pressures that make it impossible to function as a full time student while playing competitive sports.

## HISTORY

## Making history more accessible

**RADICAL HISTORY REVIEW**  
MARHO, Box 946, NYC 10025  
\$15/year for "regular income," \$7.50 for "low income"

**HISTORY WORKSHOP**  
History Workshop Journal, Box 69,  
Oxford OX2 7XA, England  
\$12/year

"We believe that history is too important to be left to 'professional' historians and their 'professional' journals. We refuse to recognize the traditional academic boundaries between theory and practice, research and active cultural and political work. We are committed to a collective effort to overcome establishment professionalism at every level."

So says the Middle Atlantic Radical Historians Organization (MARHO), publisher of *Radical History Review*. To a degree *Radical History Review* achieves its objectives. Just as MARHO has, by and large, withdrawn from political activity at professional conventions in favor of sponsoring its own forums and conferences, so in *Radical History Review* there is a refreshing conversational directness as left intellectuals talk to one another without worrying about academic great ones listening in.

This virtue, however, is at the same time a limitation. *Radical History Review* remains a talkshop for radical professors; in this sense it does not transcend professionalism at all. It has not involved persons from outside the sub-culture of full-time intellectuals.

The latter is the special contribution of *History Workshop*. This periodical grew from workers' education workshops at Ruskin College, Oxford, where workers learned to write the histories of their own

trades and neighborhoods. It, too, seeks to combat professionalism: "Serious history has become a subject reserved for the specialist. The restriction is comparatively recent. It can be attributed to the consolidation of the historical profession; to the increasing fragmentation of the subject, especially as it approaches more modern times; and to the narrowness of historians' preoccupations, along with the way that research is organized and shaped. Only academics can be historians, and they have their own territorial rights and pecking orders. The great bulk of historical writing is never intended to be read outside the ranks of the profession...."

*History Workshop* sets itself the goal of making history "relevant to ordinary people," as well as "a more democratic activity and a more urgent concern."

When either of these journals addresses a problem remote from the experience of readers—say, the character of the transition from feudalism to capitalism (*Radical History Review*, Winter 1977; *History Workshop*, No. 1)—the results are indistinguishable: there is no way to tell from the article which journal one is reading.

*Radical History Review*, however, has no counterpart for a *History Workshop* article like "Victorian Railway Workers" by Frank McKenna. McKenna's article is copiously footnoted and as scholarly as one might wish, but with a difference. Because of his 23 years as a railroad worker McKenna is closer to the physical and emotional reality of what he writes about than is the ordinary historian. His own experience recurrently helps him to ground and comprehend from within the events he relates: the fact that railway housing was usually built separately from the

housing of other workers; the importance of the written word in railway management; the various grades of work connected with the use of the horse, some of which "were still in existence in my early days on the railways."

Nor should one suppose that such an article lacks theoretical insight. To the contrary, the piece ends with a remarkable discussion of railway "bailiwicks": the platelayer's "length" of track, the shunter's cabin, the signal box, the cab—enclaves of physical space, but more fundamentally, areas where "men stamp the work process with their own customs and practice."

The concreteness of "Victorian Railway Workers" rubs off on *History Workshop* as a whole. One finds in *History Workshop* photographs, for instance of women in Nazi Germany or of men who sold alcohol to South African miners; but also a 19th century working class autobiography reproduced in the original typeface, lively accounts of the creation of people's historical museums ("It all started when Ivano Trigari found outside a friend's house, half-covered by earth, an old farming tool locally known as a *stadura*"), the story of writing and producing a play about a servant girl imprisoned in 1871 for stealing a postage stamp from her employer, and discussions of children's historical novels, workers' libraries, history on film and the TV, myths, memories (an elegant article on "Local History and Oral History"). In place of book review, *History Workshop* has pieces called "Enthusiasms."

*History Workshop* gives us a glimpse of what doing history might be like in a society with a socialist movement.

—Staughton Lynd