

Party Growth and Financial Perspectives: Excerpts from Transcript of Report to National Committee Plenum by Barry Sheppard

The purpose of this report is to outline the national financial situation, to present some key problems, and some proposals to overcome them.

Over the New Years weekend YSA convention in St. Louis (1974-75) we had a meeting with party organizers where we explained that there was a new situation regarding national party finances. There has been a reduction in the large contributions coming from individuals to the expansion fund. This fact necessitated certain cutbacks, which were carried out through 1975 and into 1976. That situation remains basically the same today.

We project no further cutbacks for the rest of this year, but at the same time we can project no further overall expansion of the party's national work for the rest of the year either. In St. Louis we discussed with the branch organizers launching a national sustainer increase campaign to help in this situation. We proposed to increase the total monthly sustainer coming from the branches to the national office by \$1,000 by the time of the party convention of last year. As comrades know, we surpassed that, and actually increased the sustainer coming into the national office from the branches by \$2,500.

However, in the period since the convention and then following the January 1976 plenum of the National Committee, in the first stages of making the organizational shifts to facilitate the party's turn, there were some dislocations which had some important negative repercussions on the national financial picture. Basically, the problem stems from the time taken to make these shifts and completing them, carrying them through. The organizational aspects of the turn cannot be carried through part way. For example, as we discussed under the party turn report, if you carry through a division part way, and make divisions where each branch is still attempting to act like the old branches acted, that can lead to all kinds of political problems and to financial difficulties.

It's like putting your pants on. If you get them part way up, you can no longer run around as freely as if you were

naked, but you're also not clothed yet. It's one of those things you got to do one way or the other.

You should take out of your kits the charts (attached) which will help show what the situation is. The first one shows the change in total monthly sustainer to the national office from January 1975 when we began the sustainer increase campaign. This isn't the total sustainer, it's the change in sustainer coming into the national office. You can see from it that although by August we had made an important increase, we fell down in September, we fell down pretty sharply in January and February, went up a little bit in March, but we're still not much ahead from where we were in January 1975. The next chart is a little more striking; it shows the monthly per capita pledged to the national office. You can see how it began between \$15 and \$16, got up to about \$17 and then fell down to \$13 and is now approaching \$14.

What these charts indicate is that the total sustainer sent by the branches to the national office has dropped significantly since August of last year. Why has this happened? It's not due to a loss in membership. We know that we've been growing. It's also not due to a reduction in the pledges that the membership is giving to the branches. There is some work to be done in that area, but that does not account for this drop.

Let's look at the table of the percentage of the sustainers that the comrades give to the branches that goes to finance the work of the national party. On the second page of that table you will see that the national average has taken a sharp drop. So that's one of the immediate problems we have. You can sum it up this way: In the first stages of carrying through the organizational projections of the turn, there has been a shift, with more of the sustainer pledged by the membership going to the local areas as against the national party. If we were to consciously make the decision to make such a shift, then we would have to project making further cutbacks in the national work of the party. But we don't think that it is necessary or justified to make such a decision.

Basically we think that if we carry through the organizational projections that were outlined in Lew's report concerning the overhead that the local areas should plan for -- on questions like the kinds of headquarters, the number of full-timers, etc. -- that this can be corrected.

The party's financial problems and opportunities are political. The solution to this problem is really political. It means carrying through the projections that we've discussed under Lew's report. How well we are doing financially is one measure of how well we are actually carrying through those projections. If we fail to carry through these projections, and instead attempt to set up the new branches with the same kind of headquarters and with the same kind of apparatus as we had in the previous period, we will be increasing the local overhead tremendously by going through the divisions. At a certain size a branch needs a full time organizer, but not every branch needs a full time organizer by a long shot.

A rule of thumb we might use in grappling with the problem is that, in general, in carrying through future divisions, there should be no reduction in the per capita pledge to the national office. That is, the total local overhead should be roughly the same after the division as it was before. The smaller branches will not begin with full time organizers, and will develop towards having them, and will not lower their sustainer to the national party in order to do that. That is, we're setting a priority. The financial obligations of the branches to the national party has to be considered to be a top financial priority for the branches as we make this turn.

There are some parallels here in relationship to campaign financing. In regard to local campaigns we have to be careful to weigh their overhead costs too -- the question of full time candidates, the question of whether there should be a full time campaign staff -- in relation to commitments to the national campaign. Often in the kinds of campaigns that the branches will be running, it will not be politically necessary to have large and expensive organizational structures.

This does not mean we are saying let's stop doing some good things that we were doing on a local level. That's not what we are talking about. We're talking about carrying through the political projections that we've made for the new kinds of branches we are establishing. If you look around the country, a lot of the examples that we can point to of different kinds of branches doing good work, they're not necessarily the branches that have the biggest headquarters or that have the largest staffs or anything like that. We can see all kinds of smaller branches being able to carry out good party work in this period without having inordinate overhead costs, and such costs can even be in the way of the political work of the branches.

Also, in building branches in new cities, the smaller new branches, they're going to want to make their national financial commitment a top priority and establish a good national sustainer before they get a headquarters and before they begin thinking of staffs on a local level.

In places where there have been divisions, the objective should be to correct any imbalances that may have occurred as we went through the first stages of those transformations.

To help take the steps to correct this situation, we want to project a national campaign to raise substantially the sustainer to the national party in the next immediate period.

In 1968-69 we projected a general national goal that we wanted the branches to shoot for. We wanted to shoot for a goal of a sustainer to the national office of \$15 per member per month on the average. As you can see from the charts, we actually went above that. In August 1975 we went up to \$17 per member per month.

It was in 1968 and 1969 we made those projections, however. Inflation since then means that goal has to be raised substantially.

Now we're at \$14. As an immediate goal, in the next period we want to go on a campaign to reach \$20 per member per month. That's not enough to compensate

for the ravages inflation has inflicted on our old \$15 goal, it's lower than that. But we want to make our immediate goal to raise the present average pledge of \$14 up to \$20. This will be an average. Many branches are doing much better than that and are in a position to do much better. One of the things we found out with the \$15 goal is that sometimes if a branch was in a position to give more, they felt "We're doing better than the \$15 and that's fine, there's no longer any necessity to see if we can raise our pledge further." But we want to ask branches that are in a position to do better than \$20 to really give it serious consideration and to help in this campaign, to think through how they can raise their present sustainers even if they are much higher than \$20.

In order to carry out this campaign, we project doing it on a branch by branch basis because there are so many differences in the financial situations of the different branches. It's an average we're shooting for and so the financial department will be having discussions with the branch organizers and financial directors about what each branch can do in this campaign.

Looking at things in a little longer range, the solution to our financial situation, to being able to once again go on an expansion of the party's national work, the necessity of which is clearly indicated from all of the opportunities that face us, is based on party growth. That's the real solution to our financial situation.

It rests on party growth, party expansion. As we grow, we will meet more individuals who are able to give the larger contributions. But those large contributions, have already become -- and in the future this will be increasingly true -- a smaller and smaller part of our total national expansion effort. It's the sustainer that is the bedrock of party finances and which is the single most important item of income. As we grow that is going to become more and more true. It's the sustainers of the membership pooled together that is the real financial base and most important item of party national income. This is going to be the fundamental way in which we are going to be able to move forward in the period ahead.

More income will come in other ways, too, as we expand our activity. For example, the sales of the press. As we go into the fall propaganda campaign, which we will decide on at the convention, in all likelihood there will be some kind of bigger circulation drive. That growth of influence of the party, which we do for political reasons, also has its financial side which enables the press itself to grow.

It's the fact of party growth that will enable us to move out of the present situation, where we've had to hold back any national expansion.

The party is growing, and all our projections are based on that fact. The successful completion of a campaign to reach \$20 per member per month pledged to the national office coupled with recruitment -- even if we make rather modest projections in this regard -- will put us in a position some time in 1977 to once again project being able to take steps forward in the expansion of the national work of the party, even if there is not an increase in the larger individual contributions coming to the party. Even without any increase from that quarter, by establishing the priorities we talked about, and meeting the \$20 per member per month goal - sometime in 1977 we should be able to make expansion plans for our national party work.

Barbara Matson: National Financial Director

This campaign of raising the per capita sustainer to the national office to \$20 comes at a very good time for the party. In the smaller branches, it is much easier for organizers and financial directors to have more frequent discussions with individual comrades about their pledges as individual situations change. There is also a much greater involvement of all the comrades in their branches and the inspiration of seeing the party grow, move out, expand, and recruit.

An indication of this is that several branches have reported receiving a number of voluntary sustainer increases shortly after the divisions. In addition, branches report that comrades who have a long history of not paying their sustainer on time are beginning to be consistently current.

The campaign is a good opportunity to explain to all members of the party, both old and new, the role of our finances in helping us carry out our political projections.

We have discussed in general the need to make reports to the branch meetings clear for new members, and we've talked about eliminating some of the abbreviations, jargon, and confusing words and phrases from these reports. We should think about our financial reports, too, from the point of view of someone who will be listening to a financial report for the first time. We can use this campaign as a tool to help educate the whole party and particularly provisional members on our party finances. This is something we need to do.

If you look at the chart, "Average Weekly Per Capita Pledge to Branch", you will find there is a big disparity between the average pledge of a full member and that of a provisional member. Full members pledge an average of \$9.37 per week to the branch where provisional members pledge a weekly average of \$3.32.

There is a potential problem if this disparity were to become a norm: there would begin to be two standards in the party: one for provisional members and another for full members. If this happened,

we would be unconsciously creating a barrier to taking the step of actually becoming a full member. At the end of the three months of provisional membership, the provisional member could be faced with a financial choice in deciding whether or not to become a full member of the party.

The financial consciousness and education should be part of the provisional member's experience right from the beginning. However, we want to maintain flexibility. There are differences in comrades' abilities to pledge. This is true for all members. In addition, a new member may not understand the importance of their pledge at the time they apply for provisional membership. This should not prevent someone from joining. Learning about the party's finances is no different than learning about any other aspect of party work. It's not different from learning our program, from carrying out sales activity, campaign work, or attending classes. We want to begin to raise the financial consciousness of provisional members during the three months of their provisional membership. Otherwise, the provisional members won't be really testing and learning what party membership really means over the course of the three months.

Another thing we would like branches to begin considering is the idea of pledging on a weekly basis as opposed to a monthly per capita to the national office. This would require a good steady weekly collection in the branches, but our experience has shown that it is possible to keep the collection more regular in a smaller branch than it was in larger ones.

There are several advantages of pledging weekly to the national office. First, it helps comrades see more clearly the relationship between their pledge to the branch and the pledge to the national office. For example, if a branch pledges \$4 per member per week to the national office, it is easier for comrades to compare their weekly pledge to this amount and to better determine what portion of their pledge is used for national purposes and what portion is

used locally.

Second, a weekly pledge makes it easier for a branch to catch problems quickly. That is, if you are unable to pay the national office sustainer one week because collection was a little bit behind in the branch, the problem becomes clear much more quickly to the branch leadership.

Finally, a weekly pledge and payment politically prioritizes and regularizes the income to the national office. If a branch waits until it has collected the total month's pledge before sending a check in to the national office, the money builds up in the branch bank account and the national office is unable to use any part of it until the full month's pledge has been collected.

Several branches now pledge on a monthly basis but send in more than one payment on the pledge during the month. Five branches are now both pledging and paying on a weekly system. Both of these systems help regularize the national office income so it can be used over the course of the month.

Andrea Morell: National Campaign Committee

I want to call comrades' attention to the current campaign fund drive that is designed to raise \$10,000 for the national campaign by June 30. Comrades have probably been following it each week in the Militant. This week's chart shows that we have received a little over \$4,000 in the first few weeks of this drive.

This fund is organized differently from public fund drives that we ordinarily run. That is, we will say we have received \$10,000 when the national campaign has that money in hand and can spend it. Pledges will not count toward the goal, only payments will.

This is designed to help get at a problem that we have and which we need to solve, that is, the problem of uncollected pledges of one sort or another in the party. This applies to branch moving funds, local campaign pledges and pledges that are taken at national gatherings. We tend to average about 85% rate of collection, which is not good enough. It's true that some people's financial situations change

between the time they pledge and the time they could pay. But it's probably not 15% of those who pledge. So this fund is designed to try and get at this problem by putting the emphasis on paying rather than pledging.

It's very important. Not only do we need the other 15% just in sheer dollars and cents terms, but it's more important than that because it touches on the whole question of finances in a volunteer organization. We don't have a gun at anybody's head and can say, "Pay up or else," which is how all obligations are met in this society. All we have is the combination of political motivation, moral authority, and the norms that are established. When we let something slip and don't do something about it, it can have a corrosive effect on all financial norms.

In the kits are charts showing the debts owed by local campaign committees to the national campaign. The total is \$23,000 of which \$14,000 is outstanding pledges. Six thousand dollars of the outstanding pledges are from events held when candidates were on tour this spring, while \$8,000 represents unpaid pledges from previous tours. Payments on these pledges will make up the bulk of the drive. By reporting on this Fund weekly in the Militant, we hope to be able to reinforce efforts of local campaign committees to collect the funds. In addition we hope to get money from the readers of the Militant, and some contributions have been received from them.

I hope that as soon as comrades return home from the plenum the branch organizers and local organizers will consult with the campaign directors, find out where things stand, and help get the pledges coming in.

Al Budka: Atlanta

Of the twelve provisional members in Atlanta, five are working people recruited directly to the party. We decided we would treat provisional members, except for voting and paying dues, as we say they should be, as members of the party.

We would sit down and have a discussion with them just as if they were regular members we were trying to get a \$5 sustainer raise from. Take the time and

have two or three leaders of the party, the organizer, the financial director, for instance, and another comrade from the executive committee, take about an hour or whatever time is necessary to explain how the party works financially. Because it is totally different than other organizations that people join.

From the five provisional members we got a weekly sustainer base of \$40, which is way beyond what we thought would happen. I don't think we should be at all hesitant about doing this. You don't necessarily want to say \$20 is what you should give, but you should have a frank discussion.

At the last plenum when we discussed provisional membership, one of the things we said is how in most mass organizations people join they make a decision like this. In a union you go through an apprenticeship or in another organization you have a period of time where you think about it. Well, it's true, and another thing we should learn is that people expect to give money to organizations they join. They don't join a union without paying dues to the union, they don't join N.O.W. without paying money or the NAACP or any other organization. People expect it and that is what we found. Provisional members would say, "How come you waited so long to talk to me?", and it hadn't been that long.

People who work expect to give money to the organizations they join. Branches will probably find that just like Atlanta people will respond once you explain to them how we function financially.

Susan LaMont: Boston

I just want to make one short point, but it's a very important point. That is, the role of the national party, what the money that is sent to the national office is used for, and why this is one of the tremendous strengths of our party.

This has to be part of the discussion with the new provisional members when explaining what our party is all about, how it works, what it means to pay a sustainer and the kinds of financial responsibility that go with party membership.

With all the new branches that are being established, and the local multi-branch

situations that are being set up, this does not at all mean, and should not mean, that there is some kind of atomization of the party going on. On the contrary, in this kind of a situation, the need for a strong national party becomes greater and greater.

I think that in Boston we have a really acute appreciation of this. Because what has happened in Boston has not by any means been only the work of the comrades in Boston, but has resulted from the constant collaboration with the comrades in the national office. The ability to have Malik and other comrades come in, the fact that the Militant goes all around the country with news of what goes on there, and the fact that this is an effort of the whole party, which the national office is responsible for coordinating and leading.

This can be applied to all the areas of work and I think this is an important concept to explain to new provisional members, as well as why we need a phone and postage and things like that in terms of the local budget.

Summary - Barry Sheppard

I think this discussion has demonstrated the main point I was trying to make, and that is that party finances is a political question, and it is tied into the whole political work of the party.

A number of comrades mentioned the question of provisional members. This is an important question. The whole idea of provisional membership is to win people to be members. As Barbara said, just as we work to have provisional members be integrated into all our areas of work, they have to become integrated financially also. You wouldn't say to a provisional member, "OK, you are a provisional member so you should not sell the Militant. You'll decide whether you sell the Militant three months from now." The same thing must be true of finances.

You want to have provisional members financially integrated by the time they get to the end of the three month period. You don't want that to be an obstacle to them joining. You want them to already understand the financial obligations of party membership. The purpose of the provisional membership period is to acquaint people with what it means to be a member.

A number of comrades made a point that the new structures will help us financially, just like they do in all other areas of political work. In a branch of 90 people, a financial director can not adequately organize people financially. The members do not feel their own individual pledge is as important in that kind of a situation, as in all other areas of work. I think it was Judy who pointed out that in the smaller branches it is easier to get everyone to pitch in all areas of work and that's one of the reasons why we have projected these changes -- in the new political situation which makes it possible and necessary to make these organizational changes. The financial directors in the smaller branches are going to be able to pay more leadership attention to this area of work, just as in all others. And I think we will see that it should be possible to raise the membership pledges, the basic pledge to the branch itself over the next period.

Now another important point when we make divisions. We shouldn't look at the pledge to the national office as a local pledge. In many areas of work, the relationship between the national office and the branches will not be as direct as it was; that is, it will go through the local, but that will not be true for finances. The relationship will still be between the branches and the national office. At this point, it will not be up to the local to collect sustainer and then send it in to the national office. At some future time when we are larger we will have to modify this, but not at this time.

A branch shouldn't say, "Well we can give 58¢ to the work of the party nationally because the other branch in our local is giving \$58.00, and it averages out pretty high." Each branch has got to make this campaign to raise the sustainer to the national party its own campaign. You will have to start from where you are, of course, given your branch's situation.

On the question of full time organizers and keeping the headquarters open and those kinds of things. There is a certain experimentation involved in making the divisions, in finding the correct place to put a headquarters, for example. We don't always know the best place for a headquarters before a division. A new branch might want to do some political work in the area

we have moved the branch into before it gets a headquarters. We want to avoid being locked into a pattern where we must first find a headquarters, and then raise a big fund to build the same kind of headquarters that was valuable to us in the preceding period, before we can divide. Those kinds of headquarters can get in our way now. That's not where we should start. If we do, it shows up financially right away -- but it is not basically a financial problem, it is basically a political problem.

In working through the divisions we have come up against some of these problems, which can actually paralyze our work and make the division itself more difficult.

A branch of 11 or 15 is not going to stay there, we hope. We are not making the organizational changes projected for organizational reasons. They are being made for political reasons. We wouldn't be building smaller branches if they did not have the potential for growth and for being able to carry on party work. This potential exists because of the changed political situation. It would be an adventure otherwise. Little branches in particular neighborhoods would be knocking themselves out if the political situation was like it was some years ago. They wouldn't be able to accomplish what they can accomplish now. Forms of party organization that were appropriate earlier became more and more obstacles to carrying out the political work that can be done in the new situation.

We want to keep a priority on the pledge to the national office as we make these divisions. As a new branch of 5 or 6 is built in a new city, it must consider the national office pledge a priority. Why? Because the party thinks the Militant is important politically, that having a national office is important, that our international work is important, etc. That's the political reason for this financial priority. We are discussing the priority of building a national party, not a loose federation of branches organized by locals. We are a national party and that priority must be maintained.

Smaller branches will find that they don't need to begin with a full time

organizer. That's been the experience. The organizer shouldn't be the hired staff that is supposed to accomplish everything that the membership votes to do, but the secretary of the executive committee which organizes the entire branch to carry out what the entire branch votes to do. We are finding that having smaller branches helps encourage all the members to pitch in. Responsibility is broadened, in the executive committee and the branch as a whole. Volunteers can be organized to help keep the headquarters open.

As a branch grows, it can put someone on part time, and later, have a full time organizer. This can be done without changing the national priorities, without creating the political problems that can result from the financial problems that will mushroom if you start with too much local overhead. You grow into it over time and by recruiting, you build a base for it, and of course as you get larger, you are able to do more things and you need a full time person more.

We can't start with the conception that we must have a certain kind of headquarters, it must be fixed up a certain way and we must have full time staff, and if that means we have to give 2¢ to the national party, well so be it, that's low on our priorities. No, we must break with that type of thinking. Human thought is very conservative even in the revolutionary party. But we are making a turn that requires new ways of doing things.

We don't throw overboard with these proposals any of our conceptions of professionalism. We are not proposing to reduce the number of full timers at all. That is not what is going to happen. But the number of full timers should not automatically mushroom.

In discussing this report with the comrades in the branches. I think we should have a report to the branches about the proposed campaign to raise the sustainer to the national party. The point Susan made is important. I didn't go into it here, but the comrades have got to help explain to newer members and to the members as a whole again, what their money goes for nationally, how it is used, what do we get from it. The Militant doesn't fall from

heaven each week, nor does anything else that the national party does. It comes from the membership. They have to understand that through their sustainer they are participating -- because they are -- and they determine how much the national party can really do.