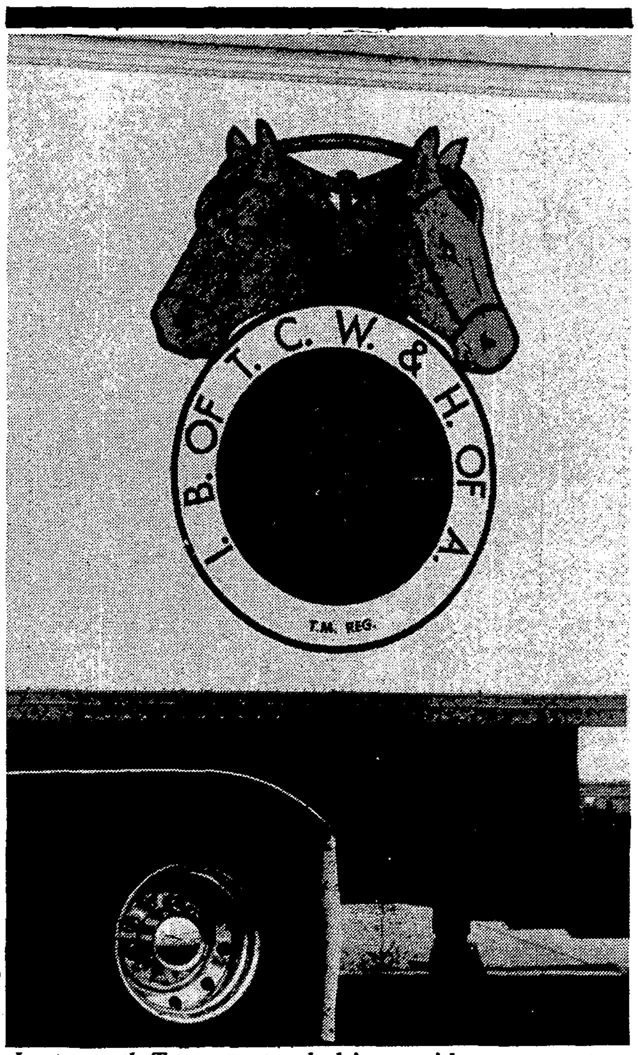
THE INSIDE STORY



Steve Kagan

Last month Teamster truck drivers said no to more concessions.

Labor roundup

By David Moberg

Teamster truck drivers rebuked their new union president Jackie Presser in an overwhelming vote against further contract concessions in mid-September. The nearly 90 percent rejection marked the first time that Teamsters under the Master Freight Agreement had voted down a contract. Although Teamsters for a Democratic Union (TDU) played a major role in publicizing the new concessions, breaking through the secrecy Presser tried to impose, many local leaders who have never sympathized with TDU argued against the proposal. Some locals passed resolutions calling for Presser's resignation.

Despite a wage freeze and other concessions in the March 1982 contract and lax enforcement of the contract by the union, one-third of Master Freight Agreement truckers are unemployed—making many doubt that more concessions would do any good. Last December then-President Roy Williams rejected company requests to reopen negotiations. In July, Presser, who as head of the Ohio Conference had tried to undercut the national agreement, proposed cutting pay by one-third for drivers and 18.5 percent for dock workers who were laid off as of April 1 whenever they returned to work.

Presser blames the news media and the dissidents for misinterpreting the proposal. But Joseph Cimino, president of a large Philadelphia freight local, caught the mood of members: "I, along with each and every member of Local 107's executive board, feel that the 'rider,' if accepted, would certainly aid in paving the way for the eventual fall of the organization true Teamsters know and love."

TDU hopes to build on this rebellion to gain support for a referendum vote on union officers by the 1986 convention, but that will be extremely difficult, despite Presser's new political vulnerability.

■

Although other union members have been voting like the Teamsters against further concessions, the erosion of union contracts continues. During the first half of the year, contracts surveyed by the Bureau of Labor Statistics showed an average 0.9 percent increase for the first year and an average of 2.7 percent annually over the life of the contract—the lowest gains in the 15-year history of the survey. One-fourth of the workers involved took wage cuts and one-fifth had their wages frozen. The private Bureau of National Affairs showed similar results, with one-third of contracts it surveyed showing pay cuts or freezes, although smaller contracts tended to provide better terms for workers.

The low rate of increase was heavily affected by wage freezes and cuts in the construction industry and the large pay cut in steel. Now U.S. Steel is preparing to close even more of its facilities later this year.

■

Despite a convention pledge by United Auto Workers (UAW) President Owen Bieber to end concessions, the union pressed hard at the 17,000-worker Ford Rouge complex for deep cuts in the pay for workers at its steel mill (30 percent reduction in incentive pay, cost-of-living freeze through 1985 and other reductions that could total $4.50 an hour). The agreement, which was voted on by the entire complex, despite precedents to the contrary, passed by a two-thirds margin after Ford threatened to close the steel plant. Critics charge that Ford negotiated the concessions in order to help sell the mill to a Japanese buyer, as it failed to do earlier this year. Tool and die chairman Al Gardner argued that in the long run concessions do not save jobs and that "when you give in to a blackmailer he never stops asking."

On the West Coast, the UAW won an agreement from the new GM-Toyota joint venture in Fremont, Calif., to hire UAW members at prevailing auto wages, but workers would not be called back by seniority, something former local union leaders had feared (*In These Times*, Sept. 21).

■

Fighting concessions isn't easy. Since June 30, 1,250 workers from Phelps Dodge Corporation's copper mines and smelters, primarily near Morenci, Ariz., have been on strike. Politically powerful and infamously anti-union, Phelps Dodge refused to accept the three-year wage freeze that had been established as the pattern contract for the industry and accepted by six major companies. They wanted to eliminate cost-of-living adjustments, cut pay for new employees, shift health costs to workers, cut vacation and revamp work rules. But the coalition of 12 international unions and the Metal Trades Council, dominated by the Steelworkers union, refused.

Phelps Dodge responded by bringing in strikebreakers, who were protected by state police and National Guard troops called out by Gov. Bruce Babbitt. With supervisors and about 900 production employees, some of them union members, the company has tried to maintain some production.

Over three-fourths of all copper industry workers are now unemployed as a result of a collapse in prices due to recession and overproduction in low-wage mines, such as in Chile. Phelps Dodge itself was closed for a year until last April, and union spokesman Cass Alvin says the company is "turning unemployment into a strike" while playing on the obvious hardships of the miners, many of whom are long-established Mexican-Americans. Negotiations continue while the union presses labor law and civil rights complaints.

■

Continental Airlines appears to be relying on one of the newest devices for forcing concessions: declaring bankruptcy. Some 2,000 Machinists struck Continental on August 13. The company promptly eliminated 800 jobs through subcontracting (one of the strike issues, in addition to pay), brought some union members across picket lines and began hiring new mechanics. Pilots and flight attendants had also rebuffed concession demands. After declaring bankruptcy, Continental President Frank Lorenzo offered to rehire some employees at half pay and reopen a new low-fare airline.

In recent years, several companies have broken contracts by pleading bankruptcy, and increasingly the courts are supporting them. One test case will soon go before the Supreme Court. Earlier this year Wilson Foods forced major concessions from the United Food and Commercial Workers at its meatpacking plants through bankruptcy. At issue is the relative ease with which companies can break contracts and whether they can file bankruptcy solely to avoid labor contracts, which appears to be the case with Continental.

Lorenzo also tried another strategy increasingly common among companies seeking concessions: he offered employees 35 percent of the company stock. But Continental Employees, who tried to buy the company two years ago to prevent takeover by Lorenzo's much smaller, anti-union Texas International Air, rejected the bid. Pan Am employees, through their unions, negotiated a stock compensation for wage concessions that also brought some worker involvement into management. Western Air unions are negotiating a 25 percent stock share for wage cuts. A recent survey in *Harvard Business Review* reported that 35 percent of concession agreements in all industries have swapped stock for wage cuts.

■

Independent steelworkers at Weirton Steel in Weirton, W.V., voted by an 89 percent margin to buy their mill from National Steel and to take a 20 percent pay cut. The mill, which will cost workers $194 million plus assumption of $192 million in liabilities, will be the 10th largest steel company in the U.S., and in assets the largest employee-owned company.

Stock in the company will be distributed in proportion to compensation, maximizing benefits and power for managerial personnel. But some important votes will be taken on the principle of one worker, one vote, with a two-thirds majority of the roughly 7,000 workers required. On the initial 12-member board of directors, there are three worker representatives, one management representative and the remainder appointed by investment bankers. After five years, workers will begin voting to replace the banker appointees. But also in five years they will be given the opportunity to issue stock publicly, which would greatly dilute worker control. Workers agreed not to strike or renegotiate the economic arrangements for six years and abandoned claims to shutdown and severance pay from National.

Corey Rosen, director of the National Center for Employee Ownership, says, "There was pressure from investment bankers to do it in the least democratic way and to go public as quickly as possible." But he defends the compromise by comparison with other firms, if not with an ideal standard. "For a company its size, with a handful of exceptions, Weirton is the most democratic of large employee-owned companies."

Attorney Staughton Lynd, who represented a small dissident group fighting to democratize the decision-making process, argued that the basis for the 20 percent pay cut "remains unexplained and unjustified." Calling the terms "just terrible" and providing little democracy or worker control, Lynd said, "This is worker ownership Wall-Street style." ■

IN THESE TIMES The Independent Socialist Newspaper (ISSN 0160-5992)

Published 41 times a year: weekly except the first week of January, first week of March, last week of November, last week of December; bi-weekly in June through the first week in September by Institute for Public Affairs, 1300 W. Belmont, Chicago, IL 60657, (312) 472-5700.

PUBLISHER James Weinstein

EDITORIAL

Editor
James Weinstein

Senior Editors John B. Judis, David Moberg
Managing Editor Sheryl Larson

European Editor
Diana Johnstone

Culture Editor
Jay Walljasper

Assistant Managing Editor
Joan Walsh

Staff: Emily Young, *Editorial Assistant;* Jay Walljasper, Emily Young, *Books Editors;* Sharon Kearney, Barb Schuler, Jim Montalbano, *Interns.*

Correspondents: Pat Aufderheide (Cultural), John B. Judis (Washington), Timothy Lange (Denver), Daniel Lazare, (New York), David Mandel (Jerusalem), Jan Pager (Africa).

ART

Director
Dolores Wilber
Associate Art Director
Miles DeCoster
Assistant Art Director
Nicole Ferentz
Darkroom Manager/Photographer
Paul Comstock
Composition
Jim Rinnert, Diane Scott
Production
Lisa Weinstein

BUSINESS

Business Manager
Ruth Greenspan
Circulation Director Bill Rehm
Advertising Director Deborah Greiff
Product and Typesetting Sales
Andy Simons

Staff: Grace Faustino, *Bookkeeper;* Leenie Folsom, *Assistant Circulation Director;* Adelia Price, George Gurham *Circulation Assistants;* Beth Maschinot, *Classified Advertising;* Bruce Embrey, *Development Assistant;* Paul Batitsas; Dennis Morgan, *Fulfillment Assistants;* Kathleen Gallagher, *Office Manager.*

Sponsors: Robert Allen, Julian Bond, Noam Chomsky, Barry Commoner, Al Curtis, Hugh DeLacy, G. William Domhoff, Douglas Dowd, David DuBois, Barbara Ehrenreich, Daniel Ellsberg, Barbara Garson, Emily Gibson, Michael Harrington, Dorothy Healey, David Horowitz, Paul Jacobs (1918-1978), Ann J. Lane, Elinor Langer, Jesse Lemisch, Salvador Luria, Staughton Lynd, Carey McWilliams (1905-1980), Jacques Marchand, Herbert Marcuse (1899-1979), David Montgomery, Carlos Munoz, Harvey O'Connor, Jesse Lloyd O'Connor, Earl Ofari, Seymour Posner, Ronald Radosh, Jeremy Rifkin, Paul Schrade, William Sennett, Derek Shearer, Stan Steiner, Warren Susman, E.P. Thompson, Naomi Weisstein, William A. Williams, John Womack, Jr.

This issue (Vol. 7, No. 37) published Oct. 5, 1983, for newsstand sales Oct. 5-11, 1983.

IN THESE TIMES

Left, right unite to stop IMF bailout

By Daniel Lazare

NEW YORK

FOR THE 180,000 AMERICANS who subscribe to his "Financial Survival Report," Howard Ruff, a Mormon with 10 children who lives in southwestern Utah, is a latter-day Kit Carson. He provides them with weekly bulletins on how to make their way through today's economic and moral wilderness.

For $145 a year, he tells them to buy gold, invest in U.S. Treasury securities and keep a year's supply of canned food on hand just in case society really gets out of control. He also inveighs against abortion, Communism, left-wingers who would curtail their economic freedom and, lately, the International Monetary Fund (IMF).

In ordinary times, Ruff would be shouting from the sidelines, but recently he has risen to an eerie kind of prominence. The reason is the Reagan administration's efforts to win congressional approval of an $8.4-billion increase in the U.S. contribution to the IMF. The White House, the Treasury, the Federal Reserve and a whole army of impeccably attired international financiers have united to convince a reluctant Congress that the Fund must have more money to stave off an uncontrolled chain of defaults by heavily indebted Third World nations. The alternative, they contend, would be catastrophic, the financial equivalent of a worldwide thermonuclear explosion.

Nonetheless, the IMF appropriation is in serious trouble, due, at least in part, to the efforts of Ruff and his followers. Operating under the name Free the Eagle, the Ruffites argue that warnings of some sort of financial collapse are all a ruse by the big Eastern banks to persuade Washington to bail them out now that they seem to find themselves in embarrassing financial straits. As faithful adherents of the doctrine of "the discipline of the marketplace," Ruff and his followers believe that the international banks are about to be severely punished for 10 years of uncontrolled lending, that they deserve it, they have it coming and, moreover, in the long run we'll all be better off because of it.

Ruff stands in the center of a wildly diverse array of forces assembled solely for the purpose of blocking the $8.4 billion. Standing shoulder-to-shoulder with him on the IMF issue are, from left to right, Ralph Nader and his Public Interest Research Group, the Environmental Policy Center, the Methodist Church, a host of liberal members of the House of Representatives, the ultra-rightist Sen. Jesse Helms of North Carolina and the libertarian Council for a Competitive Economy.

JACQUES de LAROSIÈRE

ROTHCO

The line up.

Nader opposes any appropriation unless it is accompanied by deep and thorough reforms of international banking practices, which, unfortunately, seems unlikely. The environmentalists criticize the IMF because it encourages large-scale development projects and agricultural policies geared to exports rather than domestic consumption. The Methodists think there should be more emphasis on regional cooperation for development, while House liberals find themselves choking on the fact that Reagan, even as he appeals for the IMF increase, has opposed debt relief for unemployed workers who are about to be thrown out of their homes because they are behind on their mortgages. The Congressional Black Caucus, at the same time, is decidedly unsympathetic because of the $1.07-billion loan to South Africa, land of apartheid, approved by the IMF last autumn.

The far right, for its part, is opposed because the IMF lends to Communist nations like Rumania and Yugoslavia and because the agency, which celebrates its 40th birthday next year, is the example *par excellence* of the kind of government intrusion in the realm of private business that all good conservatives abhor.

"It's tough when we have coalition meetings," said Cesar Corda, a lobbyist in Washington with the libertarian faction. "We have right-wing people and left-wing people, and it's tough holding these people together. But they realize that after this issue, it's back to the opposite sides of the fence."

The leading role, however, seems to have fallen to Free the Eagle, which claims 80,000 members, mainly, but not exclusively, in the Sunbelt. Free the Eagle has sent out fully five million pieces of mail on the issue and expects to send out another two million before the IMF bill comes up for a vote sometime in mid-October or early November.

"We've had some Congress people complain that we're inundating their offices [with postcards]," said Mark Stoddard, Free the Eagle's executive director. "We're just very pleased the people have responded."

Free the Eagle's approach is simple, vigorous and direct. "It's time that we stopped this nonsense and made the banks face the music and quit relying on American taxpayers to bail them out every time they make irresponsible loans to irresponsible countries," ran one mail appeal. Added another: "This bill, if passed, will turn this money over to the IMF who (sic) in turn will bail out Citicorp and other big banks who have made reckless loans to Communist and other deadbeat countries who constantly spend beyond their resources."

"Free the Eagle is really pushing those anti-big bank, anti-pinstripe sentiments," Corda observed. "They're very politically astute. They know what goes on on the Hill, and they're really the best there is in the grassroots lobbying business. Once they latch onto an issue, they really pull out all the stops and spend a hell of a lot of money."

"It doesn't add up to a world debt crisis or the end of the world," Stoddard said. "It adds up to a lot of greed. We're not anti-bank, we're anti-big bank. There is a difference."

Outside the U.S., bankers unfamiliar with the fury of right-wing, Sunbelt, anti-high finance populism are less than amused at the congressional roadblock the IMF bill has encountered. When Jacques de Larosiere, the IMF's managing director, recently appealed for a $6-billion loan from the West Europeans and the Saudi Arabians to tide the Fund over, the irritation over the delay in Washington was such that they turned him down flat.

Facing the challenge.

For the Reagan administration, the challenge mounted by Free the Eagle is particularly painful. Howard Ruff represents the pure, untrammeled, free-market conservatism of the old Ronald Reagan, the Reagan who refused to step in to cushion the blow of the $2-billion Penn Square Bank collapse in April 1982, the largest banking collapse in American history. A stream of rhetoric about the discipline of the marketplace issued from the White House then, and it continued right through the summer even as Mexico was teetering on its foundations and threatening to default on its $80-billion foreign debt, $25 billion of it owed to U.S. banks.

Mexico quickly put a damper on things, however. In the face of a financial market that was rapidly crumbling, the administration's brave talk and defiant rhetoric lasted for about one month. Then, in September, Secretary of the Treasury Donald Regan announced that the international debt crisis was real and government intervention was warranted.

Then in December, Brazil, with its $87 billion foreign debt, briefly ran out of money, and the U.S. hastily dropped its opposition to an increase in the IMF's lending resources. The Fund's $67 billion was clearly inadequate in the face of a shaky international debt pyramid now estimated at more than $700 billion, so Reagan was forced to agree to a $42 billion hike, $8.4 billion of it to be borne by the U.S.

Nonetheless, the longing in the White House for the good old days of simple problems and clear-cut solutions occasionally still shows. Over the summer, the Republican Congressional Campaign Committee committed the supreme political blunder of mailing broadsides to the home districts of some 20 liberal Democrats who had voted in favor of the IMF appropriations but against an amendment forbidding loans to Communist nations. The GOP missive denounced the Democrats for supporting "Communist dictatorships," but neglected to mention that the White House opposed the very same anti-Communist clause because it prefers to see the IMF kept "apolitical." Reagan was embarrassed, the House Democratic leadership was furious and right-wing opponents of the IMF bill were overjoyed. The White House has since tried to make amends, even flying members of Congress to Latin America, the epicenter of the crisis, to see the damage first hand. But for now, enthusiasm is a quality far more prevalent among opponents than supporters.

A sterile dispute.

The feud between the Reagan administration and groups like Free the Eagle is actually one of those sterile disputes between two poles of the same axis. Both are correct about some things, wrong about others, but, needless to say, woefully wrong in their dual failure to see the international debt emergency as symptomatic of a capitalist system convulsed by a profound crisis. The White House is correct that the crisis is not to be taken lightly. Free the Eagle is correct that the IMF increase is a bailout for the banks and flies in the face of logic. Both wish vainly that there were only some way the system could be put back firmly on its feet.

There are many reasons for opposing the role of the IMF and voting against the $8.4 billion. Here are some of them:

• *The bailout issue:* Whenever a default is threatened along a chain of debtors and creditors, the immediate response is to grab for your own wallet—and for your neighbor's. Brazil's near default in December, for instance, prompted a twofold response among the banks. One was to minimize the severity of the problem so as to preserve the book-value of those outstanding loans and thus protect their profit margins. Citibank, whose chairman, Walter Wriston, was a pioneer in the go-go world of international lending, recently reported record profits for the first half of 1983, even though its loans to Brazil, Mexico and Argentina—the three biggest debtors—total $5 billion, a sum roughly equal to its total capitalization. For Citibank to admit that little, if any, of that money will ever be repaid would be tantamount to a declaration of bankruptcy by the nation's third largest bank. The purpose of the IMF is to see that this fiction is maintained as long as possible.

• *The issue of "recolonization":* The banks' second response was to arrange, with the collusion of the IMF, what amounted to a fire sale of the battered remains of Brazil, a sovereign nation of 120 million people. The terms of the sale were, to put it mildly, most unfair. To put Brazil back on good terms with the banks, the IMF ordered its currency devalued, its imports slashed and its workers' wages cut. Meanwhile, unemployment rose as the economy was rocked by a series of major bankruptcies—this in a society without unemployment insurance, where joblessness often means returning to a dirt-floored shack. Small wonder that a Nigerian newspaper recently observed that for much of the world 1983 is "the year of recolonization."

• *Handsome salaries, hefty fees:* The farce is compounded by the fees exacted

Continued on page 10