

[The Platform of the Trojan Donkey]

A Welfare State for the Rich



"I CAN TELL BY YOUR FACES," shouted Mrs. Beulah Sanders, a welfare mother, at the nearly solid sea of white faces on the Democratic Platform Committee, "you don't care about poor people." Hale Boggs, congressman from Louisiana and chairman of the committee, was visibly nervous.

But Mrs. Sanders' testimony was wasted on the Democrats. The 100 men and women on the committee simply stared back with identically impassive expressions. Nonetheless, the welfare recipients had come to the right place to make their appeal. The Democratic Party has its fingers on the federal purse strings and is quite willing to loosen them for its friends. The problem is that poor people and black people and working people don't seem to get the "friend" treatment as often as everyone else. If Mrs. Sanders' husband had appeared before the committee in a Brooks Brothers or Neiman-Marcus suit, or if the appeal was made not for the poor but for the American Iron and Steel Institute, the American Emergency Committee on the Panama Canal, the American Importers Association or the Association of American Railroads, Democrats on and off the committee would have fallen over each other in the rush to help.

Those underprivileged like Mrs. Sanders, who provide the continuing electoral majorities for the Democratic Party, can no more take part in the Party's actual decision-making than they can drive Ferraris or vacation at St. Tropez. In 1964, when the Democrats met in Atlantic City, ten per cent of the delegates made more than \$50,000 a year. Another 20 per cent made between \$25,000 and \$49,999. Fewer than three per cent of the seats went to people who earned less than \$5000—although 43.1 per cent of the working population, and a much higher percentage of the Democratic voters, fall into that income bracket. The median income for 1964 Democratic delegates was \$13,223. For the Republicans, it was \$20,192. For American citizens generally, it was \$5742.

A working man who hated "bosses" might have felt uncomfortable on the floor of the '64 convention. Nearly 30 per cent of the delegates were businessmen, and that's more than 30 times the number of union officials who simultaneously occupied the hall.

by Lee Webb

Illustration by Christopher John

Delegates *must* be wealthy to meet the expenses of attending a convention. Ninety-one per cent of the Atlantic City convention delegates had to pay all their own bills—an estimated \$500 per delegate. State Democratic Parties also expect delegates to kick in to the party treasury for the privilege of being a delegate. Some state delegations expect the conventioneer to buy expensive tickets to a fund raising banquet, and others ask for a direct contribution (Iowa this year asked \$250 per man).

In addition to being wealthy, the delegate must be loyal. More than half of the '64 convention delegates—54.6 per cent to be exact—were party officials. Another large contingent was composed of public officials. Of Michigan's 102 delegates to Chicago, 28 held county or district offices; seven held state party offices and were once district office holders; 21 held elected offices; ten held down patronage jobs; seven received their badges as rewards for past party loyalty. In the Rhode Island section of the amphitheater, 17 delegates held state office and eight were being rewarded for past work; the remaining two were local labor leaders. Delegates like these are not boat rockers. They *like* the status quo, both in American society and within the Democratic Party.

Party leaders rely on these "loyal" delegates for the votes at the national conventions. The delegate is someone who has already gotten something out of the political process. Sitting on the convention floor, he remembers that party job or the lucrative highway contract he received or the importance of the state funds deposited in his bank. He's also reminded of how much he enjoys rubbing elbows with the high and the mighty. Thus, since he has received something, he "owes" something in return. He's loyal because it could cost him too much to buck the party leaders. He has been rewarded for "service" to the party with a delegate's badge. Because of his loyalty (and wealth), he is in a position to make some decisions which are very crucial to America.

IN RECENT YEARS, THE ONLY REAL THREAT to the Democratic Party's self-perpetuating machine has come from the ill-fated McCarthy campaign. Though hardly challenging the legitimacy of the corporate and propertied hegemony in the party, McCarthy's mild criticism of Johnson's Viet-Nam policy was enough to make him *persona non grata* among party regulars.

An insurgent candidate like McCarthy is faced with enormous problems the moment he tries to run against that carefully constructed Trojan Donkey—for the rules of the Democratic Party are written to help the writers of the rules. Bucking the stack of loyal delegates is no easy task. Receiving the cold shoulder from the party bosses, the insurgent decides he will take his case to the people. A noble thought. But it's easier to think noble thoughts than to carry them out. The party bosses who helped write the laws have made such an undertaking almost impossible.

The Presidential primary, a major political "victory" of the Progressives, is worth very little. Only six states have binding Presidential primaries. In eight other states (including Pennsylvania, where McCarthy won) the primary is not binding on convention delegates. In 20 states the delegates are chosen directly or indirectly by party officials alone. All of the old Progressive reforms turn out to be worth less to democracy than a single Yippie cheer.

And that's not all. In 15 states, the delegates aren't even chosen in the year of the convention. At Chicago, 606 of the delegates (representing 372-1/2 of Humphrey's committed votes as of July, according to the Associated Press) were elected either two or four years ago.

An insurgent can try breaking through the Credentials Committee—with about the same chance that Ernie Terrell had against Muhammad Ali. McCarthy's strategy guaranteed that the Chicago convention would be the most challenged in history (nearly 1000 delegates and alternates were under some kind of challenge). Yet Gene McCarthy's hope of picking up the delegates there which he couldn't win in the back room or the primaries didn't have a chance of being realized; the Humphrey majority knocked them down one at a time like clay pigeons.

The convention itself is set up by the Democratic National Committee, a group so weak that in Chicago, where even casual conversations were surrounded by security guards, its meetings were open to any and all. The committee's real power at Chicago resided in National Chairman John Bailey—whom Stephen Mitchell, McCarthy's convention manager, himself a former national chairman, labeled as the man responsible for the "stacked convention." Nothing was spared in the drive to stop McCarthy and help Humphrey. Bailey had considerable power at his fingertips, for the Democratic National Committee has delegated most of its powers to its chairman.

In preparing for the Chicago convention, Bailey had personal power to make all physical arrangements for hotel and office space (that's how Texas got into the Hilton while California was shunted off to the inconvenient LaSalle); to make all arrangements for seating delegates, alternates, press, radio, television and visitors (California alternates were seated in a remote section of the balcony; several went home the second day in disgust); the power to make all security arrangements; the power to convene committees and appoint their chairmen (Hale Boggs' appointment was no accident); and, of course the power to appoint both the temporary and the permanent convention chairmen.

From the beginning, though, Bailey was honest. Before Johnson's abdication, but after McCarthy's declaration, Bailey had said that while there are "some differences" within the party, "We know who our nominees will be . . . we will gather next August to nominate our President Lyndon Johnson and our Vice President Hubert Humphrey."

Most liberals are shocked to discover the influential role that big businessmen play in the Democratic Party, but this is an historical pattern. In 1932, Joseph P. Kennedy contributed \$25,000 to Franklin D. Roosevelt, loaned the party another \$50,000 and raised \$100,000 from "among his friends and acquaintances," some of them Wall Street figures worried about the way the wind was blowing. Jewish bankers also played an important role in financing FDR. Jesse Strauss, Herbert Lehman, Howard Cullman and Sidney Weinberg contributed and raised hundreds of thousands of dollars from their friends for the Democrats. With them in the high councils of the party were old line WASPs whose names are reminiscent of the New Deal: Vincent Astor, Francis Biddle, William Bullitt, James Gerard, Averell Harriman, R. Sturgis Ingersoll. None of them feared Roosevelt's appeal to the common man, and many went on to occupy high posts in the Roosevelt Administration.

John J. Raskop, chairman of the finance committee of General Motors, was chairman of the Democratic National Committee in 1932. Though his man was Al Smith, he gave more than \$23,000 to Roosevelt's campaign. Gerard Swope, president of General Electric, Walter Chrysler of Chrysler Motor Company, and A. P. Giannini, the man behind the Bank of America, all pitched in either to help elect him or help him run the New Deal.

The oil industry also lent a helping hand. In 1936, H. L. Doherty of the Cities Service Company gave \$55,000. That same year, Walter A. Jones, a Pittsburgh oilman, reportedly gave \$102,000. Jacob Blaustein of the American Oil Company made frequent contributions, and Sid Richardson helped out as well. These men were Democrats. They knew that there was as much in the New Deal for the businessman as there was for the unemployed. An expanded role for the federal government in the economy, if properly used, could guarantee profits and growth to those who got in on the ground floor. Small but powerful in the 1930's, this stream of businessmen into the Democratic Party would become a surging flood by the 1960's.

A coalition with the rich and the powerful may be good business for party leaders, but it doesn't win elections. At least in 1948, to win votes a Democrat had to be a "trust-buster," particularly when he was worried that Henry Wallace's challenge might siphon off millions of poor and working-class votes into the Progressive Party. Harry Truman showed 'em how to wow the yokels when he snarled at the "Wall Street reactionaries [who] want to increase their privileges regardless of what happens to the other fellow. They are the gluttons of privilege. These gluttons of privilege are now putting up fabulous sums to elect a Republican Administration."

THAT WAS A GROSS EXAGGERATION in 1948. It would be an absurdity now. In 1964, for example, 69 per cent of all funds raised by the Democratic Party on the national level came in contributions of \$500 or more. By contrast, the Republicans were able to raise only 28 per cent of their funds in gifts of that size. At the state and local level, where 3300 contributions of \$500 or more are known to have been made, \$2.5 million went into Democratic treasuries, while the Republicans got only \$1.7 million.

This shift is even more pronounced when you consider the really big money: i.e., contributions in excess of \$10,000. In 1960, the Republicans were still taking in twice as much as the Democrats in contributions of that size. But in 1964, the Democrats collected nearly \$1,240,000 in really large gifts, while the Republicans gathered only \$869,000.

An equally important indicator of the shift of really big money in politics is the measurement of the political contributions of major trade associations and special interest groups. The 13 top groups—including, for example, the American Bar Association, the American Medical Association, the American Petroleum Institute, the American Iron and Steel Institute, and the Association of American Railroads—include just about anybody who could be called a "glutton of privilege."

In 1956, the officers and directors of those top 13 associations gave \$741,189 to the Republicans and only \$8000 to the Democrats. By 1960, the amount was down to \$425,710 for the GOP and up to \$62,225 for the Democrats. And in 1964, while the Republicans collected \$200,310, the Democrats picked up \$225,790. Maybe that's why nobody talks about "gluttons

of privilege" anymore.

What better way to guarantee assistance from a federal government controlled by the Democratic Party than through big cash contributions to the party's coffers? Such aid is necessary to assure a whack at federal contracts, research and development funds, patents, subsidies, tax breaks and a "sympathetic ear" from the regulatory agency that determines the fortunes of modern American corporations.

A well-timed contribution to the President's Club has won many a federal favor. Although cash on the line can't explain the whole governmental system of aid and assistance to American business, it does symbolize the commitment and involvement of key business leaders on all levels of both the Democratic and Republican Parties and the federal government, who have helped mold the American political economy into its present shape.

THE RHETORIC OF "CREEPING SOCIALISM" and "government encroaching on our lives" still wows them in the Kiwanis Club, but rarely will a big businessman be found talking there. It's more likely he's busy at a federal agency negotiating a contract, or meeting with fellow industry leaders to plan a legislative campaign to get that new law or subsidy the trade association he belongs to so badly wants.

Six billion a year is earmarked for direct subsidy to specific industries, and if oil depletion and the tariff are included, the total hits \$8.5 billion. Farming is also big business in the United States. Farmers received more than \$4 billion in subsidies last year; cotton planters collected \$935 million, while the 45,000 domestic sugar producers divided up a cool \$500,000,000. Some companies rake in quite a haul—one sugar company in Hawaii got \$1.3 million, and another in Florida received a check for \$1.2 million.

One of the biggest subsidies goes to the oil industry. The 27-1/2 per cent oil depletion allowance permits oilmen to avoid many federal taxes. In 1965 for example, one of the 20 largest oil companies—Atlantic—paid no federal income taxes, and four others—Cities Service, Sinclair, Pure and Richfield—paid no taxes and wound up with a tax credit. The average tax rate paid by the 20 oil firms that year was 6.6 per cent. If the \$5.6 billion profit for that year had been taxed at the normal 48 per cent corporate rate, the close to \$3 billion dollars saved could have allowed reductions in taxes for the poor.

Big businessmen also keep a close eye on the income tax in Washington. High priority is given to maintaining tax loopholes wide enough to allow high-paid tax attorneys elbow room to neutralize the high income tax rates for the rich. And it works. In 1962, three taxpayers who earned over five million dollars that year didn't pay any taxes. Nor did three taxpayers with incomes between two and five million dollars, or five with incomes between one and two million dollars, or 16 who earned between \$500,000 and one million dollars. Escaping taxation, it seems, proves a man is a professional. And behind each pro, there are tens of thousands of others in the top income brackets who use tax loopholes (and fraud) to escape the income tax at least to some degree.

But that only scratches the surface of what businessmen come to Washington to achieve, and what the Democrats do their damndest to insure, whether in Washington or in convention.

In Mexico ['68]

