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the rank and file in action

Labor Today

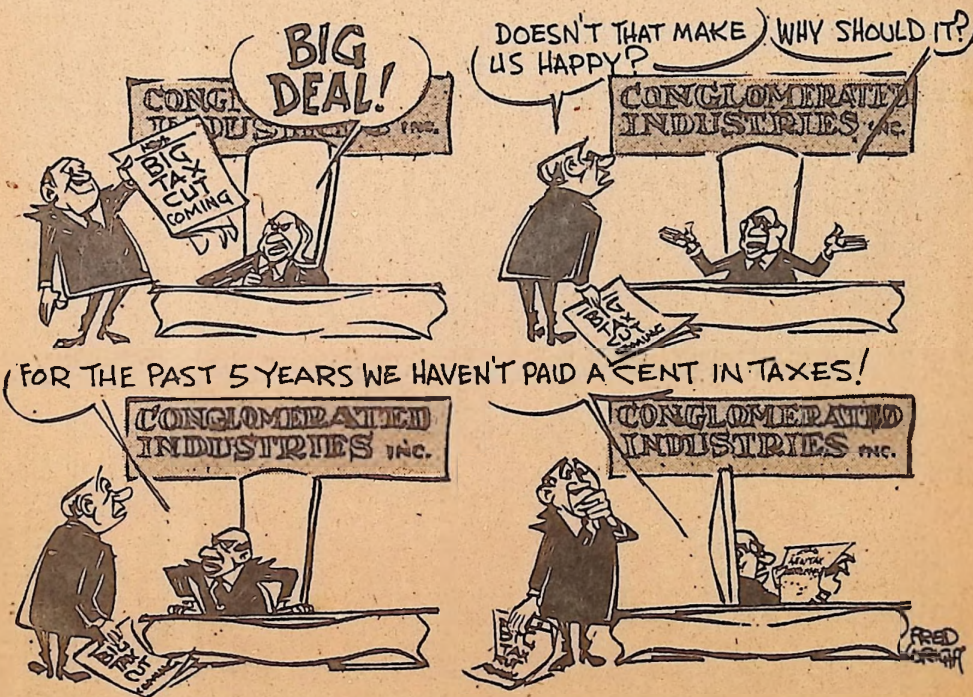
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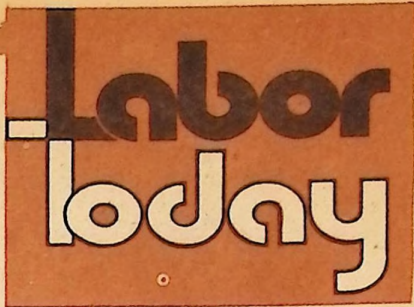
Taxes, taxes, who pays?



Reindustrialization: at whose expense?

NEEDS AN OVERHAUL

Unemployment compensation



One way or another, more than 20 million workers will have been unemployed during 1980. For many, unemployment compensation payments will be the only thing standing between them and the welfare office or, worse yet, between them and nothing.

Thousands of workers were laid off since the recession began last winter and have exhausted the benefits due them under state programs. As the high levels of unemployment continue into a second winter that number will increase, as will the number of workers who exhaust the benefits due under the provisions of the present 13-week federal extension program.

One of the chief demands of the labor movement in the present Congress has been for a further Federal extension. This demand was eventually packaged in a proposal to extend benefits for an additional 10 weeks. (During the last recession, Federal extensions allowed workers to draw unemployment compensation for a maximum of 65 weeks.)

Even this inadequate legislation was stymied when Congress recessed until November 14. The House of Representatives refused to accept two Senate Amendments that would have "tightened" eligibility requirements. The first would deny extended payments to any person who had voluntarily quit work or who had been discharged for cause. A second, and potentially more dangerous proposal, would require any worker receiving extended benefits to accept any job with a take-home pay equal to the amount of their unemployment benefit, so long as it is not less than the federal minimum wage.

Although Labor Today supports any and all extensions of unemployment compensation benefits, we are among those who are convinced that the whole program needs to be overhauled. We are, therefore, reproducing this material from the July-August issue of Economic Notes.

And while we're at it, we may as well remind our readers that Economic Notes is well worth the price of a \$5.00 sub. Checks should be made out and sent to Economic Notes, 80 E. 11th St. New York NY 10003.

an overview

by A.A. PAUL

Unemployment compensation in the United States is the product of the struggles of the unemployed in the great depression of the 1930s. For a number of years there had been talk — including Congressional hearings — about such a system, which Great Britain had enacted as early as 1911. But when unemployment reached 13 million by government estimate — *each fourth worker* in the land — and 17 million by other estimates — *each third worker* — there was no more containing the tide of popular demand. In June, 1934, President Roosevelt appointed a Committee on Economic Security to study problems of economic insecurity, among them unemployment and old age.

Old Age, Unemployment, and Sickness

When the Social Security Act was finally passed and signed by the President on August 14, 1935, it reflected the contending worker and employer forces of the period. Insecurity of old age, clearly a national problem, was addressed with a national old-age program.

Unemployment, however, although

it was and is equally national in scope, was addressed as a local problem. Through pressure by employers, unemployment insurance (or unemployment compensation, as it is now called) was established as a federal-state system in which virtually all *coverage, benefit and taxing* decisions fell within the authority of the states, subject only to a few federal minimum standards. Finally, the Social Security Act made no provision at all for health insurance.

Almost half a century later, the basic structure remains as it was in 1935 — a national old age plan, a state-legislated and -administered unemployment benefit system, and (with the exception of Medicare for those over 65) still no national health insurance.

Weaknesses of UC

No one will deny the advance that unemployment compensation (UC) represents over the system of "poor relief" that preceded the New Deal. In the past 42 years more than \$150 billion have been paid out in unemployment benefits.

The program is fragmented in 53 state systems (50 states plus the District of Columbia, Puerto Rico and the Virgin Islands) which produces harsh inequities among the unemployed and an administrative labyrinth.

(continued on page 6)

UNEMPLOYMENT COMP

Foreign comparisons

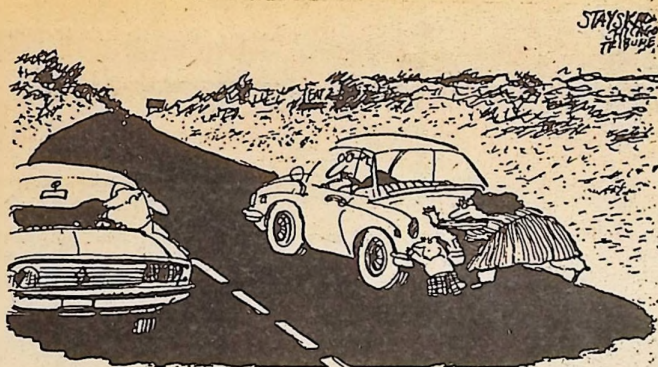
No unemployment insurance system in any industrialized capitalist economy is as backward as our own. All others are national, not fragmented by state or province. Nowhere can we find an experience rating plan to reduce employers' share of taxes. Most provide dependence allowances to unemployed workers as a matter of right. Moreover, practically all other nations have national, compulsory health insurance protection. West Germany, Sweden, the United Kingdom and many industrialized countries also provide special plant closing legislation.

France, Sweden, West Germany

France replaces 90% of earnings for a maximum duration of 52 weeks, and Sweden provides 90% for 60 weeks. In Sweden, unemployed workers over 55 years are eligible for up to 90 weeks of benefits. In West Germany, the unemployment insurance system provides a basic benefit not to exceed 68% of a single worker's previous earnings, but up to 80% for a married worker with family supplements. The maximum duration of 52 weeks is then extended indefinitely by an unemployment assistance program which provides about the same level of benefits as the insurance system.

Canada

Canada's national unemployment compensation system provides 60% wage replacement up to \$159 in 1980, for a maximum of 50 weeks. The ceiling is adjusted annually in accord with changes in average earnings. Workers who quit "without good cause" or are "discharged for misconduct" are disqualified for up to 6 weeks but can then collect benefits.



"No, we didn't run out of gas — we haven't been able to afford any lately!"

ADDIE WYATT AT ILLINOIS AFL-CIO CONVENTION

Support S. African workers' struggles

I have been moved by the expressions of solidarity to our brothers and sisters in Poland and by the commitment and re-commitment by this convention to the proposition that an injury to one of us is an injury to all of us. I agree with the idea that all trade unionists and all labor organizations must give support to those who are struggling to build and strengthen their unions.

I appreciate this resolution because I think that our brothers and sisters in South Africa certainly need the same kind of concern and solidarity. They have been struggling for a long time to build and to strengthen their unions and we simply must support them.

Organized labor can no longer sit by and allow the banks in our country provide loans to the South African Government. We can no longer be silent while U.S. companies open up factories in South Africa because of the availability of cheap, Black labor. The longer we allow this to



Addie Wyatt

happen, the longer the apartheid system of racial discrimination will continue and the stronger it will get. The more jobs that are exported to South Africa, the more jobs that workers in our country will lose.

The labor movement must speak out against racial discrimination in South Africa and we must speak up for the right of all our brothers

and sisters there to bargain collectively with their employers. No bank in this state should invest money in South Africa until that government changes its racial policies. And no labor organization in the United States should try to hide from its responsibility of supporting the right to free and open unions in South Africa.

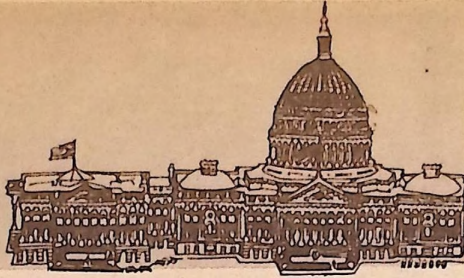
Let me recite a few facts: Blacks constitute 83% of the population in South Africa -- and are forced by law to live on 13% of the land. One-half of all Black children die before their reach their first birthday. Average Black wages are about \$75.00 per month while white workers average about \$700.00. Black workers can not hold skilled jobs -- these are reserved for whites.

Blacks are not permitted to join their own unions, strikes by Black workers are outlawed and ruthlessly suppressed while Black elected union leaders are jailed or exiled.

(continued on page 2)

Washington Letter

by Hudson Wells



THE ECONOMIC CRISIS OF 1980: HOW LONG? HOW DEEP?

As the presidential campaign enters its lunatic stage, the promises of great times to come are getting louder. But the great economic slump of 1980 is still with us. How bad will it get? How long will it last?

The rapidity of our economic decline sets some all-time records. It has already gone very deep. There are good reasons to believe, no matter

what Ron, John and Jimmy tell you, it will last a very long time as well.

The crisis we are now experiencing has unique features, mainly due to the astounding growth in the power of corporate monopolies in our time.

But, in common with all economic collapses, the present crisis results from real production outracing our society's ability to consume. We have the desire and need to buy, of course. What we lack is purchasing power, effective demand, in short: money.

The crisis will ease only as, and when, this situation is turned around. Here are some reasons why this will take a long time:

- Recent years of high prices and high interest rates have left ordinary Americans with a staggering load of debt. Therefore, an increased share of income goes (and will go for some time) to pay off the principal and interest. A reduced portion of income will be left for current purchases.
- Consumer demand has dropped sharply because astronomical prices have cut real income. This is the second year of double digit-inflation. It continues despite the decreased demand.
- Such a high rate of price increases could not occur in the face of a drop in demand except for the growth in the power of giant monopolies to administer prices for

short-term gains. They count on selling fewer goods at higher prices to make maximum profits.

-- A great contradiction of our economic system today is that by this very act the monopolies help destroy the basis for economic recovery -- renewed growth of the market.

-- Rising military expenditures stand -- alongside other huge areas of inefficiency and wasteful spending -- as an enormous quantity of money thrown on the market without a corresponding increase in consumer products. This cuts into the buying power of the dollar.

-- Growth of unemployment cuts into total income and therefore into the market for goods and services.

-- Depression appears to be spreading to the entire capitalist world. This could spell ruin for American exports, further depressing production.

-- Every major American industry suffers not only from a temporary excess of productive capacity, but also from chronic built-in problems of production and marketing that will tend to stretch out the production slump.

Everything points to a lengthy period of economic stagnation. But some of its worst aspects could be overcome if government would respond to peoples' needs instead of industry's scream for higher profits.

The administration and Congress have abandoned any attempt to do so. The only economic measures of importance being embraced by the bought-and-paid-for politicians are a high military budget and phoney tax measures that simply represent gifts to the rich.

This situation can be turned around in time if we can bring together the only things that working people have going for them: our numbers and the power of organization.

Addie Wyatt (continued from page 1)

This is a catastrophe that no worker anywhere else in the world faces. And no worker, no trade unionist, can sit by and let it continue. I call upon all the brothers and sisters here, not only to support this resolution, but to raise these issues with their members. Let us call upon our government officials, "our" corporations, our union leaders and trade union leaders elsewhere, to give full support to the recommendations in this resolution.

Union solidarity is critical in this day and time. If solidarity and support is denied any group anywhere, it weakens the efforts to all of us to defend our economic, social and political rights and well-being. As all but the most stubborn have come to understand, where Blacks and whites cannot join together in free trade unions, then not even whites can enjoy the full benefits of trade unionism.

RESOLUTION ON S. AFRICA

WHEREAS, the South African system of racial discrimination in employment and wages, and of forced removals of thousands of people to rural areas on the basis of race, continues to deny human rights to a majority of its people; and

WHEREAS, the South African government continues to reserve the right not to recognize specific trade unions, and to prohibit strikes called by unregistered trade unions; and

WHEREAS, over one hundred thousand South African workers have been involved in strikes in 1980 seeking nondiscrimination in jobs and racial equality in promotions and wages; and

WHEREAS, the South African government and South African corporations continue to seek loans by U.S. banks and investments by U.S. corporations in order to continue their development despite protests by South Africans of all races; and

WHEREAS, U.S. based corporations have invested almost \$2 billion dollars and U.S. banks have loaned over \$3 billion for business in or with South Africa; and

WHEREAS, since 1977 an international campaign pressuring banks not to make loans to South Africa has led to the withdrawal of millions of dollars from banks which have made such loans; and

WHEREAS, legislation was introduced in 1979 in the Illinois

Legislature to withdraw the State's accounts from banks lending to South Africa, similar legislation having been initiated in four other states and enacted in Nebraska;

THEREFORE, the 23rd Annual State Convention of the Illinois State AFL-CIO Convention resolves to:

REAFFIRM AND SUPPORT the 1978 AFL-CIO Executive Board's declaration that "U.S. corporations should immediately divest themselves of South African affiliates, and sever all ties to South African corporations;" and to

REAFFIRM the conclusion of the 1979 Annual Convention of the AFL-CIO that called for "total cessation of U.S. government support for economic transactions with South Africa;" and to

ENDORSE AND JOIN the campaign to withdraw accounts and pension funds from deposits in or control banks involved in loans to South Africa, urging its member unions to do the same; and to

CALL FOR the withdrawal of Illinois State funds from banks lending to South Africa; and to

WORK WITH its member unions to investigate and find ways to deposit such funds in other institutions and to prevent such funds from being invested in corporations with business investments in South Africa.

TOP U.S. MANUFACTURERS IN SOUTH AFRICA

Company	Number of employees
Ford Motor	4,700
General Motors	3,657
Mobil Oil	2,700
Firestone Tire	2,541
Goodyear Tire	2,534
Caltex	2,100
Carnation	1,546
IBM	1,450
3M	1,161
Dresser Industries	1,040

Data: U.S. Embassy, Business Week estimates

U.S. CORPORATE INVESTMENTS IN SOUTH AFRICA

Company Investing	Millions of Rand	Purpose
General Motors	20.0	Retooling plant and desegregating worker facilities
Peabody International, Walter Kidde Group's Javelin Electronics	6.0	Joint ventures in a steel storage tank company and a television equipment builder
International Harvester	5.6	Expansion of existing plant
Stein, Hall (Celanese Corp. subsidiary)	5.0	Plant to manufacture explosives, processed food, and pharmaceuticals
Armco	3.0	Chrome mine
Standard Brands	3.0	Consumer goods factory
Union Carbide	3.0	Vanadium plant

Indeed, BUSINESS WEEK has learned that after this year's wave of colored and black student boycotts, illegal black strikes, and a handful of guerrilla attacks, Pretoria's South African Defense Force has asked large foreign companies to organize corporate militias among white workers and to foot the bills for arms and communications gear to be kept on company premises.



Jobs, energy & environment

by Mike Olszanski, Chair
Environmental Committee
Local 1010 USWA

Pollution of the air, water and land has tremendous costs to society. The most vital cost is early death from cancer, lung and other diseases, and birth defects. Medical costs and lost wages due to pollution-related diseases, to say nothing of property damage, are also huge.

Pollution clean-up, on the other hand, has tremendous benefits, beyond the obvious ones of longer, healthier, happier lives and cleaner, safer cities.

Once society makes the decision that we want and need to produce clean air and water, in addition to things like automobiles, refrigerators and T.V. sets, clean air and water require people to produce them.

The coke plant, one of the worst sources of cancer-causing emissions in the steel industry, is a prime example of the need to put people to work, in order to control pollution. Or put another way, if we are able to force a clean-up of coke oven pollution, we will provide hundreds and even thousands of jobs.



Coke oven emissions come primarily from leaks in the doors, lids and brickwork of the ovens, and from charging coal into the ovens and pushing out coke. No pollution control device can eliminate these emissions. Only proper work practices, like cleaning and sealing doors, lids and piping on each oven each time it is pushed, can stop coke oven emissions. Many more coke oven workers are needed to do this additional work every hour of every day.

Pushing schedules need to be slowed down slightly, to allow time to perform the cleaning and sealing procedures properly day in and day out. This means a slight loss of production.

The argument has been made that we should postpone pollution controls in order to allow industry to modernize. But would that guarantee jobs?

I'm skeptical. After all, if Chrysler spends millions of dollars originally aimed for pollution control to buy industrial robots, where has the working person benefited? When the steel companies take the money aimed for pollution controls and instead install TV cameras that allow them to have one person do two people's jobs, where is the benefit for our union members? When money that would have protected our environment is used to hire time-study engineers and union-busting firms, what gains have we in the labor movement made?

James Balanoff, Director
District 31, United Steelworkers

standards for emissions. They will never meet these standards, until adequate crew size is negotiated for the coke batteries.

Coke oven workers have suffered and died from coke emissions for years, while steel companies have refused to do what they know must be done to stop them, while local, state and federal agencies allow unconscionable delays -- often of ten years or more -- to steel industry polluters. When workers and their union ask "Why?" we are told that if environmental regulations were pushed, companies might move to another state or even to South America. Whole communities are threatened with what has to be called "environmental blackmail." And it has worked. These threats have taken their toll on the resolve of many bureaucrats and politicians. As long as companies know they can back EPA into a corner and delay clean-up for years, they will continue to run down and shut down plants.

Steel companies close down viable, profitable facilities in which they have a large capital investment, just because they have to invest a little more in pollution controls. They shut down run-down facilities which they have allowed to deteriorate over a period of years or decades, and in which they have reinvested to modernize and up-grade equipment.

The classic case is Youngstown. Lykes-Youngstown Corporation ran their Youngstown, Ohio plant into the ground, patching it up with bailing wire, milking it for all the profit it could produce, and investing that profit outside the steel industry. Like all corporations, Lykes-Youngstown was in business, not to make steel, but to make money.

The Steelworkers Union, and in particular Local 1010, has fought for bigger crews and revised schedules on the coke ovens. We have had some success in increasing crews, but hundreds more coke oven workers are needed at Inland Steel alone to do the job of reducing emissions.

But the companies, U.S. Steel, Inland, J&L and the rest, want to cut crews and speed up production in order to increase profits. They have fought us every step of the way. The result is that no coke plant in the Chicago-Gary area meets environmental or health and safety

When the Youngstown plant was no longer profitable, Lykes Corporation shut it down, putting thousands of steelworkers on the street, and blaming environmental regulations. But the U.S. Environmental Protection Agency (EPA) had not pushed enforcement in the Youngstown case. They had, in fact, given repeated extensions and exemptions. By giving-in to corporate environmental blackmail, EPA probably hastened the demise of the Campbell Works. Strict enforcement ten years ago would have required considerable investment in the plant.

Without firm, prompt enforcement of regulations while facilities are relatively new and profitable, we are sure to see the Youngstown scenario repeated again and again. We can't wait until the useful life of a facility is used up. We must insist that pollution controls are in place and operating effectively from the minute a facility starts up, and EPA permits for new facilities should not be granted until existing facilities are, in fact, in compliance with Environmental Regulations.

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

LABOR TODAY THE RANK & FILE IN ACTION

ISSUED BY: Fred Gaboury

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MOVIE REVIEW

'Song of the Canary'

"Song of the Canary," an alarming documentary film about deadly health hazards in the American work-place, has been scheduled for broadcast over Public Broadcasting Service stations on Wednesday, November 5 at 9:00 P.M. (Consult local listings for exact times.)

"Song of the Canary" closely examines two clear cases of disease -- pesticide workers sterilized by working exposure to DBCP in California, and retired mill-workers organizing against brown-lung (byssinosis) in North and South Carolina.

The controversy over DBCT broke into the headlines in 1977 when medical tests arranged by "Song of the Canary" film-makers revealed that California workers had been irreversibly sterilized by work-place exposure to the chemical.

"Song of the Canary" cameras also track the progress of retired textile workers battling for compensation and stronger regulation of working conditions in Southern textile mills.

The film includes footage of actual working conditions and interviews with workers, their families, union officials, government agents and industry executives.



"Song of the Canary" will be followed on most PBS stations by a discussion of the film and the occupational health issue. Discussion participants will include OSHA Director Eula Bingham; Oil, Chemical and Atomic Workers V.P. Tony Mazzochi; Dr. Sidney Wolfe of the Washington-based Health Research Group; and Dr. Sydney Shindell, representing the American Council on Science and Health, an industry-supported lobbying group.

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Reindustrialization

Within the spectrum of declining purchasing power and high unemployment we find that U.S. industry has lost its competitiveness in world markets, that foreign industry is producing more of what U.S. consumers buy, that the U.S. is experiencing a \$61 billion federal deficit this year, that the U.S. dollar has plummeted worldwide to the point that an economic and financial upheaval throughout the world is a definite possibility in the years ahead.

The U.S. economy is in serious trouble and that means that American workers are in serious trouble. Workers, today, not only face the problem of lower purchasing power and unemployment but, later, by whatever cure that may be devised by the nation to get out of its economic quagmire.

Earlier this year, President Carter unveiled a plan to get the nation out of its economic mess. The plan calls for "re-industrialization." It's a plan designed to revitalize the U.S. economy by rebuilding America's productive capacity. Participation in the plan will involve government, the business community, and labor. They all have, however, their own ideas as to how re-industrialization should be carried out.

EVERYBODY'S TALKIN'

The following will be only some of the important questions which re-industrialization will raise in the '80s:

Which industries should be allowed to flourish and which should be allowed to vanish? To what degree should investment and innovation be carried out? In what manner will collective bargaining need to be changed? What sacrifices will workers be asked to make during the period of re-industrialization?

In an editorial written on August 25, the New York Times stated:

"True re-industrialization is apt to be much more painful than its proponents are willing to admit. For its aim cannot be the simple political one of protecting troubled industries like auto and steel. The economy cannot be renewed by clinging to the past of dying industries, crippled companies or existing jobs."

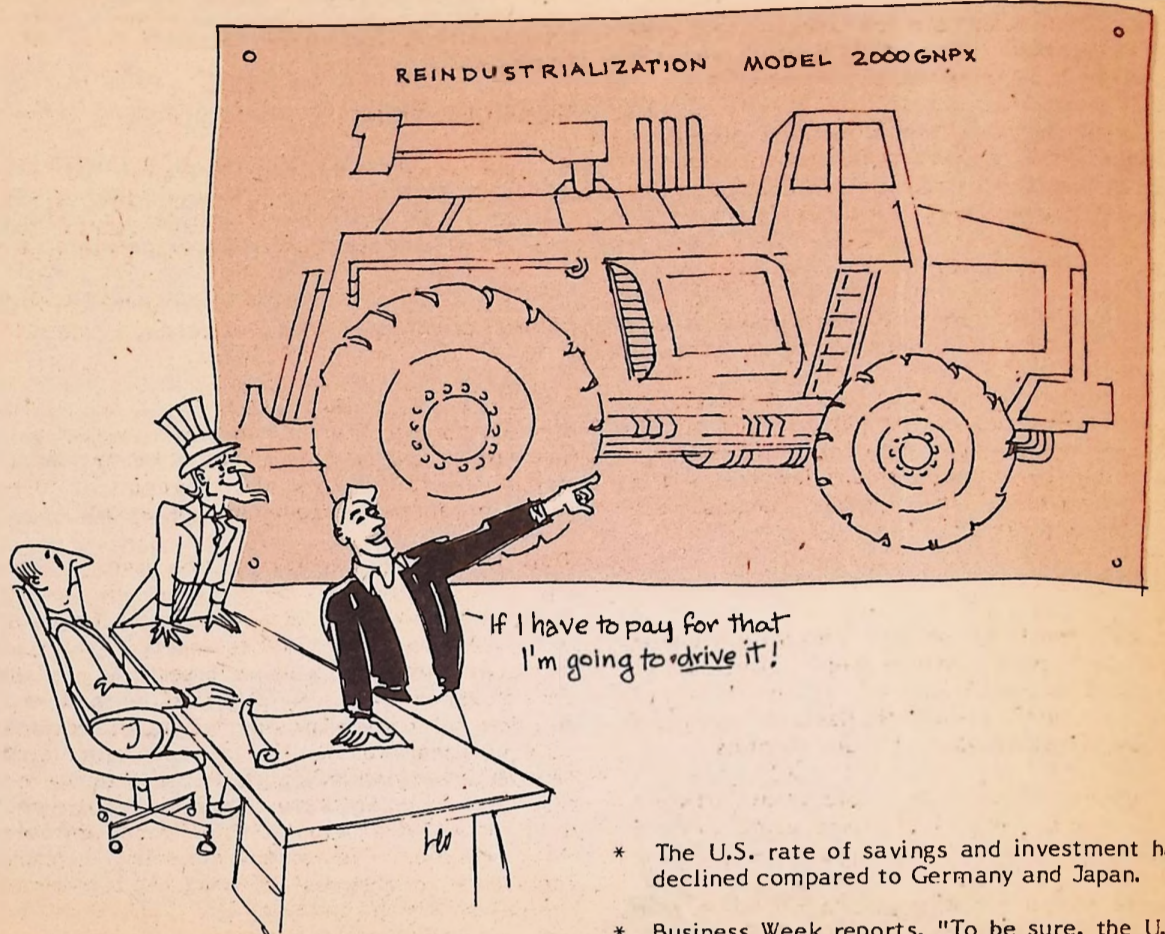
Business Week magazine, in an editorial published on June 30, states that re-industrialization calls for a "social contract" between management, labor, and academic leaders to form a "national consensus." It goes so far as to call for a national commitment in which:

"The drawing of a social contract must take precedence over the aspirations of the poor, the minorities, and the environmentalists. Without such a consensus, all are doomed to lower levels of living, fewer rights, and increasingly dirty air and water."

The AFL-CIO urges government to take the lead in developing a "new partnership" with labor and industry for the program of re-industrialization to assure the nation's future economic health.

THE FACTS OF THE MATTER

A consensus, that something should be done, does exist. But at present that's all. The consensus



has been built upon the following mass of statistics:

- * Overall U.S. economic growth fell to 2.9 percent per year in the 1970s, compared to the 4.1 percent growth of the 1960s and a growth of 3.9 percent in the 1950s.
- * The U.S. standard of living now ranks only fifth in the world; it ranked the highest as recently as 1972.
- * The U.S. inflation rate was higher than the average of all industrial countries in 1979 for the first time in history.
- * Investment in the U.S. stands at some 10 percent of gross national product as compared with 15 percent in Germany and 20 percent in Japan.
- * U.S. banks and corporations are investing at least \$25 billion annually in overseas operations.
- * In the 1970s the U.S. lost 23 percent of its share of the world market, compared with a 16 percent decline during the 1960s.
- * The U.S. share of world exports has slipped from more than 40 percent in 1962 to less than 25 percent last year. We have experienced declines in textile machinery, metal-working machinery, machine tool, steel, and auto industries to name only a few.
- * U.S. industry is suffering from a slump in industrial research and development spending.

* The U.S. rate of savings and investment has declined compared to Germany and Japan.

* Business Week reports, "To be sure, the U.S. still remains the most productive nation in the world economy, but the rest of the industry world -- especially Germany and Japan -- is fast closing the gap."

WHO DONE IT?

Causes for this decline have been attributed by businessmen to government intervention of business operations in terms of trade policy, spending policy, environmental policy, and anti-trust policy. They want to make profits with complete freedom to operate as they choose.

But corporate freedom is one of the major causes of our nation's economic doldrums. According to Harvard University Professors Robert Hayes and William Abernathy, American business is committing suicide in a mindless race for short-term profits. They state in the Harvard Business Review that there is "prime evidence of a broad managerial failure -- a

From Rep. Vanik's Tax Study

Observers already maintain that the corporate investment, stimulated the economy, created common cold. I am skeptical of those who would cure our sagging economy. A double or triple curative powers. Across-the-board corporate desired results and have only contributed to individuals.

	Worldwide income before tax (in thousands)
United States Steel Corp.	230,700
Bethlehem Steel Corp.	299,600
Armco Steel Corp.	329,204
National Steel Corp.	197,653
Republic Steel Corp.	155,091
Inland Steel Co.	223,295

Six of the nation's largest steel producers in Congressman Vanik's study of corporate federal income taxes at a rate in excess of 50 percent. The U.S. producer enjoys the questionable tax advantages of corporations who paid no Federal income tax.

From James Balanoff

We support reinvestment in this country. In fact we demand reinvestment in this country. But reinvestment should not be a code word for unemployment, lower living standards, and open season on pollution control. Reinvestment must guarantee a better life for all of us, the people who made the wealth of this nation.

James Balanoff, Director
District 31, United Steelworkers

at whose expense?

failure of both vision and leadership -- that over time has eroded both the inclination and the capacity of U.S. companies to innovate."

They point out that the production people of American industry have been pushed aside by financial managers and lawyers in control of top business policy positions. They stated further:

"When executive suites are dominated by people with financial skills and legal skills, it is not surprising that top management should increasingly allocate time and energy to such concerns as cash management and the whole process of corporate acquisitions and mergers." The professors point out that the production machinery of American industry is increasingly being driven by accountants and lawyers -- "the bottom-line folks, the merger moguls, the profit-center pirates."

BIG QUESTIONS

Can some sort of social contract involving teamwork between management, government, labor, and academic leaders be developed to make a fair re-industrialization program possible? There are already many skeptics.

Many union rank and file workers have already expressed their suspicions based upon previous experience. They see themselves as being among those who will be asked to sacrifice the most. Students of labor history see a repeat of the Industrial Revolution coming. That's the period when industry and profit-making prospered at the expense of American workers who were fully exploited by employers. Unions were banned, wages were low, working conditions were deplorable, and the factory workday consisted of 12 hours.

Workers know that they live in an economic system called the capitalist system or free enterprise system, which allows private industry to supply the goods and services for the nation. Even though production is not possible without labor, workers know from experience that their government is committed to a one-sided support of private enterprise -- to allow business to produce without too many restrictions. Thus, in times of national economic trouble, private enterprise is the wheel that squeaks the loudest and consequently receives immediate attention to allow the economic system to survive. Workers are asked to wait until the benefits of government financial assistance to private enterprise begins to trickle down to them -- the

spigot, of course, being controlled by the employers.

MORE QUESTIONS

A lone voice within the hierarchy of the AFL-CIO, William Winpisinger, president of the Machinist Union, brands re-industrialization for what many rank and file workers suspect it to be:

"For the most part these schemes offer nothing more than socialism for corporations and the rich, at the expense of workers ...

"They would preserve and enhance the power of the Corporate State with tax breaks, tax incentives, and tax subsidies. Under them, investment tax credits and depreciation rules will be expanded and made more generous."

Thus, he contends, workers will be asked to take pay cuts and reduced benefits as the Rubber Workers already have in negotiations. He fears that workers will be asked to accept changes in collective bargaining which will serve to weaken their bargaining power. All this, he believes, will be done in the name of restoring the nation's economic health along with maintaining national security. Meanwhile, employers will gain even more economic and political power -- making the development of a Corporate State more probable than possible. Our major industries already operate as oligopolies in which a few firms control their entire industry.

Winpisinger says that unions and their members can expect little from a program of

re-industrialization in a growing climate of anti-unionism within the business community. In all the years, since the end of WWII, in which organized labor has cooperated with government and the business community, its strength has gradually declined. That's no wonder. Workers, union or non-union, and their families are locked in an economic system which caters to corporations and the wealthy rather than the needs of the people. And there isn't much that the leaders of organized labor plan to do about it other than to attempt to initiate reforms issue by issue, one by one, in an economic system that has a backlog of many, many human and societal problems to be solved.

LET'S THINK SOME MORE

It's time we heed the advice of social scientists who urge that we restructure our entire economic system. Our old system can no longer cope with the domestic and international economic changes which have taken place. All nations, including the United States, are economically more interdependent with one another today than ever experienced in the past. The world, indeed, is getting smaller.

And so, domestically, as the concentration of economic power falls into the hands of fewer people we must restructure the system which allows that to happen. If our government must repeatedly spend funds from the public treasury to bail out private business enterprises or industries which fail because of inept management, then why not simply nationalize those industries and be done with it.



the rank and file in action

by RAYFIELD MOOTY
Co-Chair TUAD

VICTORY AT J.P. STEVENS

Victories for the labor movement come few and far between these days. And when they do come, they come only as a result of hard struggle. A case in point is the Amalgamated Clothing and Textile Workers Union victory covering ten J.P. Stevens plants.

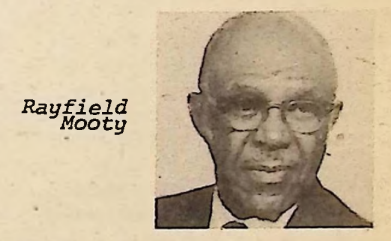
The victory brought with it the actual signing of a contract that covers 3,000 workers employed at the Roanoke Rapids plants with the further agreement that the terms of this contract will be the basis for agreements in the other plants where the union either has won or wins future recognition. The Stevens victory broke the anti-union front of the southern textile industry and opens the door for further organizing successes by the Amalgamated. It should make similar efforts by other unions in the region much easier.

HOW WAS IT DONE?

There are a number of highlights in the 17-year campaign against Stevens. There was an aggressive consumer boycott, spear-headed by the ACTWU and backed by the entire labor movement. Organizations like the Coalition of Black Trade Unionists, TUAD and the Coalition of Labor Union Women, together with church, peace and civil rights groups carried the campaign to every nook and cranny of the country. New tactics were developed, including a "corporate campaign" that isolated J.P. Stevens within the ranks of the business community. All had an important impact on the outcome. But the rock-bottom guarantee of victory was the courage, the unity and the fighting spirits of the Stevens employees, Black and white, men and women. Without that, victory would have been impossible.

There were also some intangible victories: The

campaign against J.P. Stevens made it possible to expose the entire spectrum of corporate America's anti-union activities before large sections of the public and the labor movement.



Rayfield Mooty

This served to spark the campaign for labor law reform, gave new energy to the campaign to repeal Section 14-B of the Taft-Hartley Act, and once again, put the lie to the myth that workers do not "want" unions.

GRAB IT AND RUN

The labor movement should grab the Stevens victory and run it in for a touchdown. To organize the South is to put an end to a situation that sees union workers forced to "compete" with non-union wages and working conditions. It will lay the basis for a stronger and more organized campaign against run-away plants. They will open the ranks of the labor movement to millions of workers, Black and white, who have been denied the protection of unions by KKK-inspired terrorism.

In short, the Stevens victory offers a new opportunity to rebuild and revitalize the labor movement. If properly exploited, it could strengthen the ability of all workers to fight back in the face of corporate America's attack on the economic, social and political well-being of workers everywhere.

dy

porate tax reductions of 1978 have increased jobs and done everything except cure the would sell this medicine as the magic potion to dose of a useless potion does not improve its te tax cuts in the past have not produced the to deficits and shifting the tax burden to

Income tax (in thousands)	U.S. tax (in thousands)	Effective U.S. tax rate on worldwide income (percent)
0	(16,000)	0
4	25,000	8.3
3	26,362	8.0
1	51,125	25.9
3	20,768	13.4
	363,70	16.3

ucers were among the corporations listed yrate tax payments in 1978. None paid esc of 25.9%. U.S. Steel, the largest distinction of being among the 14 U.S. tax in 1978.

Unemployment compensation (continued from page 1)

97% coverage is a fiction

In 1978, the 53 state unemployment compensation laws were said to "cover" 81 million workers. Special unemployment compensation plans "covered" an additional 5.6 million railroad workers, federal workers, and the armed forces. According to the government, the system now covers some 97% of all jobs of individuals working for salaries or wages in the nation. But in June, 1980, when there were at least 9.2 million completely unemployed in the nation, only 3.8 million workers were receiving unemployment benefits. *But this is 41% — not 97%. How can these conflicting "facts" be reconciled?*

In unemployment compensation, the term "coverage" has come to have a very special meaning. "Coverage" and "protection" do not mean the same thing. Many types of unemployment are not compensated for by the federal-state system and are therefore not really "covered". To illustrate:

1) "New entry" unemployment. Those persons who have not yet had their first jobs and thus cannot meet the earnings qualifications of the state laws are not protected by unemployment compensation.

Youth, particularly Black and other minority youth who have the highest unemployment rates of any group, suffer most by this elimination. As of June, 1980, 2.3 million youth 16 through 19 years of age were unemployed. For Blacks in this age category, the official unemployment rate was 42%. Very few unemployed youth were able to collect unemployment compensation.

2) Those who have earned some wages, but not enough to qualify for benefits, are also not "covered". During 1979, about 1.6 million new unemployment benefit claims (13% of the total) were thrown out because they had insufficient wage credits.

3) Those who are unemployed for more weeks than the maximum allowed by the benefit formula (usually 26 weeks) ("exhaust" their entitlements. During 1979, 2 million unemployed workers received their final unemployment checks, for an exhaustion rate of 27%. Thus, more than one-fourth of all workers receiving unemployment benefits had them "run-out," while remaining jobless.

4) Unemployed workers who are disqualified from receiving benefits for any number of non-monetary reasons (voluntary quits, etc.) are also excluded from the unemployment compensation system. (See "The Hurdle Race".)

5) The 1 million "discouraged" workers — unemployed workers who are not actively searching for jobs due to their lack of success in finding them — are also excluded from receiving unemployment compensation.

6) The nation's 5.2 million part-time workers who cannot find full-time jobs are actually part-time unemployed. However, they are severely penalized by the unemployment compensation laws, usually losing most or all of their benefits.

7) Finally, according to the Department of Labor, the states excluded 2.7 million workers from coverage under the basic laws — 1.2 million domestic workers (90% of that occupation), 0.8 million farm workers (55% of that group), 0.4 million in non-profit institutions, and 0.3 million in small firms and other exemptions.

Considering all these exclusions and disqualifications together, considerably less than half of the unemployed draw unemployment compensation.

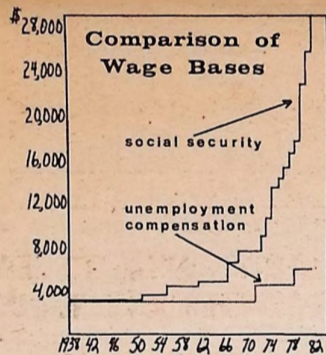
Now we can see why 97% coverage means 41% protection.

Tax loopholes

Taxable Wage Base

Employers pay a tax on a portion of their employees' wages, called the *taxable wage base*. The basic tax rate, before adjustments for individual employers, is 2.7%. In 1938, the wage base was \$3,000 — virtually equal to the average wage of the labor force. Instead of steadily increasing the taxable wage base as wages and prices rose, the Federal Unemployment Tax Act kept the base at \$3,000 for 33 years. Today it is only \$6,000, except for 11 states which have bases between \$6,000 and \$8,000, and 6 states with bases above \$8,000. The result is that 98% of wages were subject to an employer tax in 1938, but by 1977 only 45% of wages were taxed. No wonder the unemployment compensation system is short of funds!

The Social Security Act also began with a \$3,000 taxable wage base in 1938. However, as the chart shows, it prudently raised its taxable wage base in accordance with price and wage increases, so that in 1980 it reached \$25,900, providing a much more solid foundation for adequate benefits.



The hurdle race

As most unemployed persons know, being unemployed and being able to collect unemployment insurance benefits are two separate matters! Between them are both legislative and administrative hurdles.

To begin with, consider the "waiting period". All but 12 states deny unemployment compensation benefits to qualified workers during their first week of unemployment.

Disqualifications

Then come the non-monetary disqualifications. Since the founding of

unemployment compensation in 1935, the trend has been to penalize workers ever more harshly who run afoul of the many disqualification provisions. These include: voluntarily *quitting a job "without good cause"*, discharge for "misconduct," and refusing "suitable work."

Three trends toward increasingly

harsh penalties are evident in almost all of the states: 1), away from variable week penalties (i.e., 3 to 6 weeks penalty for quitting "without good cause"); 2), toward longer disqualification periods; and 3), toward disqualification for the duration of unemployment plus an insistence upon new earnings before becoming eligible for benefits again.

DENIAL OF BENEFITS FOR DURATION OF UNEMPLOYMENT OR LONGER

	Number of States		
	1937	1966	1979
Voluntary leaving "without good cause"	1	26	41
Fired for "misconduct"	2	24	33
Refusal of suitable work	6	23	30

SOURCE: Haber & Murray: *Unemployment Insurance in the American Economy; and Unemployment Insurance Statistics, Oct.-Dec., 1979*

Benefits are inadequate

The goal of unemployment compensation, according to the Department of Labor, is "adequate protection" during involuntary unemployment. Adequacy is measured by the amount and duration of benefits. From the early days of unemployment compensation, "adequacy" was usually defined as 50% of more of average weekly wages. The usual maximum duration was 26 weeks.

Below Poverty Level

In 1979, the average weekly unemployment benefit was \$89.67. National averages conceal huge disparities among the states. In six states the average weekly benefit in 1979 was less than \$75 — a miserable sum on which to meet the bare essentials of family life. The national average weekly benefit is only about two-thirds of the poverty level as defined by the US government.

Average Benefits

The trend of the average benefits in relation to average wages is down! In 1938, the average weekly benefit was only \$10.94, but in relation to the average weekly wage of \$25.36 at the time, the benefit equaled 43%. By 1977 the average benefit had declined to 36% of the ave-

unemployment benefits has been eroding.

Benefits Run Out

In 1979, the state unemployment compensation system received more than 20 million initial claims, but only 8.3 million workers qualified for first payments. Final payments were received by 2.1 million unemployed. Thus, more than one-quarter of all recipients exhausted their benefit rights. They were still unemployed after they received their "final" payment. In 1975, a recession year, 38% of all beneficiaries exhausted their benefit rights under the regular unemployment compensation program.

Labor needs a national system

The inadequacy of the US unemployment compensation system is partly due to the fact that it is fragmented into 53 separate and highly unequal unemployment compensation programs. The best state system is inadequate but the worst state system is only one-half as good as the best.

A national system would recognize the geographical mobility of workers and eliminate the problems of inter-state payments. It could be better co-ordinated with other national government programs dealing with unemployment such as extended benefits, Trade Readjustment Act (TRA) benefits, and CETA jobs.

Big Disadvantages

Organized labor is badly disadvantaged by the state system. The influence of employers and their lobby organizations in Washington is notorious. But employer organization have even more influence in state capitols than in the national capitol.

Witness the progressive improvement of the Social Security Act versus the progressive worsening in state unemployment compensation systems. Compare the increasing taxable wage base in social security versus the static taxable wage base in unemployment compensation. Compare the annual cost of living increases in Social Security with state unemployment benefits which fall farther and farther behind wages and prices.

For practical political reasons, experience rating cannot be eliminated while the system is on a state basis.

In December, 1979, the AFL-CIO reaffirmed "its position favoring federalization of the unemployment insurance program" (Policy Resolutions, 13th Constitutional Convention).

AVERAGE WEEKLY BENEFIT AMOUNT FOR TOTALLY UNEMPLOYED PERSONS (November, 1979)	
Alabama	\$ 92.05
California	78.93
Connecticut	95.75
Florida	69.61
Georgia	77.27
Illinois	114.48
Mississippi	66.79
New Jersey	96.74
New York	91.17
Ohio	122.55
Pennsylvania	103.84
Texas	77.66
West Virginia	97.90
Wisconsin	105.44
Puerto Rico**	51.84

*nonagricultural workers (Unemployment Insurance Statistics, Oct.-Dec. 1979)

rage wage. With the inflation of the past three years going much faster than legislative changes, average benefits this year are probably only one-third of wages.

Maximum Benefits

Maximum benefit provisions are also deteriorating. In 1939, 18 states provided for maximum benefits that amounted to 70% of the average weekly wage and another 17 states for 60%. By 1976 only 10 states had a maximum of 65% or more. In 1939 no state provided a maximum benefit of less than 50%. By 1976 nine states had done so.

Moreover, because of the high earnings eligibility requirements, most unemployed workers get less than the maximum. In 1979, out of about 10 million new unemployment benefits claimants, only 4 million or 40% obtained the maximum weekly benefits amounts. Year by year the value of

Wage losses of unemployed

At least 22 million workers will be unemployed at one time or another in 1980. Since the average duration of unemployment will be about 15 weeks (as in the last recession), the equivalent in full years of unemployment will probably total between 6 and 7 million. As the average annual wage is about \$15,000, the total wage loss suffered by the unemployed will approach \$100 billion. That is what workers will lose.

From 1976 through 1979, benefit payments ranged between \$9 and \$12 billion. But in 1980,

they will probably range from \$15 to \$20 billion. Unemployment compensation will replace about 15%-20% of the total wage loss! No more than that!

Partly due to the inadequacy of unemployment compensation a variety of other programs have evolved. These include Trade Readjustment Allowances (TRA), Supplementary Unemployment Benefits (SUB), public employment programs such as CETA, summer youth employment and other relief and welfare programs.

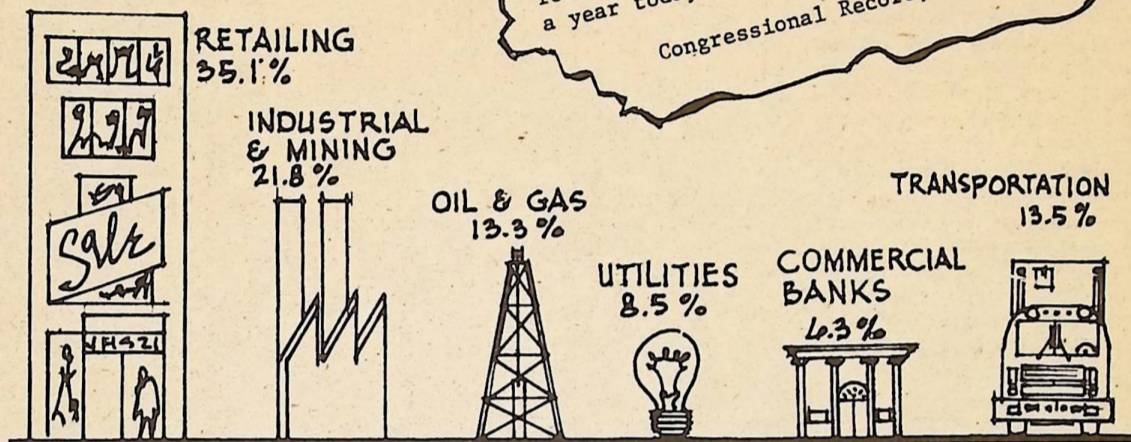
SOME PAY, SOME DON'T

Taxes, taxes, taxes!

Every year since 1972, Congressman Vanik of Ohio has issued a study of corporate tax payments. His latest report, published in the Congressional Record on June 27, is based on a detailed examination of the 145 largest industrial, banking, transportation, utility and retail corporations. It makes a number of important -- and shocking -- points:

- * 14 of the corporations on Vanik's list paid no Federal income tax in 1978 despite the fact that they reported earnings of \$3.5 billion from their various worldwide operations.
- * 30 other corporations, with a total worldwide income of nearly \$14.5 billion paid 10% or less of that income to Uncle Sam in the form of income tax.
- * The 10 largest U.S. banks had a worldwide income of \$19.9 billion and paid only 6.3% of it in Federal income tax.
- * Outfits like General Dynamics, Lockheed and Boeing, who gobble up the lion's share of military contracts, all got away without paying a dime of Federal income taxes in 1978. Rockwell International and McDonnell-Douglas laid less than 5% of their income out in federal income taxes.
- * In those instances where it was possible to separate domestic and foreign income, the companies studied in Vanik's latest report paid about \$24 billion in taxes to foreign governments and less than \$3.5 billion to the United States Treasury.
- * Income taxes from individuals provided 46.8% of all Federal tax receipts in 1979. That same year, corporate income taxes provided only 14.1% of all Federal taxes -- down from 16.9% of the total in 1970.
- * Vanik predicts that, if things continue as they are, corporate income taxes will account for as little as 5 or 6 percent of Federal income in a few years.

FEDERAL INCOME TAX RATES BY SECTOR 1979



The average effective Federal tax rate paid by the companies in my study is 18.6 percent. This rate of 18.6 percent is about the same an average family of four would pay if they earned \$30,951 a year today.
Representative Vanik
Congressional Record, June 27, 1980

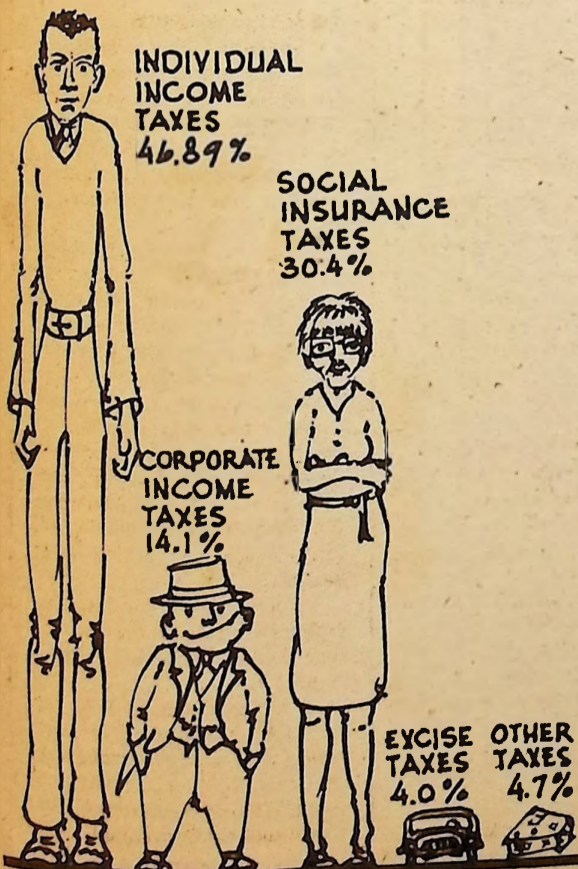
CORPORATIONS PAYING NO EFFECTIVE FEDERAL INCOME TAXES, 1978

Company	Worldwide income before tax (in thousands)	Effective U.S. tax rate on worldwide income (percent)
United States Steel Corp.	230,700	0
Occidental Petroleum Corp.	840,350	0
Continental Group, Inc.	92,200	0
General Dynamics Corp.	154,036	0
Seaboard Coast Line Industries	64,022	0
American Electric Power	343,393	0
Southern California Edison	300,745	0
Middle South Utilities	191,096	0
J.P. Morgan & Co.	347,864	0
Chemical New York Corp.	108,299	0
Lockheed Corp.	101,200	0
Boeing Co.	584,000	0
American Airlines	100,748	0
Eastern Airlines	67,257	0

CORPORATIONS PAYING 10 PERCENT OR LESS IN EFFECTIVE FEDERAL INCOME TAXES, 1978

Company	Worldwide income before tax (in thousands)	U.S. tax (in thousands)	Effective U.S. tax rate on worldwide income (percent)
Texaco, Inc.	1,481,339	90,900	6.1
Gulf Oil Corp.	1,942,000	36,000	1.8
International Telephone & Telegraph Corp.	674,129	46,998	7.0
Atlantic Richfield Co.	1,298,716	71,100	5.5
Continental Oil Co.	1,396,281	92,129	6.6
Union Carbide Corp.	617,300	22,000	3.6
Bethlehem Steel Corp.	299,600	25,000	8.3
Rockwell International	323,800	6,000	1.9
Esmark, Inc.	116,868	9,600	8.2
LTV Corp.	42,397	1,653	3.9
Standard Oil Co. (Ohio)	593,805	8,959	1.5
Marathon Oil Co.	717,445	37,550	5.2
Armco Steel Corp.	329,204	26,362	8.0
Gulf & Western Industries	261,000	17,000	6.5
W. R. Grace & Co.	299,689	16,667	5.6
McDonnell Douglas Corp.	252,670	8,188	3.2
Allied Chemical Corp.	261,545	2,320	.9
Farmland Industries, Inc.	314,664	9,255	2.9
UAL	34,663	9,255	2.9
Trans World Corp.	90,207	1,274	1.4
Burlington Northern	117,251	2,502	2.1
Southern Pacific	130,934	4,142	3.2
Southern Co.	448,358	18,718	4.2
Commonwealth Edison	377,942	11,245	3.0
Citicorp	786,814	55,000	7.0
Chase Manhattan Corp.	295,090	260	.1
Continental Illinois Co.	218,554	5,844	2.7
Bankers Trust New York Corp.	124,530	5,525	4.4
First Chicago Corp.	165,799	4,000	2.4

FEDERAL BUDGET RECEIPTS BY SOURCE 1979



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