

# THE INSIDE STORY

JOHN JUDIS

## U.S. multinationals make labor put on its fighting shoes

Next to the extension of slavery, it was the main issue that divided the North and the South before the Civil War. In the last decade of the 20th century, it may be the main issue that divides capital and labor.

In the next year, it will probably be the main issue that divides Carter and labor.

The issue is that of free trade versus protectionism: in present terms, whether the U.S. should make the elimination of all trade barriers its first priority or whether it should pass tariffs or impose quotas to protect the jobs of American workers that might be lost from rising foreign imports.

Last week, thousands of garment workers demonstrated around the country to demand import controls on foreign garments and textiles, whose share of the American market has risen from four to 35 percent in the last ten years. According to union officials, these rising imports have cost American workers 145,000 jobs.

Prior to that, labor leaders had vigorously protested President Jimmy Carter's refusal to go along with the International Trade Commission's recommendation that import quotas and tariffs be imposed on rising shoe imports. Here, it is estimated that 70,000 jobs have been lost since 1968.

In the months to come, Carter will be faced with demands for import controls on color TVs, steel and rubber products. Indications are that he will go to great lengths to avoid acceding to these demands.

### ► Preventing economic chaos.

In the past, American labor and industry usually agreed on trade questions. Beginning in the early 19th century, they united in support of tariffs that they saw as necessary to protect infant American industries from foreign competition. Then, after World War II, with American industry the most advanced in the world, they turned to free trade as essential for American growth.

American labor leaders and industrialists shared a similar rationale for promoting free trade. Looking back at the 1930s depression, both saw in the Hoover and early Roosevelt trade policies a prime cause of the continuing depression.

As they saw it, the highly protectionist 1930 tariff and the American refusal to participate in the World Economic Conference in 1933 had prompted the Europeans and Japanese to revert to exclusive trading blocs. As a result, America's exports and imports plummeted to pre-1910 levels; the American share of world trade was cut in half; and for the first seven years of the depression, the U.S. had a negative balance of trade.

Both capital and labor believed that postwar policy must aim to prevent trading blocs and to eliminate all tariffs and quotas. Within such a "free" world market, American goods would hold a competitive edge, and exports would rise.

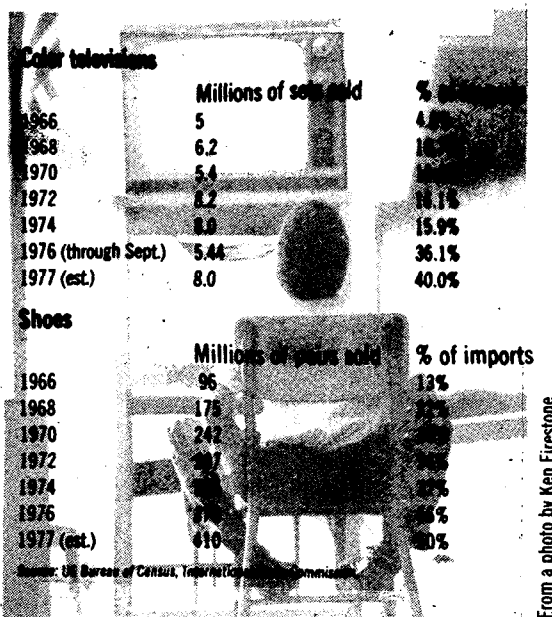
Rising exports would provide needed security against another depression. "Foreign trade," as a UAW statement put it, "can be the margin between a drop into economic chaos and a steadily expanding economy."

While some segments of labor and industry still insisted on special protection, the development of the European Common Market convinced even the diehards that the U.S. would have to make free trade its first priority. In 1962 Congress passed the Kennedy administration's Trade Expansion Act, which granted the executive authority to reach multi-nation agreements on lowered tariffs.

### ► Labor and the multinationals.

But between 1962 and 1970, a sharp turnabout occurred, which led to labor support for the protectionist Mills trade bill in 1970 and opposition to Nixon's Trade Expansion Act in 1974. While labor has by no means abandoned its support for free trade, it has come to insist on protection for industries jeopardized by free trade policies rather than simply on compensation for workers whose jobs were lost.

This edition published April 20, 1977, for newsstand sales April 20-26.



Three things have shaken labor's confidence in free trade. The first is the ability, largely unforeseen in 1962, of European and Japanese firms to compete successfully with American firms in such highly touted American fields as steel, auto, and electronics.

The second is the rise of the multinational corporations. In the AFL-CIO's *Federationist*, Elizabeth R. Jager put it this way: "...in the 1950s, the United States exported mostly products; in the 1960s, it exported standard auto and machinery factories; in the 1970s, it has been exporting factories with its newest technology..."

American firms have gone multinational largely in search of lower wage costs. The president of Zenith, the last American electronics firm to go overseas for its component production, explained that the same TV that costs \$56 in labor to build in the U.S. costs \$4.50 in Taiwan. A shoe manufacturer who moved his plant to Europe gave the House Ways and Means Committee a similar explanation: "The labor where I am now making shoes is 50 cents an hour as compared to the \$3 I was paying."

The AFL-CIO estimates that as many as 900,000 American workers lost their jobs between 1966 and 1971 as a result of multinational expansion. In addition, these multinationals end up competing, on favorable terms, with domestically produced products. The U.S. Department of Commerce estimates that 25 percent of American imports in 1970 were from American multinationals.

Many of the rest, labor argues, were from European or Japanese multinationals that have also striven to take advantage of the repressive governments and unorganized workers in such countries as Brazil, Taiwan, Malaysia, and South Korea.

From labor's standpoint, this role of the multinational subverts the function of free trade. No longer is it possible to argue that free trade merely weeds out the less efficient firms that cannot compete with the better organized and more technologically advanced ones. With multinationals, free trade tends to weed out organized workers who have won higher standards of living.

As a result, labor has moved both to place restrictions in the path of American corporations that want to relocate overseas and to put import controls against goods produced by American and foreign multinationals.

Finally, the third factor that changed labor's view has been the world recession. With unemployment in the U.S. over 8 percent, the special compensation given to workers displaced by imports becomes, in many cases, merely a prelude to welfare. This has hap-

pened, for instance, to Puerto Rican garment workers in New York, displaced by foreign imports.

### ► Fear of a trade war.

But the same circumstances that have impelled American labor to oppose unlimited free trade have made corporate leaders and their political allies all the more adamant in its defense.

This is clearly the case with the growth of multinationals. The multinationals have a stake in preventing any import restrictions on their products. In the 1974 Nixon trade bill, a special provision was introduced for their benefit allowing the elimination of all duties on goods from Third World countries.

With Japanese and German investors vying for favors, they also are concerned that American trade policies not alienate their host countries. It was probably this consideration that prompted Carter to leave out Brazil from the countries he planned to discuss shoe import quotas with.

The world recession, combined with growing competition from West Germany and Japan, has meanwhile raised among corporate leaders the spectre of a new trade war. They see the threat of a return to the 30s in the recent European moves against Japanese ballbearings, steel, and shipbuilding, in Canada's recently imposed quotas on textiles, and perhaps worst of all in the recently successful attempt to get the U.S. Customs Court to declare countervailing duties against Japanese TV imports that owe their low price to government tax rebates.

"I am afraid events are pretty close to getting out of control," Robert A. Best, the former chief economist for the Senate Finance Committee, told *Business Week*. *Business Week* added its own note of alarm: "...a slump back into the bog of protectionism today could strike a more telling blow to the world economy than it did between the wars because of the much more integrated structure of the international economy and the increased national dependence on trade."

From this perspective, corporate leaders see any step toward tariffs or formal quotas as a dangerous precedent that could justify further action. Therefore, they advocate private agreements, where necessary, between the U.S. and other countries, and increased technical and financial aid to embattled American industries.

### ► Over the long haul.

In this respect, as in others, Carter is the representative of America's most class-conscious corporate leadership rather than of the labor or minority voters who elected him. To the key Treasury posts of Secretary and Assistant Secretary he appointed two veteran free traders, W. Michael Blumenthal of the Bendix Corporation and C. Fred Bergsten, formerly an economist with the Brookings Institute and recently author of an article in *Foreign Policy* entitled "Let's Avoid a Trade War."

In his decision to reject quotas and a tariff on shoe imports, Carter spelled out his position: "I'm very reluctant to restrict international trade in any way. For 40 years, the U.S. has worked for the reduction of trade barriers around the world, and we are continuing to pursue this goal because it's the surest long-range way to create jobs here and abroad."

Carter did promise to attempt to reach private agreements with Taiwan and South Korea to limit their exports—a promise made in the face of a possible congressional override of his recommendation. But he insisted that "over the long haul" the only solution to the American shoe industry's difficulties lay the modernization of its factories.

That, and the reintroduction of child labor.

(To be continued.)

## IN THESE TIMES

THE INDEPENDENT SOCIALIST NEWSPAPER

Published 50 times a year: weekly except the last week of July and the fourth week of December by New Majority Publishing Co., Inc., 1509 North Milwaukee Avenue, Chicago, Illinois 60622, (312) 489-4444, TWX: 910-221-5401, Cable: THESE TIMES, Chicago, IL.

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Printed at Merrill, Co., Hinsdale, IL, a Graphic Arts International Union (AFL-CIO) shop.

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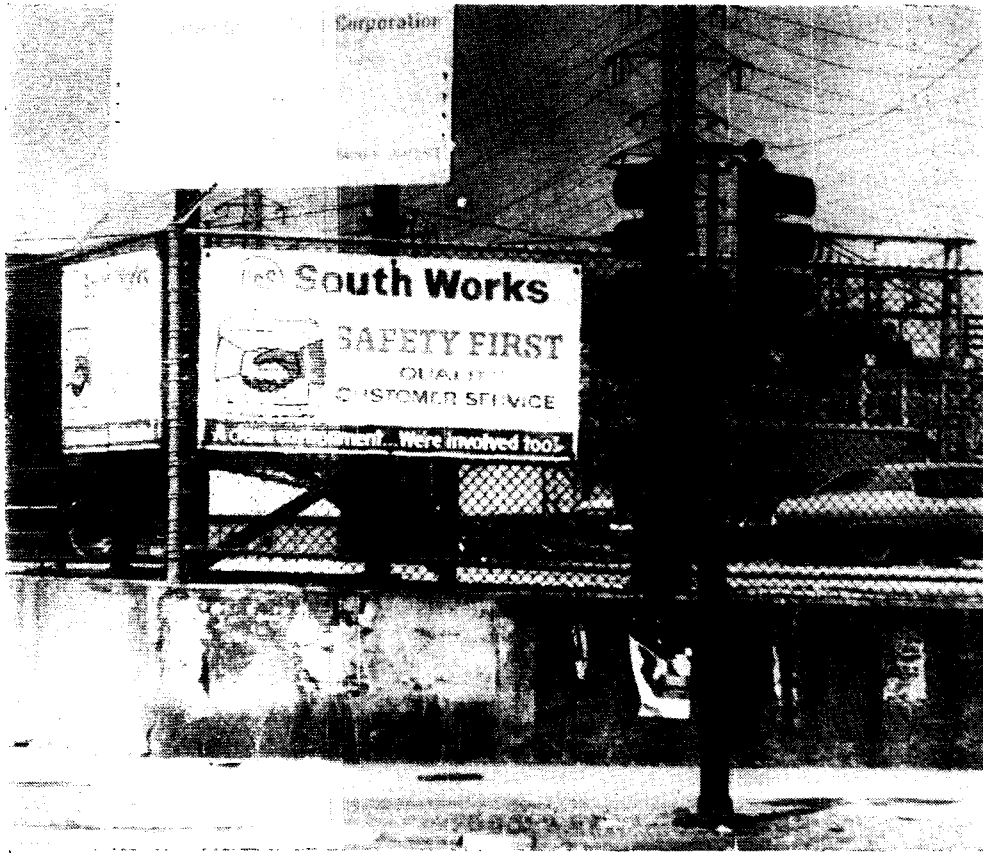
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# IN THE NATION

## LABOR

# Troubled settlement in steel



Jane Melnick

By David Moberg  
Staff Writer

Local union presidents narrowly approved a moderate new contract between the Steelworkers union and the ten largest steel companies on April 2.

The contract provided extended protection against layoffs and plant closings for workers with 20 or more years of seniority but no new breakthrough in job security. There were modest monetary gains and improvements in benefits, close to the total cost of the Autoworkers' contract last fall. Although there were some new restrictions on management power on the shop floor, there was little progress on the most important issues immediately related to working conditions. In a few areas, the union lost ground on benefits and restrictions on management prerogatives.

There is enough hard-core dissatisfaction among certain groups and on some controversial issues that many local negotiations may break out in strikes at the end of the contract on August 1, if the international union grants authorization. Under the Experimental Negotiating

Agreement (ENA), all issues not settled by March 31 were to be sent to arbitration. National strikes were prohibited. Negotiators extended talks, but several hundred local union presidents headed home for Easter weekend. When the steel bargaining council received the terms at the Saturday morning meeting, they took a standing vote on the contract. It was voted down 148 to 143, the first contract rejection by local presidents that anyone could remember.

### ►National leadership shocked.

According to one participant's description, the national leadership appeared shocked and confused. There was a request for a roll-call vote. "Then there was some arm-twisting. Directors [of districts] kept their eyes on people for the second vote. [Retiring president I.W.] Abel gave a real sorrowful speech. Some people decided not to make waves. When it came down to putting it on the record, a lot of backs turned to jelly," he said. The contract was approved on the roll-call vote by 193 to 99.

Abel told the body that all of the na-  
(Continued on page 20.)

# Atlanta strike splits liberal coalition

By Raoul Sinclair

Atlanta. Two movements have allied progressive elements in the South since turn-of-the-century Populism: civil rights and unionization of Southern workers. Common needs and common demands saw blacks and labor backing each other's movements and marches throughout the years. That alliance seems to have come unglued here in the wake of a confused and disastrous strike by nearly 1,000 municipal workers. The disintegration of the alliance was most apparent when black Mayor Maynard Jackson, beneficiary of massive labor support in his campaign to become the first black mayor of a major Southern city in 1973, fired 915 striking members of Local 1644 of the American Federation of State, County and Municipal Employees on March 28.

The upshot has been a broad and bitter division within Atlanta's black community between those who support Jackson and those who feel he now represents a worrisome new form of politico: sprung from the movement, espousing pro-working class positions, but as insensitive to the needs of the city's poor and black as his white predecessors. This new wrinkle in the dynamic of race, politics and economics is so filled with confusion that the AFSCME strike has yet to receive more than token support from other area unions and is being totally ignored by the Atlanta-based Southern Christian Leadership Conference, whose founder, Dr. Martin Luther King Jr., died fighting for the AFSCME cause in Memphis nine years ago this month.

### ►Jackson changed sides.

Adding to the irony is the fact that in the last AFSCME strike in 1970 Jackson marched with the strikers and, as vice mayor, constantly hammered at the city's refusal to grant pay raises and give the union a dues check-off.

Now, seven months later, the unions, whose members average \$3.55 an hour, asked for a 50 cent per hour raise and found their former marching ally behaving exactly as his predecessor, Sam Massell. One popular chant at marches and mass meetings goes: "I smell a Massell."

Jackson and the city argue that the

*Perhaps the thing that hurts the most is a comment made by "Daddy" King. When asked what the city should do, he replied: "Fire the hell out of them."*

union waited till too late to ask for a raise, just three weeks before a March 31 deadline after which the 1977-78 city budget is locked into place by a provision of the city charter, and that there just is not enough money.

AFSCME responds that the deadline is a paper tiger that has been ignored in the past. They also point out that the city has had a cash surplus for each of the past four years and that the 1976 carry-over was \$9.3 million, almost double the cost of the requested pay hike.

### ►A troublesome ad campaign.

Contributing to the ill-feelings all around has been a national advertizing campaign from the national offices of AFSCME, the ads began to run last month in the *New York Times*, *Commentary*, *The New Republic* and local press and radio and blame Jackson for the inefficiency, financial mismanagement and favoritism that have troubled his regime.

The ad campaign could not have come at a worse time for the strikers, as it irritated the notoriously chauvinistic Atlanta mentality and robbed a good bit of sympathetic support in the community at large. The Jacksonian ego was stung by the media villification and, stopping the ad campaign, if only on a local basis, became one of the city's demands in the on-again, off-again negotiating sessions with AFSCME.

Although the local union denies any connection to the campaign, it stretches credulity to the snapping point to believe the national did not check with its local leadership before throwing the hot poker of the ads before a national readership.

### ►Strike faltering.

Latest estimates show that only half of the fired AFSCME workers are still out. The rest have either gone back to work in the crippled sanitation, water and streets departments or have been forced

to find jobs elsewhere. National strike funds have been able to provide only \$25 to \$35 a week for each worker.

One thing is clear about the Atlanta strike: if it was a planned, strategic application of work stoppage to convince the city of just wage demands, it was an abject failure, resulting in the loss of jobs to hundreds, a badly damaged union position, little public support and the flocking of the white power structure to Jackson's defense.

### ►Rank and file pushed strike vote.

It becomes a little more understandable if one heeds the AFSCME side of things: that the strike mushroomed up out of the rank and file and that the leadership had no direct role in calling for the walk-out. "The membership overwhelmingly voted to walk on this one because they saw nothing but betrayal from city hall," says Jim Gray, AFSCME spokesman. "It was really spontaneous."

That would indeed explain the failure of AFSCME to lay proper groundwork for a mass strike: linkages with other unions, mobilization of civil rights groups that had sided with the workers in 1970 and a more complete explanation to the public of the issues involved. As it evolved the strike took Atlanta almost completely by surprise and seemed to be a last minute fit of directionless anger.

As a sidelight, the strike came in the final days of the election to replace former Congressman, now UN ambassador Andrew Young and was a minor and wholly irrelevant campaign issue. John Lewis, director of the Voter Education Project, was in an April 5 run-off with City Council president Wyche Fowler. Lewis was moderately supportive of the strike and Fowler flat against it. An aide to Fowler, who won by a landslide, admitted the strike may have added five percentage points to the victory.

### ►Haven't overcome yet.

On April 11, a rally was held on the steps of city hall. The crowd numbered about 300, but included more supporters than strikers. Speaker after speaker accused Jackson of deserting the people who put him in the mayor's chair and of being no better than the repressive white politicians and power brokers of the past.

James Farmer, former director of the Congress of Racial Equality, now representing a coalition of public employees and teachers, recalled the civil rights workers who fought and died so black people could vote and blacks elected to office. "Thirty years ago workers would strike and be fired, but who would ever have dreamed that I'd see a day when a black mayor would fire his brothers. Is this what we fought for? Is this what they died for? When will you (looking to the second floor mayor's office) come home? We haven't overcome yet."

### ►"Daddy" King gets mad.

On April 4, date of the assassination of Dr. King, AFSCME strikers and supporters had gathered at the tomb of the slain leader to march through downtown. King's father, Rev. Martin (Daddy) King Sr., was outraged. Who, he demanded of AFSCME area representative Leamon Hood, gave permission for such an assembly? A reporter on hand for the confrontation says Hood just turned slowly and looked at King's tomb.

At present the strike is moribund. Hiring of new workers and rehiring of former strikers began one week after the walk-out and the city now claims 80 percent for workers to reapply for their old jobs with priority, seniority and absence of a six month trial period. AFSCME is crippled and Mayor Jackson, despite the heavy-handed "union busting" is more secure politically than at any time since his administration began.

Perhaps the thing that hurts most in the Atlanta affair is a comment made by "Daddy" King, whose son was killed fighting for men exactly like these. At a press conference the elder King, flanked by the barons of Atlanta business, was asked what should be done about the strike. He replied: "Fire the hell out of them."

Raoul Sinclair is a writer living in Atlanta.