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Bankers as looters

The growing bankruptcy of S&Ls, commercial banks, and now also some insurance companies, is one of the big signs of seriousness of the economic stagnation. As the weakness of the S&Ls became apparent a decade ago, the capitalists made changes and deregulated it, but this only bought some time—and an epidemic of looting with the privileged ones taking the banking system for all its worth throughout the 80's, thus adding another factor to the destabilization of the banks. The great financial and political scandals of the 1920's, the decade before the big crash and Great Depression, were supposed to be barred forever by the regulatory agencies and new rules, but here they are again, and on a far vaster scale. The bankers and capitalists want the workers to prop up the banks with a bailout of \$500 billion and counting, but for them the situation has just been another pretext for a devil-may-care orgy of profit-making, which is continuing with the periodic revelation of scandals concerning the Resolution Trust Corporation (RTC), which is carrying out the bailout. The speech below deals mainly with one aspect of the banking crisis: the profit-making, deregulatory orgy. It was delivered at this year's May Day meeting in Oakland of the MLP-San Francisco Bay Area Branch.

Comrades, underneath the military triumph of the U.S. imperialists in Iraq stands a system in decay. And we could take any one aspect of the decay and speak for hours or even days on it. We could speak for weeks on racism and the oppression of immigrants. We could hold workshops on environmental decay. We could talk of the oppression of women and the new onslaught against them. But tonight I am going to say a thing or two about the S&Ls. This is fairly preliminary stuff, and I hope to go deeper into the question in due time, but I wanted to share some of the things I have learned in studying the issue thus far. None of this is beyond what the bourgeoisie itself is already writing about. It's not inside info, but hopefully it is presented with a class analysis which is something the bourgeoisie will never do.

I would go so far as to suggest that the type of looting we are seeing on the part of the bourgeoisie through the bailing out of the S&L's is of the same type as the Marcoses' did before they high tailed it out of the Philippines or that Duvalier did before he left Haiti. The U.S. bourgeoisie is clearly not running for the helicopter as it rises

up off the tarmac yet, but then it's a much more developed and wealthy country and is going to take longer to loot. But their time is up historically and they intend to take as much with them as they can. They've been working on this plunder for the last 10-12 years with greatest intensity.

There is no more interest on the part of the bourgeoisie in building a productive society. There is no forward thinking at all on the part of the rich. They are just feeding at the trough. Making money from money with nothing being created. And it is currently with regard to the S&L's where their orgy of greed, theft, and corruption is revealed for all to see.

A brief history of the S&L's to give a picture of how they arrived where they are today

There was no governmental body of any type to control the S&Ls in the early part of the century, and 200 million dollars were lost in the crash of '29. In 1932 the Federal

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On the movement against the Persian Gulf war

The following speech was among those delivered this year at the May Day meeting of the Seattle Branch of the Marxist-Leninist Party, edited for publication by the author.

Comrades and friends,

We celebrate May Day 1991 during the onset of an exciting decade. The frenzy of Japanese economic advance is sending shock waves throughout the world, including the entire metropolis of imperialism. The decrepit state capitalist bloc is being rapidly blown away. Political stability is leaving one region after another. The major challengers of Western imperialism in the past period—Soviet style revisionism and various shades of bourgeois nationalism in the poorer countries—have proven bankrupt in providing an alternative to the rule of the big corporations. Social-democracy, in the broad sense of the reform of various rough edges of capitalism, is a luxury that the bourgeoisie can less and less afford. What is the world left with? It is left with the blind alleys of various massive social ills that capitalism is powerless to solve. There is a vast ideological wasteland, a void with no credible forward-looking trends

offered to the dissatisfied masses.

We communists have a vast potential ahead of us. We must sum up the passing historical period and develop a new, socialist alternative in the tumultuous situation. All signs point to an increased awareness, concern and participation in political life by the working classes in the U.S. and many regions of the world.

The war in the Persian Gulf was a glimpse of the instability that is unfolding. It was a lightning war that accomplished a shoring-up of U.S. domination of the Middle East. Shoring up yes, stability no. An unprecedented concentration of destruction, both the bombing and the several day mass slaughter, yet Saddam Hussein remains in power. Within a week of the cease-fire, massive popular revolts broke out, which the U.S. was compelled to help Saddam put down. Saddam was ferocious and created millions of refugees—yet now there are negotiations between Saddam and the Kurdish revolutionaries for a compromise. Thus, the capitalist powers can wield death and intimidation, no problem, but stable control is beyond their grasp.

The war was brief, yet it revealed many things about the political situation inside the U.S. Most significant is that it revealed a radicalization among certain sections that has existed for some time but remained hidden from view during the 1980s. The rapid build-up of mass actions, the huge size of them, the number of cities and even many small towns that experienced them, is an indicator. What happened in Seattle was typical of many cities. Many large cities had several actions of 10,000+. The high school student strikes and demonstrations were likewise common across the country.

Marching throughout towns all night and mass blockage of freeways were actions of a radical mentality. A section of late teens and persons in their 20s took up this type of thinking and action. Who were these people and why did they act in such ways? Many were young workers in service sector shit jobs with some education and awareness, and they are unhappy with what American capitalism offers them.

In the San Francisco Bay Area, the same process took place, only bigger and longer. There, on January 6, a week and a half before the deadline, a demonstration of 6,000 was held. More and more demonstrations were held; and already on the 15th, before the war, they had gone over to "trashing" (broken windows, etc.). After the war broke out, actions took place simultaneously all over, many freeways were shut down with as many as 10,000 at a time, two large demonstrations were held with between 100,000 and 200,000 persons. And this movement was not confined to "liberal" San Francisco, but swept the metropolitan Bay Area and

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much of California as a whole.

Radicalization was also revealed in the political realm. One thing is the domination of the slogan "no blood for oil." This is not necessarily understood in an anti-imperialist sense, but it reflects motion in that direction among most participants. And the ascendancy of this slogan was achieved against the pressure from various trends that preferred simple peace slogans. The movement was also open to the anti-imperialist politics that we put forward. For example, the social-democratic officials were powerless to block our picket signs and slogans from being taken up prominently in various actions.

The war also revealed something of the workers' politics. As with many of those who participated in mass actions, most workers did not display much interest in the issue until a couple of weeks before the January 15th deadline. Then all of a sudden, it became a frequent and animated topic of discussion. There was definitely no consensus one way or the other before the war. A prominent train of thought among many was that the real issue was oil and that this was an unjust reason for war. Even in the military production shops at Boeing, the management could get nowhere with pro-war ribbons and flags before it started. After it began, a shift took place, and eventually the majority came around to supporting the war, displaying flags and "we support our troops" or "Saddam is a madman" stickers.

Even with this shift, however, the support is not as solid as it may seem. For example, along with anti-Saddam cartoons, etc., one occasionally comes across cartoons ridiculing Bush for starting a war for the oil companies, still pinned up at work. A significant "silent minority" opposed the war all along. And this line of thinking has not been wiped out. What is the most frequently heard "slogan" among workers on the war: "No blood for oil?" "Support our troops?" Neither, it's: "We aren't told the real story." Another indication of the thinking is our gate distribution. We had good distribution throughout and since the war. We got more flak for condemning forced overtime. We just did 200 leaflets at one plant last week. And I will bet that a significant portion of those 200 more or less supported the war. Under the red-white-and-blue surface, the politics of the workers are not as secure as the bourgeoisie would hope.

I should note that this stand of the workers is consistent at different types of workplaces throughout the country.

Why did many workers come around to support the war? I don't think it was pro-imperialism, nor racism, nor machoism, nor some generic Republicanism. In the main it appears as complacency. Most workers do not feel compelled to thoroughly think the issue through, and the war itself didn't compel them to either. The refrain, "we're not told the whole story" is an example. It really means "yeah, you're probably right that if I really studied the issue I would find that the war is rotten and not in my interests. But I'm not going to think that much about it." A simple side of this is that for twenty years, foreign policy has not

caused most workers any direct, severe problems. They were alarmed at this possibility just before it broke out, but the perceived danger passed quickly. However, the issue of complacency has a broader basis than this.

First of all, the form that the complacency revealed itself in was that of strong influence of Democratic Party politics among the workers. The shift of the workers' opinion closely corresponded to the shift of the Democratic Party politicians and all the various forms of liberal politics in the media, etc. when they rallied behind Bush at the start of the war. There is a definite logic to this. Even though workers are suspicious of the Democratic Party and trade union hacks, they still see them as somewhat pro-worker as opposed to the Republicans. They are inclined to believe that Bush would start a dangerous war just to make money for big business. But if the Democratic Party and unions support it too, then there must be a more general interest involved. Conversely, going against the entire respectable establishment is beyond the pale, today. Seeing this influence of the Democrats, however, only describes the workers' outlook; it doesn't answer the question, why? What is the basis of their illusions in the Democratic Party?

This is a complex question, but one side that I want to raise is the economic situation of American workers in the post-World War II period. During this time, U.S. capitalism provided a more or less steady rise in the living standards of most workers until the high inflation of the late 70s and the Reagan assault of the 80s. Now it's true that strike struggles played a role in this rise. But it must be the case that these struggles developed in a situation of economic tendencies which were relatively favorable to such a growth of living standards. We are aware of some of the factors. The U.S. emerged from World War II with a huge industrial and financial advantage. World capitalism avoided major economic crashes during this period. Politically, the cold war and the specter of socialism must have given the bourgeoisie a strong incentive to raise the living standards of the workers. Whatever the whole picture of economic and political factors, it appears that during the post-World War II period, a generally rising standard of living for a large portion of blue and white collar workers became a feature of the imperialist metropolises.

Not all American workers shared in this rise, but a significant number did. And I would assert that the complacency displayed by rank and file workers towards the Gulf war has one source in Democratic party politics ingrained during the postwar era.

* * *

Today, the pendulum is swinging back the other way. The U.S. is well down the road of not being able to afford the living standards of the past period. Its industrial advantages (relative to other metropolises) are gone; its parasitism and waste is choking it; it is losing world markets; and it is mired in debt. And the majority of countries are beset by growing economic problems that are already greater than at any time in the post-World War II

period. We should not be content with observation of the current economic decline. We need a Marxist analysis of the economic tendencies that marked the post-war period and of the tendencies marking the new period unfolding today. Such an analysis will help dispel the prejudices left over from the past and guide the working class towards a scientific understanding of capitalist growth and decline. We need this to combat bourgeois schemas that will try to undercut radicalization with promises to get capitalism "back to better days," etc. And we need this to help develop a plausible socialist alternative to the mess of imperialism.

During the war, our party found plenty of field for activity among the working class, despite its eventual stand. Was this just a moralist obligation? No way. Our activity rested on the fact that though generally complacent, the working class was not wed to imperialism like the upper classes. As I noted earlier, a minority of workers always opposed the war, including most black workers. And the majority debated for months before coming around to support the war. Among the corrupt strata that love imperialism, no such debate or shift took place; they always supported the principle of domination of the Middle East regardless of differences over the tactics to accomplish this.

This latter category included a portion of the anti-war movement, the social-democrats. The Seattle Coalition for a Piece of the Middle East, wasn't that its name? Many of its top leaders came from the solidarity movement with Nicaragua and Salvador in the mid-80s. The last act of these official leaders was to endorse humanitarian aid for the contras as the way to "save" the Nicaraguan revolution. These minions of establishment liberalism actively boycotted the Gulf protests until December. They denounced all actions as supporting Saddam Hussein, while they supported the U.N., the sanctions and embargo, etc. Once the mass sentiment was clearly emergent, they jumped in and scheduled rival actions to those already announced and spread the line that they were official, anyone outside them was an ultraleftist, sectarian splitter of the movement. When the Democrats switched to support the war, they became the champions of "support our troops" slogans.

What gives with these people? Comrades, this is the ugly face of "enlightened, liberal" corruption. They live for the perks and blandishments of the liberal establishment, they can not conceive of working class independence, and their political and organizational practice follows suit.

During the war, the leaders of the Seattle Coalition boasted of the "unity" they achieved by keeping out radicals. Well, it looks like this formula didn't work out so well after all since the coalition has now split into three factions. Most comical is the "People of Color Task Force for Social Justice." Their raison d'être is to trash the rest of the coalition as being racist and sexist and to blame for the predominately white composition of the anti-war movement. Their solution is to chase after various liberals including the black bourgeoisie, such as through the Black Dollar Days coalition. One of the ironies here is that it is

the influence of black bourgeois politics in the black community that is the primary reason for the low participation of blacks in "non-black" political issues.

This is just an example to show that while the social-democrats pretend to continue some activity, it has nothing to do with politicizing the masses. All they are focused on is finding some portion of the liberal establishment to smile on them. Good luck!

For a few months, the social-democrats, ourselves, the other trends and the masses were all together in actions. We were all protesters. This gave an appearance of similarity. But with the end of the war the actions had to end. And each trend has returned to what it thinks is the best train of preparation for future battles. The social-democrats have returned to that elusive search for liberal recognition; the revisionists have returned to reminiscing on Mao, Castro, or daydreaming about some other anachronism; the anarchists have returned to crying in their beer; we have returned to building the workers' press.

I don't have graphic proof, but I believe that we scored points with workers during the war. We stood fast and gave clarity, despite the swings in popular and peer group opinion. The powerful Kurdish and southern Iraqi revolts were nice too, because it gave concrete proof to our constant assertion that there is another side in these conflicts—the working people. Our timely agitation hit the factories in the midst of the rebellions, clarifying their revolutionary nature and why Bush opposed them. Our current level of press, with monthly factory gate distribution and hitting the big mass actions and occasional left events is fine for now. It gives us a link to the working class and keeps our feet on the ground. At the same time, there is a vast field of political and ideological work necessary to build this press.

We have honed united front tactics to a fine art in the current level of struggles. The teachers and rail strikes once again showed that we were the sole trend that supported the workers' struggles and exposed the sellout tactics of the union hacks. But our exposure of the economic basis of the current dynamics in society is a deeper question. What does oil mean to capitalist economy? Why does the bourgeoisie continue to slash education when they know that its decay is undermining competitiveness of business and thus profits? And there's the question of developing socialist perspective. The old communist movement and the anti-revisionist movement of the 60s never developed this side very deeply. But if workers are to run society they must know how.

The point here is that the work of research and study of the Soviet history, etc., of capitalist economy, and our forms of discussion and debate are an indispensable basis for building the workers' press.

The gulf war did not provide an ever growing struggle that solved all of the pressures confronting our trend. And unlike several groups, we never expected that it would. But it should provide some illumination of the underlying sentiments of the masses and the tasks we need to pursue to prepare for the future battles. □

In brief

North Carolina nursing home workers on strike

60 nursing assistants, dietary, housekeeping, and laundry workers walked off the job at the Avante Nursing Home in Charlotte, North Carolina October 26. This is the first strike by nursing home employees in North Carolina history.

Earlier this year, Avante was bought by a new owner who refused to recognize the workers' contract. He arbitrarily cut benefits and changed work schedules. When the workers struck, he began to hire temporary employees at twice the regular pay of only \$4.50 to \$6 an hour. The workers are organizing picket lines to fight the union busting. □

Buffalo hospital workers organize

Recently, workers at Mercy Hospital in Buffalo, New York voted for union representation. Some 1,200 technical, clerical and service employees voted three-to-one for the union. The registered nurses had previously won an organizing campaign. Mercy Hospital workers are now organized "wall to wall." □

California farm workers protest pesticide use

More than 400 farm workers demonstrated outside a state courthouse in Pasadena, California on November 1.

They then picketed a nearby Vons supermarket.

The United Farm Workers (UFW) are boycotting the Vons chain as part of their campaign to curb the use of pesticides in California agriculture--particularly by grape growers. They cite the heavy toll pesticides have taken on the health and lives of farm workers. They also point to the danger of contaminated grapes to consumers.

For the past 10 months, the UFW has targeted Vons markets because it is one of the largest supermarket chains in the area. Last April, Vons agreed it would not promote or advertise pesticide-contaminated grapes. But the Table Grape Commission sued it for making the agreement with the UFW. Vons then broke the agreement and again began advertising the grapes. □

200 denounced the Reagan propaganda library

Rich celebrities and Democratic and Republican politicians, including former presidents Carter and Ford, joined with Reagan on November 4 to dedicate the \$57 million Ronald Reagan Presidential Library in Simi Valley, California. But 200 activists came out to denounce Reagan for his stand on abortion and civil rights and women's rights, and his disregard for people with AIDS. One Simi Valley resident carried a placard reading "Just say NO to the Ronald Reagan propaganda library" and told newsmen that she was "ashamed to have it [the Reagan library] here." □

Fifth assembly of the OCPO of Portugal

The following letter arrived from the OCPO (Communist Organization--Workers' Policy) of Portugal last month:

Lisbon, October 17, 1991

The National Executive Committee
International Commission
Marxist-Leninist Party, USA

Dear Comrades,

Our Organization has accomplished, on the 21st September, its 5th Assembly. The Assembly discussed current activity of the OCPO, namely in editing our magazine, our intervention against the imperialist war in Iraq, and in daily support to the workers' struggles against capitalist exploitation. The Assembly decided to issue a communiqué on the parliamentary elections, rejecting any

support to the revisionist coalition CDU or to the social-democratic party.

In what concerns international relations, our Assembly approved the efforts to debate ideological questions and tighten contacts with your Party, in order to create conditions for a renewed communist movement in the future. The discussion now being maintained in our press organs on themes concerning the Soviet Union's experience can be a very important one for a better knowledge on this question and of our understanding of Marxism-Leninism.

The Leading Committee, whose composition was confirmed by the Assembly, hopes that contacts and discussion between our two organizations will go on with mutual benefit.

In the name of the Assembly, we send you our best salute and wishes of good work.

For the Leading Committee,

A postal workers' speakout on the Royal Oaks tragedy

On November 14, a fired letter carrier walked into the Royal Oak Post Office and shot several management personnel. The Postal Service and news media portrayed it as just another random shooting caused by a "crazed gunman." But postal workers could feel it in their bones that the blame for the tragedy lay at management's door. Tom McIlvane, the fired Royal Oak postal worker, had been hounded and pushed over the edge by postal management's tyranny.

Detroit Workers' Voice, paper of the Detroit Branch of the Marxist-Leninist Party, focused attention on the Royal Oak tragedy, bringing out the truth behind the massacre and reporting to workers about how the Royal Oak postal workers denounced management for McIlvane's actions. (Some of this material is excerpted in the December 1 issue of the *Workers' Advocate*.)

On December 15, the *Detroit Workers' Voice* sponsored a "Postal Workers' Speakout on the Royal Oak Tragedy." Two dozen postal employees and other workers turned out for the speakout, from postal facilities across the metropolitan area.

A carrier from Royal Oak gave a speech describing what has gone on at Royal Oak in the aftermath of the Nov. 14 incident. The workers there have gained certain improvements in their conditions, but are also aware that postal management will try to return to the old status quo of abuse and persecution. However, there is also a strong feeling among some workers to resist attempts to turn the clock back.

The speakout focused on discussing how to organize resistance to management harassment. Some workers asked about how to build unity among workers, while others stepped forward to describe their own experience in organizing different kinds of mass struggles. The general sentiment was in favor of building and expanding networks of struggle.

Below are the *Speakout's* opening remarks, given by an MLP comrade:

I'd like to welcome you all to this "Postal Workers' Speakout on the Royal Oak Tragedy." It has been called by the Detroit Branch of the Marxist-Leninist Party, which puts out the *Detroit Workers' Voice* newsletter.

In this afternoon's program, I'd like to briefly say a few words about our party and *Detroit Workers' Voice*. Then we'll proceed to a brief set of remarks by a letter carrier at Royal Oak. After that, we will have the floor open for a speakout--questions, comments, opinions, and suggestions from anyone who wants to speak.

The question often comes up, who is *Detroit Workers' Voice* and the MLP? Isn't this a communist group? Should workers work with them? If so, does it mean I've got to become a communist or join their party? And so forth.

So let me take a minute or two to describe who we are. Most of you probably know our organization through

Detroit Workers' Voice. We've been putting out an edition of this newsletter among postal workers here for the last five years. Workers who support *Workers' Voice* have been involved in a series of struggles of postal workers. Some may recall the campaign we waged three years ago to defend Mark Mitchell, a black letter carrier from Royal Oak who was unjustly persecuted and fired. And more recently, we've helped injured postal workers build their campaign against layoffs and harassment. Over the years, we've assisted in organizing a series of struggles at Fort St. General Mail Facility, at the Allen Park Bulk Mail Center, and several area postal stations.

We make no secret that we are communists. We're an upfront group. That's what our group is and we do not think this should be hidden from anyone. There are many lies that have been told against communism: by the rich exploiters who rule here, and there are also terribly wrong ideas about communism which have been spread by the false communist countries like Russia, China, etc. Although in those places, working people organized significant revolutions, their power didn't last--they simply became another exploiting society. The workers didn't rule there, wealthy bureaucrats did. That's not the "communism" we believe in.

To us, communism means that this present-day profit-based system is bad news for the working people all down the line. It means oppression on the job; it means the economic depression we are going through now; it means racism and bigotry, and so forth. This should not be. The workers eventually should come to power and build a new society. A society which will be run by the working class, a society based on cooperation and solidarity, a society that will altogether do away with the division of society into rich and poor.

But that new society doesn't come out of our heads, it will come out of the actual struggles waged by workers. And the Marxist-Leninist Party is actively involved in the day-to-day struggles of the working class.

Whether it is the fight for a working class future or the day-to-day fight, our party is guided by the idea that *for the workers to change things in our favor; we the workers have to do it for ourselves*. No one else will do it for us--not management, not the politicians, not the rich people controlled news media, not our sellout, do-nothing union officials. The rank-and-file workers have to organize themselves.

While we do think workers should think about the future and consider the question of fighting for a communist new world, this doesn't mean we only work with communist workers or somehow force people into taking up our views. Our views are out there, and at the same time we work

with all workers who want to improve the conditions workers are in.

In the postal workers movement, we stand for organizing independent organizations of the workers. The unions do not function as the workers' organizations. The workers have to do it themselves. Royal Oak has again given us evidence of the bankruptcy of the union officials.

Our organization also thinks that workers have to fight on all fronts, not just in the workplace. And our party and

our newspapers bring all sorts of political and social issues also among the workers. Like the anti-racist struggles, the struggle of the homeless, the anti-war movement, the fight for women's rights. We believe that on all questions the workers have to join the fight. Again, if we don't act and fight, no one will hand things to us.

That is one of the main messages we have. And it is true also in how we build the fight against management abuse and tyranny. □

State budget crisis in Washington to be dumped on the backs of workers and poor

The following two articles are from the December 3 leaflet of the MLP-Seattle:

On November 19, Gov. Booth Gardner announced that the Washington State 1991-93 budget was expected to run a \$900 million deficit. So what did he propose? Workers and the poor would have to pay for it. He immediately announced a 2.5% cut in all state programs, including Medicaid and higher education, especially the community colleges. Additionally, Gardner is considering repealing the recent raises of schoolteachers and state workers. He also talked of raising the state sales tax.

These are fighting words. The Governor did not raise the possibility of closing Boeing and Weyerhaeuser's tax loopholes. Closing just one of Boeing's, its sales tax exemption, would more than cover the budget shortfall. Nor did Gov. Gardner consider a state tax to replace the Reagan-era tax breaks enjoyed by the fabulously wealthy, including billionaires like MicroSoft's Bill Gates. Booth did not whimper a complaint about the huge federal tax drain; the hundreds of billions being handed to the banks and S&L's, or the billions spent on a bloody war to make the Middle East "acceptable" to the U.S. oil companies.

Starting Dec. 1, \$26 million is to be cut from state Medicaid payments. In real life, this means that people receiving home health care under Medicaid won't get wheelchairs, crutches or even canes. Apparently they should just stay in bed. But "bedsore treatment" has been cut too! And if one needs to have a bandage changed? Neither will nursing help be funded, nor the bandages themselves. Elderly people requiring special commodes? All has been cut, including handrails to prevent bathroom falls. All dental services are axed. And more.

In-patient services were not cut as severely, because the state is under court order to fund them. But a loophole

was found to wipe out care for...chronic pain!

The cuts in higher education fall heaviest on 32 community and technical colleges, which means they hit working class youth, including blacks and Asians, disproportionately hard. Cut are 1,000 jobs, 6,000 students and 1,700 grants and scholarships. Further cuts are threatened later.

When the governor talks of raising the state sales tax, one should not forget that during the last state fiscal crisis in 1980, the sales tax was extended to food for a number of years. Talk about a fist to the teeth of the poor and low paid workers. Washington state's tax structure is one of the worst in the U.S. due to the almost complete reliance on sales taxes. This system taxes low-income people at dramatically high rates, while the well-off are hardly affected at all.

These outrages demand protests and resistance

Can these attacks be fought? One cannot expect any help from the Republicans, who for more than a decade have crusaded for similar cutbacks. And the Democrats? They have gone along with Reagan and Bush with hardly a whimper. Democratic Gov. Gardner himself is a member of the super-rich Weyerhaeuser family, and should only be expected to serve the interests of "his own."

Although it is an election year, the main fight against this injustice is clearly outside the electoral arena, where the "choice" offered is more like a farce.

Street protests are needed. Resistance must be organized by the working people and poor themselves. If the teachers' small pay raises of last September are rescinded, as Gardner threatens, there is no choice but to strike all the schools. Gardner attacks the elderly and other vulnerable people on Medicaid. The working class, which is in a

position to fight back, should regard this as their own battle. This requires that the inevitable excuses for inaction from the sold-out union officials be ridiculed and overcome by the rank and file. It is not impossible to force the state government to back off.

"Learn to live with it?"

Today the mass media is constantly gloating about the "collapse of communism." This propaganda includes the not-so-hidden message that: "There is no alternative to our capitalist system, you might as well learn to live with it. There is not much point in struggle, because there can be no fundamental change." This is a rather depressing outlook. But what is more, it is completely wrong.

The system in the Soviet Union, China, etc. has been an alternative of sorts to the West, but not a socialist one. It has been a state-run capitalist system that benefited only a small elite of government and "communist party" bureaucrats. In fact, the Soviet model begs a Marxist critique of its privilege, exploitation and crisis. So does Western capitalism, especially the rapidly decaying American society. A real socialist alternative is needed to both systems.

A movement for workers' socialism can arise here, but only in connection with militant struggles in defense of basic rights and living standards. And we may be approaching a time when such struggle becomes commonplace.

In Washington state, there had been illusions that the national recession would not impact here because of the boom at Boeing and MicroSoft. But the increase of ("official") unemployment here from 4.8% to 5.5%; the decline in personal incomes, and the resulting drop in retail sales (and sales taxes) has resulted in the state budget crisis. The layoffs and cutbacks will fuel the downturn. Meanwhile, layoffs of 8,000 Boeing workers are looming, and a severe crisis here cannot be ruled out.

Countrywide, the misery index of poverty, layoffs and homelessness climbs each month. The crisis of the commercial banking system is fast heading toward another scandalous bailout like that of the S&L's. The entire financial system is cracking, and there is the prospect of a more severe downturn. With even more mass misery, thoughts of struggle and resistance will spread. Thoughts of socialism will spread too, because socialism is the theoretical expression of the workers' struggle against the capitalists. □

Racism alive and well on the Boeing plantation

The *Seattle Post-Intelligencer* recently featured a report on racism at Boeing (November 14). In it a number of black Boeing workers as well as former employees spoke out against discrimination in hiring, job assignment and promotion, racial harassment (including threats of bodily

harm, trashing of cars in the parking lots and other cowardly acts), the setting up of black workers to be fired by sabotaging their work, the company revenge-taking against those who protest, and the hypocritical nature of Boeing's EEO office. The report also mentioned that, since 1986, 66 complaints against racial discrimination have been acted on by the federal EEOC and a larger number filed. (The federal EEOC won't say how many complaints there have been.) There have been 59 complaints at the state level.

This is just the tip of an iceberg. For every worker who spends the time and effort (and risks more harassment) to find some redress through avenues such as these, there are scores (if not hundreds) of others who also suffer racial discrimination. Naturally Boeing denied having anything to do with the racism on its plantation and pointed to some of its glossy pamphlets and to its EEO office as proof of its sincere opposition to racism. Is that so? Let's look at the context of these so-called "isolated incidents."

One can tell the labor grade of the shops at Boeing by looking at the color of the workers. The low-pay, high-injury shops have a majority of black, Asian and women workers—such as the wire shop at Renton. At the other end are shops like A-3250—grade 8 and above and 98% white male. In virtually every shop or office, if there are minorities and women, they receive the most menial and hazardous of assignments.

Boeing refuses to state how many black workers it employs (though it is known to be less than 4,000, i.e. 3.8% of total employment). According to the Boeing bigshots such information might be "misinterpreted." (*Seattle P-I*, 11-14-91) Really? Might someone interpret that corporate Boeing is racist and its EEO is horseshit? The truth is that merely publishing the breakdown of the pay categories by race and sex would illuminate the true nature of Boeing to workers of all colors. But don't hold your breath waiting to see those statistics on BTV!

Boeing's EEO operates like the rest of the company. A handful of relatives and favorites get cushy jobs. The vast majority of complaints receive no action or negative action (more scrutiny, retaliation or even set-up firings).

Boeing officially banned hiring of blacks for 28 years until community activists and the Communist Party organized pickets at the Seattle plant gates and other struggles in the 1940's. Boeing caved in by 1944 but the racist International Association of Machinists (IAM) bureaucrats refused to admit black members until 1948! Today, the Baker gang ruling IAM District 751 is upholding the tradition. The *P-I* reports: "Tom Baker...estimates the union handled about 15 complaints of racial discrimination last year. Baker couldn't recall how many of the complaints were filed by blacks, but says most were referred to Boeing's EEO office." So Black, Asian and women workers pay \$34 dollars a month in union dues for the union to refer them to Boeing's EEO?!

Racism will end at Boeing when hell freezes over. ...or when hell breaks out. □

On recent developments in the pro-choice struggle

A speech at a recent forum of the Chicago Branch-MLP, edited for publication:

Abortion rights are under attack. These attacks are coming from several quarters, from the government to the religious right. In July the Supreme Court upheld the "gag rule" preventing even the mention of the "A" word at clinics receiving federal funding. Last week the Senate supposedly revoked the gag rule. But with this it strengthened regulations on parental notification, thus strengthening the gag rule in relation to teenage women who are of course a large number of the women using federally-funded clinics. And more states have passed restrictive abortion legislation.

The blockading of clinics in Wichita and the bombing of the clinic in Aurora show that the religious right is on another push to shut down clinics. Partly due to this the Bread and Roses clinic in Milwaukee is closing.

I would like to talk a little more about Wichita and about the gag rule because I think it throws light on some important questions facing the pro-choice movement.

Wichita

One of the things Wichita shows is the continuing attempt by the right-wing anti-abortion fanatics to build a reactionary mass movement with the assistance of the capitalists and the Bush administration. Wichita was OR's kickoff for a new round of this. They gathered their supporters from around the country. OR claims that god is behind them, but the real power backing them is Bush and the conservative offensive of the ruling class. So they picked a city with an anti-abortion city government in a state with an anti-abortion governor. They knew the local officials would wink at them and coddle them no matter how much mayhem they caused. There are reports that OR supporters received discounted tickets, motel rates, meals etc. from the local businessmen in Wichita. For the first week OR was allowed to block clinics and harass patients and clinic personnel pretty much with impunity.

There was a fairly large play in the news about the order from federal Judge Kelly barring OR from directly blocking clinic entrances. This was done July 23. Without going into all the ins and outs, it was somewhat of a dead letter until August 5. There were many arrests but the crusaders against women were mostly let off with \$25 fines and allowed to go back to the clinic again and again. Imagine the government allowing anti-war protesters or strikers to do this. Furthermore, Judge Kelly's order was

too much for OR's backers in the Bush administration. The Justice Department rushed to OR's defense and supported OR's court appeals alleging that Kelly had no right to intervene.

A key point in all of this is that OR receives support from the top levels of the government, and with their assistance want to build a reactionary mass movement.

NOW and NARAL?

Recent events also throw a lot of light on whether we can build a militant movement for abortion rights, and for women's liberation generally, through the established women's organizations NOW and NARAL.

In our view there is a very definite divergence in the women's movement between those with bourgeois views, interests and tactics and those more interested in defending women generally, and specifically the interests of working, poor and minority women.

In our opinion the NOW leadership is basically interested in making sure some women can get into the halls of power, into the boardrooms. They want abortion to be legal, and they want the federal money for the Planned Parenthood clinics, but they definitely do not want a mass militant women's movement. Wichita, and the events over the gag rule, are instructive on this.

Among people who are pro-choice, OR's actions in Wichita created a lot of outrage. By the weekend of July 27-28 OR was greeted with sizable pro-choice demonstrations. At the end, on August 25, about 5-6,000 people came to another pro-choice rally. This rally was instructive about the role of NOW and NARAL in the movement. It was held very late. 5-6,000 people came, largely by word of mouth because it wasn't organized for. In fact NOW encouraged people not to come. The demonstrators were treated to calls to elect pro-choice legislators. "We are going to fight in the courts, the legislature etc. and win." People were told not to go to the clinic—to let the police and marshals handle this.

This is not the answer to the Wichita events. This will not defend women's right to abortion.

Further evidence of the harm of NOW's tactics shown in events over the gag rule. It seems lobbyists from NOW and NARAL were involved in the so-called compromise over the gag rule, a compromise which strengthens gag rule against teenage women. Furthermore, a rally was supposed to be held here October 12th against the gag rule, a rally which NOW and NARAL and ACLU were involved in. But this is no longer necessary according to them and they have

called it off.

If not NOW, what then?

So what kind of pro-choice movement do we need to build?

NOW and NARAL are not the only ones on the scene. They are not going to be able to prevent the organizing of a militant women's movement.

Locally for instance there is another formation, the Emergency Clinic Defense Coalition (ECDC). The forces loosely gathered around ECDC generally consider themselves to be left. These include Marxist-Leninists; various trotskysts; the John Brown Anti-Klan committee; anarchists; the radical wing of the gay and lesbian movement, and others. On various issues, it does not have a single defined view. In my opinion several issues face these activists, and require more discussion.

1. One is the issue of clinic defense.

On this there has been some debates. Various activists have taken up weekly defense of the clinic at Diversey and Western. This has not been completely agreed on, with some of the reasoning against it being that it will burn us out or is no different than NOW. Let's get one thing clear: NOW is not for militant clinic defense, and many examples could be given. Sometimes I think it [the reasoning against clinic defense] relates to an unspoken view that can be content with building something which puts pressure on the government, but does not think it necessary to really get down and confront the right wing. To me, since OR is definitely interested in building a mass movement to attack abortion rights, we can't get away from a direct fight against them and a mass movement in defense of the clinics. I think we need to continue clinic defense. And we need more work on improving it.

2. Build the movement independent of the Republican and Democratic Parties.

Events in Wichita and around the gag rule show the need to oppose both the Republican and Democratic Parties. It shows that far from relying on the government to resolve this problem, we need to build a militant and fighting movement against it. In the circles loosely around ECDC there is suspicion of the bourgeois politicians. There was a fair amount of anger at NOW, when it was still going to hold the Oct. 12 rally, for planning to invite Congressman John Porter to speak at that rally, although there was still some debate over whether we should direct ourselves to trying to win over the so-called Republicans for Choice. I think we have to expose the government and the parties of the rich. Republicans for Choice is a contradiction in terms. A real fight for women's rights includes winning over those under the influence of the bourgeois parties, but winning them over against the platforms of those parties. We need to speak openly to the masses of supporters of women's rights about the real role of the capitalist parties. We need a women's movement independent of and against the Republican and Democratic Parties.

3. Combat the anti-abortion movement in an all-round way.

We certainly don't need to limit ourselves to defense from the attacks of the anti-abortionists. We need to confront the right-wing anti-abortion movement thorough such things as mass protests at fake clinics, against major capitalist backers such as Tom Monaghan, against major "anti" politicians and leaders, etc. We need to target and expose the basis of the anti-abortion movement in the capitalist class, Moral Majority and Catholic Church leaders and the Bush government.

4. Oppose the sabotaging role of the leadership of NOW.

I think it is important to condemn the political orientation and reformist tactics of the bourgeois leadership of NOW. It is not a matter that the NOW leaders are fighting in their way and we in ours. Rather, the path advocated by NOW is playing a harmful undermining role in the entire pro-choice movement. Events around Wichita and the gag rule show that we need to organize independently of NOW and NARAL and with radically different tactics. While in the left circles there is quite a bit of dislike of NOW there are some quite different views. For instance both Socialist Action and the Socialist Workers Party hold quite seriously that we have to work with NOW, that it is important to unite with them in order to get thousands of women out, and they seem willing to make significant concessions in order to do this. For instance, discussion got started around Oct. 12, before NOW canceled it altogether, whether ECDC would give up any idea of a march, agree to not having a speaker, what stand to take to John Porter speaking, what role would ECDC play in the planned activity, etc., which to me involved a lot of questions about serious concessions to NOW's politics.

5. Mobilize and organize working class, poor, and minority women as the main force of the pro-choice movement.

Many of the militant activists have the sentiment to organize working, poor and minority women. Nevertheless discussions around ECDC usually tend to equate this with linking up with various left-leaning reformist or trade union groups. Any suggestion of trying to hold activities in working class or minority communities frequently runs into a lot of objections.

We think it is important to find ways to organize working and poor women directly. The Marxist-Leninist Party has, for example, distributed literature on why the working class should defend abortion rights at factories. We have distributed at large public events such as the Bud Billiken parade and Fiesta de Sol. We have held small marches and demonstrations in defense of abortion rights in communities like Pilsen. There are many ways to take up this work: leafleting, postering and stickering campaigns in working class and minority communities. We can distribute literature that explains how restricting abortion rights affects poor and minority women. We can hold pro-choice demonstrations in these neighborhoods. We can work to mobilize people in the neighborhoods around clinics to support clinic defense.

Use the strength of the pro-choice movement to build

up a broad movement for the rights of working and poor women.

Overall

I'd like to talk some about overall perspective.

We need to build a broad movement of working and poor women for their rights. We need to build up also as part of broad movement which targets capitalism and to link up with other movements with that aim.

We might have some discussion over the Marxist views of how the oppression of women arose. But I just want to make the point that capitalism reaps many benefits from the all-round oppression of women. From the fact that women make on average 68% the wages of men, to the superexploitation of the large numbers of women who work in the sweatshops like the poultry factories, to all the cultural and societal pressures to keep women out of any political movements capitalism benefits from the oppression of women.

Working women have to fight for their rights and fight to establish a social system in which the fight for their rights can be carried through.

The example of the Soviet Union shows the fight for socialism provided the basis in which the fight for women's rights can move forward.

By 1918 in the Soviet Union laws had been written which declared the equality women, forbid arranged marriages, young girls being sold into marriage, provided for the recognition of registered marriages, decriminalized abortion, abortion was legalized in 1920, etc. This was not considered enough. To liberate women, they considered that the social conditions and to change, so they did things like launch Zhenodtel, organize the delegate system, campaigns for literacy, against the veil etc. They considered the needed to eliminate the family as the economic unit of society, the resistance of men to so-called women's work, as well as considering it necessary to institute creches, kitchens, laundries etc. to free women from the home. Various people here have been involved in some study of this. As the fight to establish socialism fell apart and was replaced with bureaucratic state capitalism, so too the fight for women's liberation fell apart in the Soviet Union

This whole experience shows the close connection between socialism and the fight for women's liberation. □

It's not just abortion: Right-wing attacks women's rights all-out

From the November 11 issue of Chicago Workers' Voice, newspaper of the MLP-Chicago:

Randall Terry, a leading fascist of Operation Rescue, openly talks about getting women out of the work force so America can "return to the traditional family". Do they really mean that women should leave the workplace? Is this in any way a practical possibility? Of course not.

Today women make up 45% of the workforce. The capitalist economy could not run without the labor of women. All the religious fanaticism, the demand that "women stay at home", serves to justify the oppression of women. That's why rich capitalists and their public servants love the "right-to-life" movement. If women really belong barefoot and pregnant, tied to the kitchen stove, then those who defy the "natural order" of things deserve the low wages, the poor working conditions, the lack of child care, etc. that face women workers. After all, women shouldn't be working. "Forget about equal pay for equal work," the bible thumpers say, "the workplace is man's place."

The ravings against women working are not meant to stop female labor, but to exploit it more intensely and to keep women workers from fighting back. Today, the conditions of the working class are deteriorating and a

fightback is urgently needed. The right-wing anti-abortion movement is planned partly as a counterweight to a future workers' movement, especially a fightback of women workers.

Twenty-five workers were killed and 55 injured in a fire at Imperial Food Products, a chicken processing plant in Hamlet, North Carolina. 80% of the workers at that plant were women. This tragedy was no accident: it happened because of the greed and productivity drive of the capitalists. Sweatshops are proliferating in the food processing, garment, restaurant and other industries and most of these workers are women.

Women still only make on average 68% of the wages of men. Because of low wages, more and more women have to take two jobs just to make ends meet. The capitalists are spreading homework--where women are isolated by themselves to do sewing, clerical work, and other jobs at home--at long hours, with no benefits, and frequently at subminimum wages.

Even where women get into higher paying jobs, they are confronted by the capitalist takeback offensive, the two-tier wage system and other measures. They are discriminated against at every turn.

Both Republicans and Democrats have made huge cuts

in child care, health care and other social programs. This is driving poor and working class women to the wall. The U.S. has one of the highest infant mortality rates in the industrialized world. With the need growing, budget cuts mean that family clinics, maternity wards and other health services are shutting down.

For some of the poorest women welfare is getting harder and harder to obtain. New laws drive more poor women off the welfare rolls. These laws force some to take any job, no matter what it pays, even if it pays less than their measly welfare checks.

The worsening economic and social conditions also causes an increase in domestic violence against women.

The oppression of women means higher profits for the capitalists. And it is a weapon to split up men and women

workers and thereby weaken the workers' movement. So while the capitalists are bringing more and more women into the workforce, they are striving to keep women especially oppressed.

This brings us back to the anti-abortion movement. Their aim is not only to eliminate abortion rights, they also want to provide the capitalists with a right-wing mass movement to keep the working woman down. With their mindless religious fanaticism they provide a justification for denying women's rights and shock troops to deepen capitalist exploitation.

This shows even more that we need to oppose the "anti's" wherever they rear their ugly heads and build a mass movement for women's rights. □

Bankers as looters

Continued from the front page

Home Loan Board was formed. S&Ls could have a federal or state charter. Deposits were insured to \$5,000. Typically S&Ls borrowed from depositors (paid interest) at 3%, and lent (for example, charged on mortgages) at 6%. The loans typically had 30-year terms. The S&Ls were based in a community and couldn't invest outside of the area. In terms of entrepreneurs this was a very staid business.

Then the 60's: inflation hit, caused by deficit spending from the Vietnam war; Congress says cap the amount of interest that can be paid on deposits. Reasoning: if S&Ls don't pay much for deposits, they won't have to charge much for loans. This caused an interest rate gap. A depositor could only make 5.5% interest at an S&L, but no one wanted to invest at such a low rate—especially after the money market came into being.

The introduction of the money market: Investors could put any amount of money into the money market, anytime they wanted. They earned at rates greater than the inflation rate, and could withdraw money whenever they pleased. Also, they could place savings worldwide. By 1982, there was \$200 billion in the money market. The thrift (S&L) industry begins to feel put upon; it's not getting its fair share.

1980: the first thrift deregulation law. The deposit insurance deregulation and the monetary control act, designed to phase out interest rate controls. As a result, thrifts were paying significantly more on new deposits than they were collecting on old, 30-year loans. As a result, 3.3 billion dollars is lost by S&L's in 1982.

Another thing that the monetary control act did was to increase the amount that deposits could be insured to up to \$100,000. Suddenly, the S&Ls could attract \$100,000 blocks of insured money to play with at no risk. But they

wanted loose from the restrictions on where they could get the money and where they could invest it. They asked for more deregulation. That was the Garn-St. Germain bill, 1982. This was a masterpiece of the Reagan administration.

Garn-St. Germain, 1982

- 1) S&Ls could offer money market funds free from withdrawal penalties or interest rate regulation.
- 2) Up to 40% of the assets could be invested in non-residential, i.e. commercial, real estate lending, which is riskier..

Garn-St. Germain allowed thrifts to invest more of their deposits in direct investments as opposed to simply making loans on projects. The difference between a direct investment and a loan is primarily that, in a direct investment, the thrift provided 100% of the financing, participated in the losses, and had no recourse to the borrowers' other assets if the borrower defaulted on the loan.

Fees and points

Thrifts engaged in direct investment because, among other things, they wanted to collect the points, fees, and interest that characterized a loan, and they wanted to participate in any profit from the appreciation of equity.

Thrifts were allowed to book a lot of income immediately upon making a loan. For example, they collected "points"—usually 1% to 6% of the loan. On a one million loan with 5 points, a thrift could immediately book \$50,000 in income. Fees, such as "loan appreciation fees," were also added to the borrower's bill. These, too, went right on the thrift's books as income as soon as the loan was made. Simply put, loans generated instant income for thrifts, and the bigger the loan, the bigger the income. Often thrift

executives used inflated appraisals to justify even larger loans, so they could book even larger profits, which in turn justified large bonuses for the executives. Regulators didn't even establish clear distinctions between the two till 1985.

1982 Joint Current Resolution

But now they had deregulation fever and more was to come. Lobbyists were said to have more influence over thrift regulators than in any other regulated industry, and the U.S. League had traditionally participated in regulatory and legislative decisions, even going so far as to write some of the regulations.

In 1982 Congress passed the Joint Current Resolution that placed the full credit of the U.S. government behind the FSLIC (Federal Savings and Loan Insurance Corporation, which insured deposits in Savings and Loans). As well,

**the regulation requiring 400 stockholders for an S&L, with no one owning more than 25% of the stock, is changed. Now a single shareholder could own a thrift.

**a thrift could be started with land or other non-cash assets.

**a thrift could provide 100% of the financing for a project, i.e., there is down payment, so the borrower hasn't got a dime of his own money involved.

**could (by 1986) assess "goodwill" as up to 40% of the net worth of a thrift. Among other things, this threw off accounting standards.

The picture is that entrepreneurs could start an S&L for \$2 million (raised to \$3 million in 1983) or buy an old one, attract \$300 million in brokered deposits, loan that \$300 million on condos which collecting \$18 million in points and fees. Then package the loans and sell them to other thrifts—and start all over. All federally insured.

But the rub is that deposit insurance isn't really insurance. FSLIC guarantees aren't written against a specified set of risks whose actuarial potential to despite the depository institution's (DI's) viability can be calculated in advance. It represents an unconditional third party guarantee of a capacity to repay debts. It is an open cash drawer in the treasury.

The amount of premiums paid by the S&Ls to the FSLIC doesn't increase if its ventures are riskier. So risky firms are given an incentive. As long as depositors trust in subsidized guarantees they don't need to fret about the tenuous profitability of the uses to which their funds are put.

Brokered deposits

I have to say a bit about brokered deposits in order to develop the next point and to make some of the connection that needs to be made with government officials.

Someone had to make huge deposits into thrifts so there would be money to wheel and deal with. Local depositors were not a good source of money. If a thrift executive needed millions at his depository institution, deposit brokers

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got it there. All the thrift had to do was to guarantee to pay the highest interest offered that day.

Deposit brokers handle billions of institutional investors like pension funds, insurance companies, Arab countries looking for a profitable place to park their oil revenues. They scour the nation each day for the highest interest rates being paid that day on CD's (certificates of deposit) and then purchased \$100,000 insured CD's with their investor's money. These funds are temporary. When the certificates mature, the money would flow again to whomever was paying the best interest rate that day. The fickleness of these deposits forced thrifts to offer higher and higher interest rates to attract them.

Brokered deposits in small doses could give an S&L a quick, though expensive, source of funds when the thrift was a little short. (Early 60's S&L's had turned to brokered deposits which drove up the interest rate that had to be paid for them. The Federal Home Loan Board in 1963 limited the amount of brokered deposits a thrift could hold to 5% of its total deposits.)

As you might have guessed, in 1980 this 5% limit was removed. And deregulation changed what S&L's could do with their brokered deposits. Thrifts could get their hands on all the money they wanted and invest it in almost any scheme they thought might turn a profit.

Take depositors money acquired in large pools from industry brokers (we're talking about pension funds, company savings plans, money from insurance premiums—now that many pension funds were invested by trade union bureaucrats, knowing full well how risky the S&Ls were, but they kept quiet about it for the right price) and lend it to real estate developers. S&Ls make money on the spread between what they paid for brokered deposits and

what they received through highly speculative loans. So the industry began to look more like a real estate developer than a savings institution. Borrowers put little or none of their own money into the transaction and had no realistic means of repaying the depository institution.

The rich get the picture real quick

They realized they had access to all the money they ever wanted. Ed Grey (Chairman of the FHLB under the Reagan administration) remarked: "Can you imagine? Any business, any entrepreneur (here speaking of California in particular) could get a charter and could run whatever operation he wanted on the credit of the U.S. government? Imagine that! It didn't matter. You could choose any business you wanted to be in—just incredible." (We will see in a minute that he had a certain opposition to unbounded thievery and this quote was one of incredulous recognition of the situation.)

Ed Ford, who owned the San Marino S&L in Southern California (which failed in 1984) told the author of *Inside Job: The Looting of America's S&L's*, how he felt when he learned of the new California regulations at a seminar sponsored by state regulators. "My god," I said to myself, "this is what I've been waiting for all my life."

"The rich viewed the S&L's as their own piggy bank. They falsified documents to justify loans to themselves, family, friends, in amounts far in excess of the economic value of both the projects being financed and the associated collateral.

Meanwhile Ronald Reagan cut back the number of regulators. Each examiner had to watch over \$18.7 million in assets, which each FDIC (Federal Deposit Insurance Corporation, which insures commercial banks rather than S&Ls) only had to watch \$4.7 million.

The shoptalk of corruption

They even developed shoptalk to describe their crooked deals: dead cows for dead horses, cash for trash, kissing the paper, land flips, daisy chains, and white knights. Each was a sleight of hand to confuse regulators and hide frauds that underlay their operations. Each gives a picture of some kind of crookedness, scheming, lawlessness.

Cash for trash: S&L's with lots of repossessed properties would lend new borrowers more money than requested, and require them to buy one of the thrifts' repossessed properties as a condition of the loan.

Daisy chain: S&L's banded together to thwart regulators, make loans to each other's officers to circumvent the \$100,000 regulatory limit on how much a thrift could loan to one of its own officers. Also they shuffled troubled loans and properties among themselves to hide them from examiners.

Dead horses for dead cows: Of course S&L's wound up with portfolios full of bad loans and repossessed properties. To keep thrift examiners from discovering such bad assets,

they worked together swapping loans and properties. When they'd buy a delinquent loan from another thrift, they would "roll it over" or refinance the loan thereby extending the due date into the future. To examiners this would simply appear as a new loan on the thrift's books.

Land flip: In order to inflate a property's value in order to justify the largest possible loan, they would engage in a number of sham sales of property, each time raising the sale price. No cash ever changed hands. The only purpose of the sales was to record a new deed, each time reflecting a new, higher sales price. The property could be sold several times in a single day. Once the desired value was reached, the borrower would get a loan for that amount and later default on it, leaving the lender stuck with a grossly overencumbered property.

Kissing the paper: When a borrower was too financially weak to qualify for a large loan, he would pay someone with a strong financial statement to join him as a partner in the project. Using that person's financial statement, the borrower could then get his loan. Once the loan was made, the borrower would buy out his partner with a portion of the loan proceeds, thereby relieving that person of any future liability. The buyout was actually a fee for allowing the weak borrower to sue his financial strength to get the loan. In essence all the partner did was kiss the paper.

White knights: A person brought in to forestall unpleasant actions like seizure by federal regulators. They appear to pay top dollar for the thrift. Even if the deal never closed, it bought time. If it did close, it would usually be discovered that the white knight got his money from another friendly thrift, and that loan would later go into default.

Reagan and Bush administrations don't miss the potential of de-regulation

Now, not only was Ronald Reagan a great deregulator, Bush and his whole family were involved in the thrift industry. One of George Bush's jobs in his first term as vice-president was to chair the Bush Task Group on Regulation of Financial Services. This group was part of Reagan's deregulation apparatus. This task group died in August 1983.

Donald Regan, Secretary of Treasury, was Chairman of the deposit insurance deregulatory committee (established by the deregulation and monetary control act of 1980 to phase out all interest rate controls). Before serving, Regan had headed the brokerage firm of Merrill Lynch in New York City, which was one of the nation's largest deposit brokers. Many came to refer to Regan as "the father of brokered funds".

To give a picture of the administration's intentions regarding this use of brokered deposits let me re-introduce Ed Gray, Chairman of the FHLB under Reagan. Gray had been Reagan's press secretary in California, and was a White House staffer. But the real "in" came through Meese (former District Attorney for Alameda county),

former prosecutor of the Black Panthers and the movement in Berkeley and eventually Reagan's Attorney General. Gray had been an executive for a thrift, Great American Savings of San Diego, that had lent lots of money to Meese. And Meese had not had to make payments on the loan for 15 months. The S&L had inflated the value of his property in a Great American appraisal to make a higher loan.

Every one involved in the Meese home loans got a job with the administration. Gordon Luce, Great American president, was appointed delegate to the UN. Gray was FHLB chair, Thomas Barrack, a southern California developer who found a buyer for Meese's house, was appointed to the Interior Department. John McKean, who had arranged two loans totaling \$60,000, was appointed to the U.S. Postal Service Board of Governors.

An interesting point about Gray was that when he saw that the S&Ls were bonkers, he began to push for a certain re-regulation. Ed Gray moved to limit the amount of brokered deposits by lifting the amount the FSLIC could insure. And to limit to \$100,000 the amount of insured deposits any one money broker could play at a thrift. He actually got this enacted in march 1984, \$100,000 per broker per DI. Gray said "the money brokers were multiplying like crazy, and the growth of the S&L was going like crazy, but there was no capital to sustain it." And "brokered money was spreading like a cancer on the federal deposit insurance system". At this time about \$34 billion in brokered deposits were at work at FSLIC insured institutions.

What was the response of Donald Regan (the father of brokered deposits)? He wanted Gray out when he heard of the plan to re-regulate brokered deposits. He used the term "Gray was off the reservation" to describe him because he would not toe the administration's line. Gray says, for example, that never once when he worked at the FHLB did Regan even return his calls. He became a pariah.

And what of Alan Greenspan?

With regard to Gray's connection in another direction, Gray made a particular point of the dangers he saw at some 17 thrifts including Lincoln Savings & Loan of the Keating scandal fame. (E.g., in 1984 Lincoln had \$2.2 billion in deposits, and \$4.2 billion in 1987. Yet in 1985 regulators said Lincoln had only \$54 million in passbook accounts and \$2.1 billion in large certificates of deposit.)

Alan Greenspan was a paid consultant for Lincoln S&L. He wrote a letter to Gray, head of the FHLB, saying not to worry, the 17 thrifts had reported profits and were prospering. Four years later, 15 of the 17 were out of business and would cost the FSLIC \$3 billion.

The import of the S&L bailout for the workers

What is the import of the S&L scandal and bailout? Well, one thing is they have just decided to open the

treasury to the rich. Straight out. They are drooling over it. That's why the banks, the insurance companies, the Fannie Mae (Federal National Mortgage Association) and Freddie Mac, are all jumping on the bandwagon. Why work, why produce, why engage in research, this is the greatest scam in the history of mankind.

The administration was fully consciously aware of what deregulation meant, and they weren't about to allow anything to get in the way of it for them and their cohorts. *The Workers' Advocate* has often talked about the excesses and the orgy of the rich to plunder the nation in the Reagan years. The S&L's show this.

1981: 87 thrifts, holding \$14 bill in assets, are insolvent; in 1987, 520 thrifts with \$183 billion in assets, are bankrupt.

They used non-standard accounting practices to cover the crimes. The FHLB adopted regulatory accounting principles that transformed, on the books, insolvent S&L's into solvent ones. 53% of all insolvent depository institutions in 1988 had been insolvent by GAAP (generally accepted accounting principles) for three years or more, and 70% had been insolvent on a tangible capital basis for that long. By 1991, S&L's will have to maintain cash reserves equal to 6% of assets—up from 3%. Both figures are very little, but even this is considered unrealistic for a lot of DI's.

The S&L industry made large contributions to members of Congress in return for the postponement of legislative action that would have increased deposit insurance premiums, reduced S&L independence, or removed managers.

A partial listing:

Tony Coelho (D-California), associated with Vernon Savings and Loan.

Doug Basco (D-California), with Centennial.

Speaker Jim Wright (D-Texas), with Independent American in Dallas.

Alan Cranston (D-California), with Lincoln.

John Glenn (D-Ohio), with Lincoln.

They used the Financial Privacy Act to not allow investigations into the frauds, even when the Justice Department was onto something because the jig was up and the DI had been insolvent for years.

February 10, 1989: Attorney General Thornburgh attributes 25-30% of all failures to fraud. Many involved investments in inflated commercial real estate that was now worthless. In 1988 alone that was \$2 billion. Another statistic: in July 1990, 40% of S&L failures involved criminal conduct.

In 1988 the Government won judgments of about \$50 million in civil suits and \$105 million in criminal suits. We don't know how much was actually paid.

Over the years '84-89, 172 people were convicted of fraud after the referral of 14,600 criminal cases to the Justice Department. There is no figure for how many went to jail. Those who did, got less than 12 months.

In all of 1987 the outflow from the federal insurance fund exceeded its income by \$1.8 billion. The outflow in 1988 was \$8.4 billion. In just two years, the FSLIC paid

out the equivalent of all its income for the past 52 years. By 1989 it was conceded that the final cost of the bailout of the S&L's would be more than the year's entire federal deficit. Half of the missing money was stolen outright.

As of February 1991, \$37 billion was spent; \$30 billion was asked for 1991 and \$50 billion for 1992. To get a picture, the bailout of New York City was dwarfed by a factor of 50, the bailout of Chrysler by a factor of 80.

With the FSLIC bankrupt, it is the workers and poor who will pay for this crisis, either through taxes, or through a cut in social programs.

Bush's plans for more plunder

Still, in February 1989 the Bush administration again says "goodwill" can be used as an asset. And just to show you what a good idea that is: in March 1989 a list was drawn up that gave the name of 99 S&L's for whom "good will" exceeded regulatory capital.

The Bush administration wants permanent funding authority from Congress to cover the losses of the S&L's, not just year to year financing, but an unlimited call on taxpayer's money.

Furthermore the Bush administration wants to open up the banks to the same sort of plundering. He wants to authorize the FDIC to borrow up to \$70 billion guaranteed by taxpayers, but repaid by banks through an increase in their insurance premiums. Bush wants to lift restrictions on interstate banking and to allow banks into the securities business.

In 1991 the FSLIC went bankrupt. The FDIC was in a precarious state, with reserves as low as \$3.4 billion. So deposit insurance was in crisis, which means, in large measure, people's pension funds, and now they are talking about Fannie Mae and Freddie Mac, and you will notice they are talking in the trillions on this one.

The rich go free for stealing millions, the poor in jail for drugs

This signals an attempt to completely smash the workers in the U.S. The rich have decided that the workers and poor shouldn't get anything—including that they want the government to stop paying for the schools, or for any social programs. The masses shouldn't have a place to live, any health care, any mental institutions, once this onslaught against them has driven them mad. This is at the root of the budget crisis. The rich are Uncle Scrooge the duck swimming in the Treasury, and they don't want people

taking a cent of it.

So even as they let the millionaire thieves off the hook, they are incarcerating more and more of the workers, the poor, the minorities. Nationwide the prison population grew 90% between 1980 and 88. In California it grew 2350% even though the overall crime rate has remained steady. The numbers of inmates incarcerated on drug-related offenses has increased 400% in the past decade. Almost one half of all current inmates were convicted of nonviolent offenses, such as car theft or drug possession, and 36% of all current inmates are parole violators. They are expecting to pay more than \$6 billion for prisons by the year 2000. Just this year the school slasher Pete Wilson has proposed a 14% increase for the Department of Corrections.

When a local judge ordered that the State of California had to continue to fund the schools in Richmond and keep them open till June, Wilson said the court decision "sets a terrible precedent" that will allow "a district to spend itself into bankruptcy and then, without concern for that fact, look to the state to provide more money." **Is he crazy? what does he think the S&L's have done?**

In the same month, maybe in the same week (I didn't mark the dates), the Supreme Court gave the S&L's a victory worth \$400 million that they won't have to pay the IRS, at the same time as upholding fines against lawyers who dare to take civil rights cases to court. But then again the Supreme Court just this year has reduced the chances for a death row inmate to appeal their convictions, ruled that coerced confessions are OK, and granted the police the right to chase people without reasonable suspicion of criminal activity.

This is the picture they have for us. We can either go to jail, or we can work as service workers to make the lives of the rich comfy and elegant. On yes, we could also have a career as prison guards which in California pays an average of \$39,000 per year excluding benefits, and you only have to finish high school. That is, if your high school hasn't been shut down for lack of funds.

We must build a new system

This is their picture of the world for us. So what is the point? I would just like to say very appropriately to May Day: we must build a new system. We must get rid of this system which won't do anything if it can't make a profit for the rich. It is becoming more and more clear: the rich are unfit to rule. They must be pushed off the stage of history. □

Notices:

- 1) There was no November, 1991 issue of the *Supplement*.
- 2) The article "The economic situation, and the mass

movement, in the Dominican Republic" was accidentally left out of the table of contents of the October, 1991 issue of the *Supplement*.