LABOR

Steel City: Buy it or lose it

by David Moberg
Staff Writer

"Black Monday" in Youngstown, Ohio, was more than any town should suffer. That was the day Youngstown Sheet and Tube suddenly closed its aging Campbell steel works, throwing nearly 5,000 workers out of their jobs and sending waves of economic jitters through municipal offices and small businesses that had depended on the steel economic backbone since the first iron furnace opened there in 1803.

Yet in the few months since that day, Sept. 19, United States Steel has also announced that it will let its mills in Youngstown run down, eventually eliminating those 5,000 jobs; General Fireproofing, a major steel fabricator, is leaving; General Motors' Packard Electric in nearby Warren laid off over 1,000 workers; and Lykes Corp., the conglomerate that bought out Youngstown Sheet and Tube in 1969, has been hinting strongly that it might abandon its remaining Youngstown steel facilities.

Faced with such desperate circumstances, a surprising coalition of community leaders has endorsed a dramatic proposal for the community and workers to purchase and operate the vacated Campbell Works, with its current producing capacity of nearly two million tons a year, mainly of sheet steel.

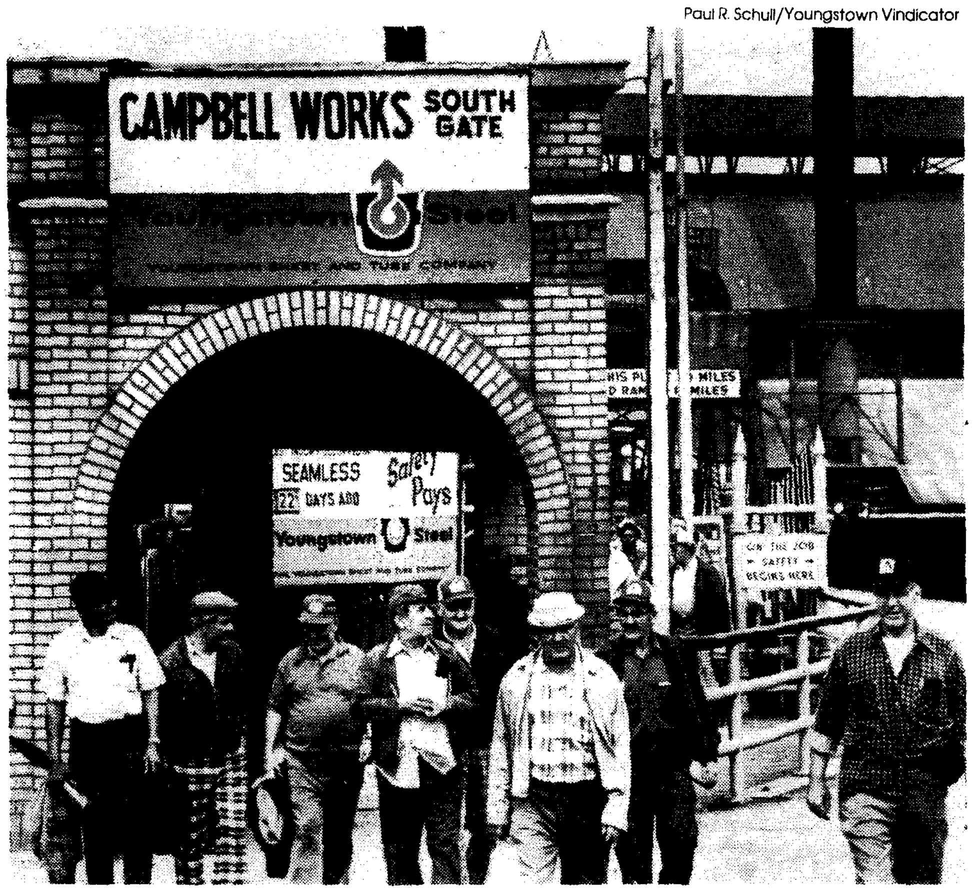
Although there are between 200 and 300 worker-owned firms of one sort or another in the U.S. now, this would be one of the largest undertakings. If successful, it could be a model for other communities facing loss of industries and jobs and provide leverage to construct a new federal urban policy.

Save Youngstown.

That's the theme of the campaign—"Save Youngstown, Save Urban America." It has already gained support from all major religious leaders in the area (including several bishops), nearly every politician, Steelworkers union director Frank Leseganich, presidents of six steel union locals and many in the community—workers in steel and other industries as well as small businessmen.

Despite the initial broad endorsement, most people remain skeptical. Laid-off steelworkers are still collecting unemployment and Trade Readjustment Act benefits totaling $208 a week in most cases.

Paul R. Schull/Youngstown Vindicator



Facing loss of thousands of jobs, Youngstown steelworkers asked, "Why don't we run the mills?" Once a joke, it's now their hope.

Most will probably delay any planned exodus to new industrial Meccas, such as Houston, until summer. Supplementary Unemployment Benefits for the workers are nearly exhausted, however. Steel companies, in Youngstown and across the country, are also refusing to grant the 1977 contract's much-touted job security benefits to anyone laid off before Jan. 1, 1978, including the Campbell workers. (The union is taking the issue to arbitration but informed sources expect that they will lose.)

Yet there is less skepticism and more hope about the takeover plan now than there was last September, when Gerald Dickey, recording secretary at the Brier Hill local of Youngstown Sheet and Tube, began pushing the community-worker ownership idea he'd picked up at a Campbell town meeting. A few days later he put on his three-piece suit to talk with "one of the local millionaires" about his idea.

"This guy was the first to laugh in my face about it." Dickey recalls. "You ought to have seen people laughing in the beginning. I was the biggest asshole in the world talking about 'community ownership.' Still a lot of people think it's a joke."

Less laughing now.

There's less laughing and more listening now:

• Over 200 churches and clergy, gathered in a new Ecumenical Coalition of the Mahoning Valley, called a conference in late October, adopted the idea and excoriated both ineffective, nonexistent federal urban policy and the Lykes Corp., which they said had "failed the test of stewardship in the management of this company and its resources."

• Consulting engineer George Beetle, in a study commissioned by the Western Reserve Economic Development Agency, concluded that Campbell Works could be re-opened and break even on its recently losing operations by 1983.

• Then on Dec. 31 the Department of Housing and Urban development granted the Ecumenical Coalition $300,000 to draft within six months feasibility studies and designs for community-worker ownership. Gar Alperovitz of the National Center for Economic Alternatives will direct those projects.

The federal government could provide substantial economic aid to the community-worker control project under existing legislation. However, it will probably make no pledges until there is a convincing plan and a demonstration of serious grass-roots financial commitment.

Union would still be needed.

Although work on the design of the new enterprise has barely begun, Alperovitz has a few ideas, partly reflecting discussions with people in the area. First, "no one thinks it should be union-owned," he said, "not even the union. The whole community has a stake in it and will be needed for money equity and support."

Yet the community as a whole should not be the owner, he also says. Instead its power should be balanced with that of workers in the mill.

Also, "the union as an institution should maintain its traditional bargaining role," Alperovitz says. Leaders in the Ecumenical Coalition have firmly stated, according to Catholic Bishop James Malone's chief aide, Fr. Ed Stanton, that the plan is in "no way part of a labor-busting or union-busting thing."

Union leaders want a guarantee that the national Steelworkers contract will be respected, including seniority and pension rights.

In the present crisis atmosphere the main concern has been restoring jobs, but there has also been some talk about workers playing a role in governing the plant and controlling their work. However, the plant's success will require "strong, competent management—under policy guid-

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Job security gains for Longshoremen

by Dan Marschall
Staff Writer

NEW YORK—For 20 years the International Longshoreman's Association (ILA) has sought a single contract for ports on the Atlantic coast as partial compensation for the union's dwindling membership and threatened decrease in bargaining power. As 50,000 East Coast longshoremen headed back to work last month, ending a 60-day strike, they brought with them a settlement that makes significant progress towards that goal.

Through a precedent-breaking "job security program," the union turned guaranteed annual income (GAI)—traditionally negotiated port by port—into a coastwide bargaining issue. The new three-year pact, in addition to wage and benefit increases of 30.5 percent over the life of the agreement, establishes a coast-wide fund, jointly administered by union and management, to cover any shortfalls in welfare, pension and GAI funds.

The job security section is thus one of the "best plans in industry," boasted ILA president Thomas "Teddy" Gleason.

The prime issue in the strike was containerization—the shipments of cargo in van-size metal boxes that are loaded to and from ships with giant, highly mechanized cranes.

"The ILA's position has always been that we couldn't stop progress, but wanted to share in it. Any increase in productivity enjoyed by management has to be shared by labor," Lawrence Malloy, ILA public relations counsel, told **IN THESE TIMES**.

First introduced in the late 1950s, containerization expanded rapidly after 1965 when shipping companies realized its widespread advantages in economic efficiency, lower labor costs and higher productivity. Industry calculates, for example, that it takes 10,584 man-hours to load and unload 11,000 tons of cargo by conventional methods. The same cargo on a container ship can be handled in 546 man-hours.

Containerized operations also cut the "dead time" required for ships to load and unload in ports from seven to eight days to 36-48 hours.

The effect on longshore employment, however, has been devastating. In the port of New York, where containerization now accounts for 70 percent of all cargo movements, the longshore work force has declined from 31,000 in 1958 to 12,000 in 1976, according to union and industry figures.

The ILA made its first breakthrough in countering the job-destroying impact of containerization in 1968. After a 57-day strike, the union won a "job protection" provision stipulating that any container coming from or destined to a point within a 50-mile radius of an ILA port would be "stuffed" (placing cargo into containers) or "stripped" (taking cargo out) by ILA labor.

This contract clause was intended to stop shippers from utilizing non-union labor at inland "consolidators" and thus avoiding ILA wages and work rules.

The 1968 agreement also guaranteed longshoremen in New York, the busiest port on the coast, a minimum of 2,080 hours of work annually, granting them an approximate income of $16,640. This guaranteed annual income then spread to contracts at other ports, although the minimum number of hours was considerably less.

Since the widespread use of containerization, these rules have maintained some longshore jobs while protecting the incomes of all members on union rolls before 1969. In recent years, however, both these provisions have run into trouble.

In 1975 the National Labor Relations Board declared that the "stuffing and stripping" clause violated the Taft-Hartley Act. Its decision was later upheld by the Supreme Court.

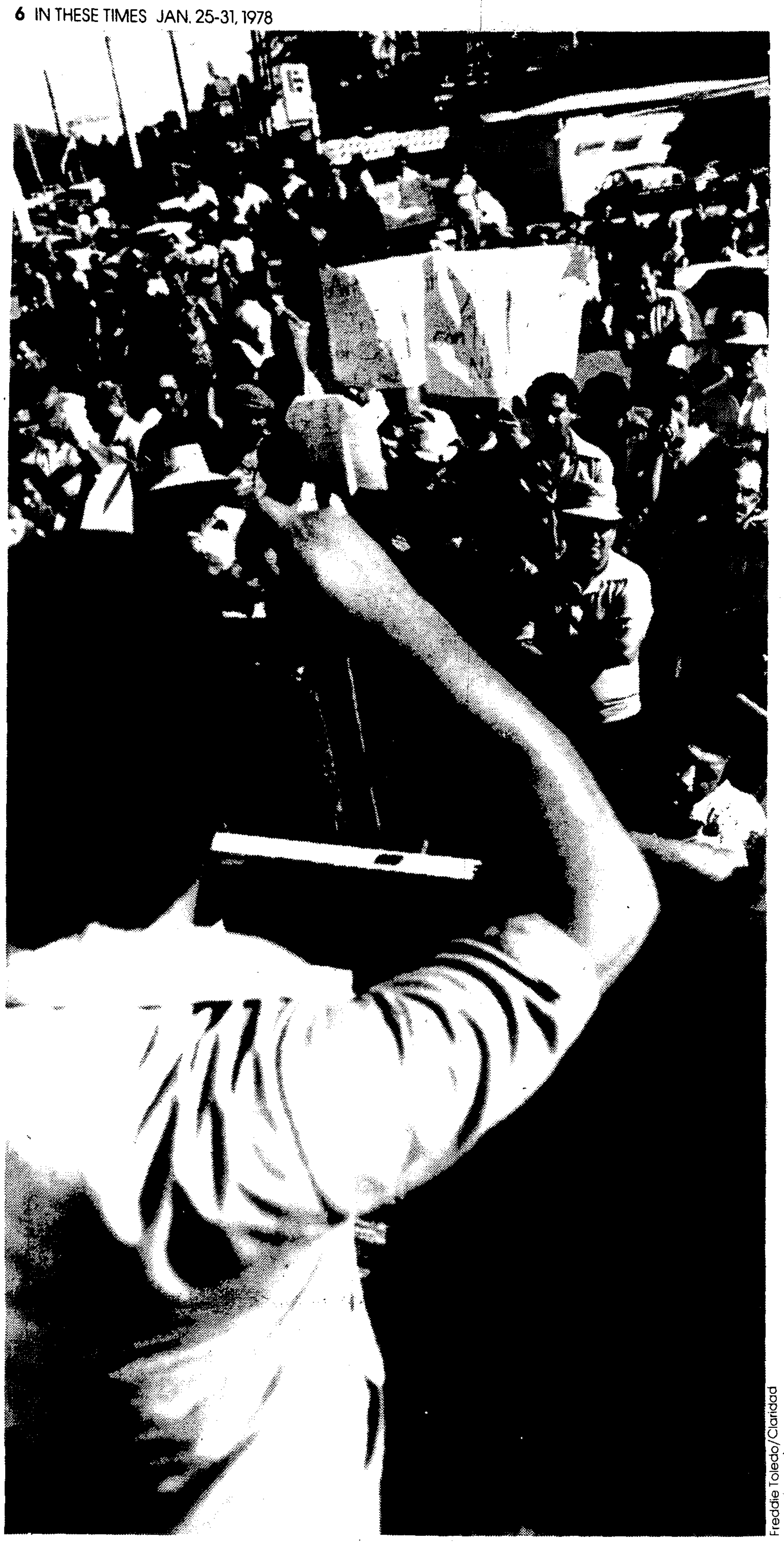
Meanwhile, more shippers have diverted their goods away from New York because the high GAI payments made shipping more costly. According to the New York Shipping Association, local carriers paid out over four times the GAI benefits than five other ports combined. But as shippers pull out, the fund, based on shipping tonnage, are jeopardized.

These developments led the ILA and NYSA to propose that GAI become a coastwide issue. For NYSA, this change would recapture some competitive advantage for the New York port. For the ILA, it would begin to compensate for the loss of their "stuffing and stripping" rule.

In large part, their gambit succeeded. Shippers based outside New York strongly opposed the new proposal, but were impelled to accept it by the union's still-considerable strike muscle. Deficits in local GAI plans will now be covered by the coastwide fund.

The contract also approaches parity in GAI plans from port to port. In Boston, for example, the minimum hours were increased from 1,500 to 1,700. In New Orleans a sliding scale of up to 2,080 hours was enacted.

The new contract "creates a whole new ball game," commented one shipping executive who resisted the changes. ■



Louis Lausell, president of the independent Puerto Rican electrical workers union, UTIER, addresses striking workers on a picket line in Santurce.

Trouble in the Puerto Rican colony

Study evaluates costs of statehood

by James Dietz

A congressional study has provided new ammunition in the battle over Puerto Rico's future. At stake is whether the island will continue its present Commonwealth status with the U.S. or move towards either full statehood or independence.

An increasing number of influential islanders have come out in favor of statehood, including the Governor of Puerto Rico, Carlos Romero Barcelo, a member of the pro-statehood New Progressive party. They argue that Puerto Rico's commonwealth or associated status has not been able to provide solutions to the islands' pressing unemployment and poverty.

Although open supporters of independence for Puerto Rico have not done well in elections on the island, independence feelings are deep rooted among many islanders—evidenced by an examination of literature, newspapers and discussions. Fear that independence would result in economic disaster, however, has generally been sufficient to convince people ravaged by poverty to identify with other political solutions that seem to promise more immediate economic relief.

The study, "Treating Puerto Rico as a State Under Federal Tax and Expenditure Programs: A Preliminary Economic Analysis" was written by Donald W. Kiefer, of the Congressional Research Service for Sen. J. Bennett Johnston Jr. (D-La.), a member of the Ad Hoc Advisory Group on Puerto Rico. The report considers the impact on federal taxes and spending of statehood for Puerto Rico. It is by no means exhaustive; it does not consider, for example, the critically important question of the impact of statehood on private firms brought to the island under special programs to encourage industrial development that reduce or eliminate tax obligations.

Despite such deficiencies, which make the report less than a full examination of the impact of statehood, the report has already become an important document in the discussion of Puerto Rico's future.

Gov. Romero says that the report proves that statehood will do just what he has always said it would do: benefit the poor most. And the report does tend to support that conclusion.

Statehood would make low income Puerto Ricans eligible for a higher level of transfer payments—welfare—than they now receive. Although Puerto Ricans are already eligible for the food stamp program—an estimated two-thirds of all families are dependent on stamps, which added $800 million to the Puerto Rican economy—statehood would make residents eligible for all federal assistance programs.

State revenues would also increase in a "new Puerto Rican state" because of the increased transfer payments from the federal government. In 1977 the federal government financed an amount equivalent to more than one-quarter of Puerto Rico's total output, and about half the Commonwealth government's budget. The greater part of this went to social consumption, financing programs that were necessary to keep the lid on a potentially explosive social system. As a state the Puerto Rican government would be eligible for even more money from the federal government.

Middle and upper income persons, under statehood, however, would pay more taxes than they currently do. In addition, Puerto Rico's historically important rum tax revenues—all excise taxes collected on Puerto Rican rum are now returned to the Commonwealth treasury —would be lost.

Taking into account both the increased revenues to the government and the increased taxes by Puerto Ricans, the Kiefer report suggests that there would have been a net loss in total revenues to the island if Puerto Rico had been treated as a state in 1975.

The distribution of those revenues, however, would have been different, with the poor getting significantly higher welfare payments. The island's government bureaucracy would also have more funds to disburse and administer.

Those in favor of continuing the present Commonwealth status, perhaps with some modifications—Sen. Johnston is in this group—haven't found much in this report to support their position. Commonwealth supporters are in the uncomfortable position of favoring a status quo that favors middle and upper income earners over the mass of poor Puerto Ricans —about 60 percent of the island's population has an income below the poverty line.

Commonwealth advocates, therefore, have attacked the inadequacies of the report, labeling it a pro-statehood document that neglects important factors like the effect of statehood and full fiscal integration with the U.S. on whether firms decide to locate or stay in Puerto Rico.

There is some evidence that statehood could spell economic disaster to the organization of Puerto Rico's economy.

Firms are no longer locating in Puerto Rico because of the cheap labor that for so long waved as a lure to investors. The wage gap between the island and the mainland has been closing rapidly in recent years. For cheap labor, firms now turn to the Dominican Republic, Hong Kong, Taiwan or some other "free labor" nation.

Puerto Rico's attraction is now primarily financial: firms can operate virtually tax free for periods of ten to 30 years with the possibility of extensions. Because of the rising cost of labor firms locating on the island use increasingly little labor and much capital—pharmaceuticals, petrochemicals, and so forth. They are there primarily for the tax savings.

Statehood would change all this. Federal taxes on firms in Puerto Rico would rise from zero to approximately $491 million with statehood. Given increased costs for transportation and other expenses that result from island operations, many present firms are likely to close up shop and move to a more convenient and cheaper mainland location, or else look for some Third World nation whose leaders would like to institute industrialization Puerto Rican style.

It is difficult to make the argument that a significant number of these firms would choose to remain in Puerto Rico. During past periods of low business activity American firms have demonstrated the rapidity with which operations can be liquidated. More than likely, being interested in the highest possible profits, the firms would leave.

If that were to occur, the impact would be devastating. Puerto Rico today is in the position of a poor southern state—in fact, the poorest. Per capita income in 1977 was $1,989, about half that of Mississippi, the poorest state in the union. If a significant number of firms left the is-