

'Depression' Strikes Sweep Country

More than 100,000 workers in aerospace, the East and Gulf ports, the non-mining sectors have been forced into desperation strikes to protect their eroding standard of living. At this moment the conduct of these strikes reported below indicates that they will only lead to a further deterioration of the U.S. economy and to terrorism masqueraded as labor violence.

LABOR NEWS

The root of the "depression" strike wave is the reversion of both union and industry representatives to a "dog-eat-dog" psychology in the face of collapsing economic conditions. One industry spokesman involved in the strike situation in the aerospace industry seethed: "We are in the trenches now; this is old fashioned class warfare like in the 1930s. What we gain, we are going to take from the union." A union spokesman responded in kind, "We are going to have to knock heads with them (management) and see who comes out on top. . . . If the pie shrinks then we want our fair share. . . ."

The pie is shrinking — as devastating profit reports from leading industries make clear. To avert stalemated contract negotiations, wage settlements must be negotiated from the context of a program of expansion of the economy through capital-intensive, high-technology nuclear energy and agricultural programs. That standpoint defines the minimal competence required to avoid the emerging climate of confrontation, with its correlative demoralization of broad layers of the population. A confrontation atmosphere can easily be used as the cover for a whole range of terrorist activity, branded as "labor violence." "Countermeasures" launched in that violence-charged context would strike a devastating blow to the emerging labor-industry alliance for economic growth in the United States.

A "labor-violence" terrorist scenario may not be far away with the dockworker and aerospace strikes taking the lead. For example, circles in the Schlesinger Energy Department are also gloating that "a violence capability" has been built into the anticipated miners' strike by years of Institute for Policy Studies-wrecking operations against that union. "Crisis managers" on Schlesinger's staff are in fact anticipating "terrorism" on the part of such Institute elements, including the possible blowing up of rail lines. Such episodes would provide the ideal pretext for the institution of Secretary

Schlesinger's plan for an energy dictatorship, the Winter Emergency Energy Program, WEEP.

Aerospace

More than 40,000 members of the International Assn. of Machinists (IAM) have been on strike against Boeing and Lockheed, the nation's two largest aerospace producers for more than a month. Negotiations are reported to be hopelessly deadlocked, with Boeing, the industry's acknowledged pacesetter, according to one informed source, looking to crush the union. If the strike continues, sources close to the United Autoworkers (UAW) report that the union will pull out 60,000 members at other aerospace companies whose contracts have already expired. No one expects a UAW contract settlement unless Boeing and Lockheed settle.

One source close to Boeing reported that the company is prepared to sit back, and use its cash reserves to wear down the union: "They'll wait until hell freezes over if need," the source said. The Boeing workforce, centered in the Seattle-Portland area, is beginning to hurt; strike benefits amount to less than \$50 a week, and there are reports of skilled workers seeking jobs as "apple pickers to tide them over."

The strike is now producing the first small wave of "ripple-back" layoffs in the nationwide complex of industries that feed the aerospace sector. Analysts familiar with the near bankrupt status of many of these feeder plants report that such areas as Boston's Route 28 complex can ill afford a prolonged aerospace shutdown. "If they close down," said one analyst referring to the feeder plants, "many will likely not reopen."

"You are playing a dangerous game here," said one analyst. "The outcome of the strike the way it is going will be a further ratchet down of aerospace — more layoffs, more bankruptcies, and God knows what else."

Here are comments of IAM officials involved in the strike:

IAM official in Seattle (Boeing):

. . . All talks broke off last Thursday and none are scheduled. . . . Boeing has been trying to force people back to work by reminding them that as of tonight it will no longer make their medical benefit payments. Workers were advised of this by a letter sent by Boeing on Oct. 18. We've checked with the insurance company, and they report receiving over 90 percent of payments, so apparently the workers are paying for themselves and not backing down.

... Boeing has been putting out erroneous information claiming that the only issue is the union shop. This is absolutely untrue, and we have asked them to debate us on television to clear up the situation and they have refused this offer.

... Regardless of what Boeing says the only offer on wages we have seen is for a 3 percent increase across the board for each of the three years of the contract. This translates to as little as \$.05 per hour for the lowest grade workers and \$.43 per hour for the highest grade. On top of this, they're seeking the right to downgrade workers unilaterally.

... The IAM accepted a strike vote at McDonnell Douglas by over 90 percent and are currently working on a day to day basis.

Banking Economist

Labor-Industry

Confrontation on Agenda

The following is excerpted from the Oct. 25 issue of White Weld Economic Services Newsletter. The report's author A. Gary Schilling is regarded as the most widely respected investment bank economist and his newsletter has an audience of major corporate and financial leaders. The thinking in the paragraphs below could therefore be accurately described as reflective of the incompetent outlook now rampant on labor questions among these layers.

All this suggests that U.S. industry is being forced to reexamine its attitude towards inflation and its ability to pass on cost increases. Already we see such a shift in the closing of some old steel-making facilities, and the recent emphasis of new capital spending on modernization and labor-saving equipment as opposed to the building of new facilities.

Labor, of course, is the biggest single cost item for most industries, and one that is yet to be addressed in a significant way. American industry may be reaching the point, however, where major labor confrontations are likely. The steel industry, for example, may now be at the stage where loss of revenues and profits resulting from a strike over wage increases is no worse a prospect than similar losses associated with high wage settlements that cannot be passed on in price increases, or, if they are, lead to import surges and lower revenues and earnings. The current labor dispute with the iron miners may not be a good test case, but the outcome will be interesting to watch in this regard.

Plant closings, labor disruptions, and foreign trade battles are not pleasant events. They probably are, however, a necessary part of the transition from an atmosphere of accelerating prices to one of disinflation. Just when everyone thoroughly understands how to play the inflation game, the rules get changed.

IAM official in California (Lockheed):

... The good reputation that Lockheed had built up through the years is being destroyed. By stopping medical and other benefit payments they are taking this out on the children.

... Talks are continuing under the auspices of a federal mediator but only on minor issues. There are no talks going on concerning wages, seniority, and transfers, and none are scheduled.

... Lockheed wants to lift the seniority requirement needed to bump newer employees from 6 to 15 years and wants complete control over transfers.

... They're offering 3.5 percent in the first year and 3 percent in each of the next two. On top of that, they want the first 2 percent of our COL to go to pay fringe benefits. What fringe benefits? We're being asked to pay our own first year's pay of our COL.

... Look, Lockheed called all the union delegates together last June and told us they would not plead poverty in these negotiations as in fact the company's financial position is improving.

Dockworkers

More than 50,000 dockworkers are in the second month of their strike against containerized shipping on the East and Gulf Coasts. Negotiations were described by one participant as confused beyond belief. While various East Coast press continue to report almost daily that some break in the strike may be near — possibly a New York area settlement — no one is venturing a guess when the entire mess might be settled.

At the root of the strike is the collapse of world trade. The dockworkers are asking for a guarantee to pay laid off workers, and the shippers are saying that they can't afford it. Although the press claims that unemployment due to containerization is the "crucial problem," industry observers report that it is no longer modernization that is claiming workers' jobs: "There are just a hell of a lot less ships coming in. . . . I don't know what the figure is but we are talking about there being less ship traffic." Shippers have reportedly told the union, the International Longshoremen Assn., that it should expect new layoffs regardless of the strike's final outcome.

Export and import-oriented industries in the U.S., Europe, South America, and Japan have suffered major losses due to undelivered goods and cancelled contracts; layoffs are now beginning to occur in industries dependent on container traffic with some instances of short shifting reported.

Puerto Rico has been hardest hit by the strike. The island's unemployment figure could balloon to 328,000, equal to 33 percent, if the strike continues. Sixty firms, employing 6.2 percent of all manufacturing workers, have already shut down and according to a poll taken by Puerto Rico's economic development agency, Gomento, if the strike goes for six weeks, another 67,000 manufacturing jobs will be lost. For each manufacturing job lost, it is estimated that one other job in the island economy is also lost.

Informed observers warn that this could be "a make-or-break-it week" — if there is no significant motion toward a settlement, the ILA may decide to "shut down the whole damn coast!"

Iron Ore

Eighteen thousand iron ore workers organized by the United Steelworkers (USW) have entered the fourth month of their strike, and sources close to the negotiations report that the companies "have no interest in reaching a settlement. . . . The union may be willing to give up an arm and a leg, but they (management) seem to want both arms, both legs, and several teeth."

Industry analysts report that it is an "open secret" that there will be a major rationalization of U.S. iron ore production regardless of what settlement is reached because "everyone knows that the problem is not the iron ore workers' demands but collapse of the demand for steel. . . . If you produce less steel, you don't need that much iron ore, so you don't need iron ore workers."

The workforce, mostly centered in Minnesota, is said to be extremely demoralized. With the steel companies, who own most of the iron ore mines, drawing down their ore reserves at a slower than expected pace, one industry spokesman ranted, "We can sit back and starve them (the workers) out. . . ."

Mineworkers

Negotiators for the United Mineworkers Union (UMW) walked out of talks with coalmine operators last week, making a national strike all but certain. One source cautioned that even if a contract is reached before the Dec. 6 strike deadline, the coal operators have "no faith in the ability of the UMW leadership to sell a contract" to the rank and file.

W. German Unions And Industrialists Unite For Dortmund Nuclear Rally

On Nov. 10, a 70,000 person rally for nuclear energy will take place in Dortmund, West Germany, sponsored by the West German Trade Union Federation (DGB), which represents 8 million West German unionized workers.

As the list of supporters grows the rally has gained the support of West German politicians and industrialists who agree with the unions that the rally is the only public answer to riots by environmentalists at West German and French nuclear power plants earlier this year. Most of the union backing for the rally comes from the huge 2 million member Metal Workers Union (IGM), the Chemical Workers Union (IGC), the Mine and Energy Trade Union (IGBE) which organizes both coal miners and the machinists who manufacture power generating equipment, and the Public Employees Union (OTV) which organizes the employees of municipal power plants. *The chairmen of these unions will all speak at Dortmund.*

The rally is definitive proof of the emerging labor-industry alliance for nuclear power that is shaping West German politics. Both conservative industrialists in the Christian Democratic Union (CDU) and the working-class membership of the Social Democratic Party (SPD) realize that the European environmentalists' demands for zero energy growth and labor-intensive jobs give them a common enemy, who is out to destroy both highly skilled jobs and advanced industry.

More than 100 American and Canadian union leaders, businessmen, and industrialists have sent support telegrams to the rally's organizers. Most of the telegrams have come from three key unions — the Teamsters, the United Steel workers of America, and the Building Trades, whose membership has purchased over 46,000 copies of the U.S. Labor Party special report, *The Plot to Destory the Teamsters — Who's Behind It — How to Stop It*, and 40,000 copies of USLP briefs on the expansion of nuclear power and revitalization of the steel industry.

The original organizers of the rally, the Joint Factory Council of the United Electricity Works, Westphalia (VEW), the largest West German utility, recognized the role of the Teamsters in bolstering support for the rally by sending a telegram to International Brotherhood of Teamsters President Frank Fitzsimmons, Oct. 31, asking him to endorse the rally.

Bonn Set A Precedent

Planning for the Dortmund rally began shortly after a successful September rally for nuclear energy in Bonn drew 15,000 people instead of the expected 7,000.

The Bonn rally was organized by the factory councils of Interatom, the leading West German nuclear fuel cycle company, and Kraft Werke Union (KWU) the major West German reactor manufacturer. It was the joint factory council of VEW that started the ball rolling for the Dortmund rally. During a council debate over the rally, support telegrams from American steel workers in Pittsburgh and Ohio won the argument for the rally organizers.

As support for the rally grew, the DGB endorsed it and began telegramming every factory council in northern West Germany about it. The main KWU factory, organized by the Mine and Energy Trade Union, soon realized that so many of its workers and their families were attending the rally that it rented two trains to avoid creating a traffic jam on the highway to Dortmund.

The European Labor Party (EAP) intensified rally support by contacting over 300 large factory councils in the last month. In most cases, these councils were in factories 200 to 300 miles from Dortmund, and had not been notified by the DGB yet. The EAP has also been using the endorsement of the rally by two members of the Republican National Committee to convince conservative Christian Democrats, who support Chancellor Schmidt's nuclear energy program, that they must support the rally too.