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Expanding the Fight Against Shutdowns

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Expanding the Fight Against Shutdowns

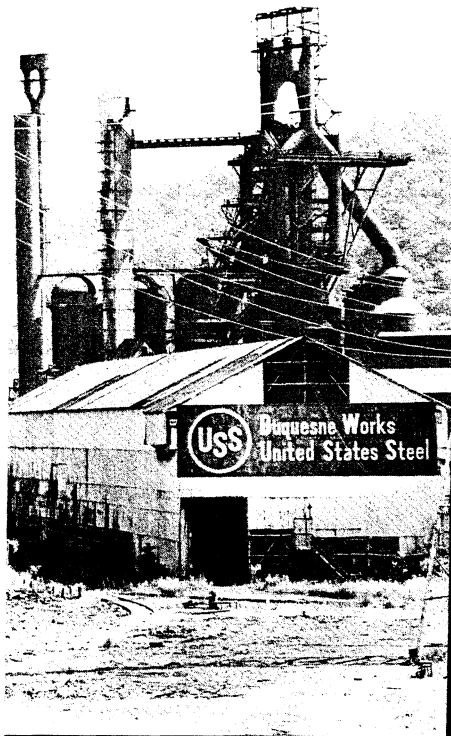
Abstract

[Excerpt] The Midwest Center for Labor Research has been involved, in both direct and secondary ways, in fighting dozens of plant closings. We've studied similar efforts of labor-community coalitions around the country, beginning with the Ecumenical Coalition's fight to save Youngstown Sheet & Tube in 1977. We also have several years' experience in building community-based economic development projects on Chicago's West Side and in Northwest Indiana.

This article argues that, as the crisis of manufacturing has deepened, the fight against shutdowns has accumulated a rich mine of experience and insight upon which it is now possible to wage a series of more effective struggles. It argues that, while fighting shutdowns on one front, labor must take the lead in building diverse local coalitions engaged in systematic efforts to retain and create jobs in the community. This is not only essential for immediate objectives, but can provide an opportunity for labor to begin to mount an aggressive political and economic offensive in the broad public interest.

Keywords

labor movement, plant closings, shutdowns, job creation, job retention, unemployment, economic development, economic growth



Expanding the Fight Against Shutdowns

■ *Dan Swinney & Jack Metzgar*

The Midwest Center for Labor Research has been involved, in both direct and secondary ways, in fighting dozens of plant closings. We've studied similar efforts of labor-community coalitions around the country, beginning with the Ecumenical Coalition's fight to save Youngstown Sheet & Tube in 1977. We also have several years' experience in building community-based economic development projects on Chicago's West Side and in Northwest Indiana.

Friends who have not been involved in this work often ask us why we continue. "How many plants have been saved?" "How many jobs have been salvaged?" The answer in both cases is, of course, "not many."

People wonder why we don't become discouraged. And they raise questions about whether anything really can be done to reverse the decline of manufacturing industries and the unions and communities that depend on them. Even those who think that something can and must be done are often sceptical that anything worthwhile can be accomplished *at the local level* as long as

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national economic policy is determined by the free market, anti-labor ideology of the Reagan administration.

Our answer is two-fold. First, the stakes are high. Unless an effective fight to save America's industrial base is mounted in the next few years, it is hard to exaggerate the bleak prospects facing unions, industrial communities and working people in general. Besides being devastating blows in themselves, plant closings (and the threat of plant closings) are a major *means* through which corporations are extracting concessions from both unions and communities, concessions which are dramatically reducing living standards and life expectations.

And while we agree with those who argue that only fundamental changes in national economic policy can reverse America's industrial decline, such changes are unlikely to come about (and could, in fact, be negative) unless there is a widespread movement of labor unions and community groups to shape their own destinies on the terrain of local economic development. There will be no informed constituency for the needed changes unless current policies are fought plant by plant, community by community.

This article argues that, as the crisis of manufacturing has deepened, the fight against shutdowns has accumulated a rich mine of experience and insight upon which it is now possible to wage a series of more effective struggles. It argues that, while fighting shutdowns on one front, labor must take the lead in building diverse local coalitions engaged in systematic efforts to retain and create jobs in the community. This is not only essential for immediate objectives, but can provide an opportunity for labor to begin to mount an aggressive political and economic offensive in the broad public interest.

The Crisis of Manufacturing

We are now in our fourth year of a general economic recovery, one of the most sustained periods of economic growth in post-war American history. Yet manufacturing, still the core of our economy, remains in crisis.

Well-paying, largely unionized manufacturing jobs were the engine of America's post-war prosperity. From 1949 to 1969, goods-producing jobs grew by more than 33%—from about 15 million to about 20 million. During the 1970s, manufacturing as a whole was stagnant, failing to produce any significant job growth, and now in the 1980s, it is actually declining.

Of 139 industries tracked by the Bureau of Labor Statistics, only



... Spring 1986 community rally of UAW 645's Campaign to Keep GM Van Nuys Open.

32 provided more jobs in 1985 than they did in 1980. Of the remaining 107 industrial sectors, 59 have failed to recover all the jobs they lost during the 1981-82 recession and 48 have actually lost additional jobs since the recovery officially began in late 1982. Since 1980, there has been a net loss of 2.3 million manufacturing jobs.

Nor is the crisis of manufacturing a temporary phenomenon—a "correction" or "restructuring"—that will soon end "naturally." Many companies and plants that have survived, in reduced forms, till now are in precarious condition. They will not survive the next economic downturn, no matter how moderate it is. Many will not survive until then. As much as one-third of the remaining industrial jobs are in jeopardy over the next ten years. Far from being near the end of the crisis, we are at its very beginning.

While certain areas of the country are hit much harder than others (more than half the total manufacturing job loss has been concentrated in six states—Illinois, Indiana, Ohio, Michigan, Pennsylvania and New York), the crisis directly threatens every local economy that has any substantial dependence on manufacturing. And, as *Business Week* recently documented (March 3, 1986), "the decline of manufacturing threatens the entire U.S. economy. . . as [the growing] service-sector jobs don't pack the

punch of industrial jobs—in wages, innovation and productivity. . . [and as] companies are abandoning manufacturing to bolster profits—quick fixes that foreshadow a national crisis."

Key American institutions have not only failed to respond to this crisis. They are actively fueling it. Both corporations and financial institutions are deepening the crisis as they turn from productive investment to speculative manipulation of paper assets. While cheering this process on as the workings of a "free market," the Reagan administration is systematically dismantling the social, economic and physical infrastructure that has sustained the American economy since the New Deal.

While some state and local governments have been much more activist and creative, all are struggling to make up for reductions in federal funding for services and infrastructure. Moreover, the federal government's *laissez-faire* philosophy encourages local politicians and business leaders to engage in destructive competitions to reduce their "social wage" and to provide increasingly expensive incentives to footloose corporations.

The American labor movement—a key player in building America's post-war prosperity—is particularly threatened. Assaulted on every front, unions are weaker now than at any time since the Wagner Act was passed in 1936. Manufacturing job loss saps key industrial unions of members, resources and political influence, and this makes other unions, less directly affected by the crisis of manufacturing, more vulnerable to corporate and government attacks on wages, standards and union power. Everywhere unions are faced with cruel dilemmas where jobs are pitted against wages and standards, as all spiral downward and unions seem helpless to stop them.

Labor's Response to the Crisis

Despite its apparent helplessness, labor's response to the crisis of manufacturing contains many positive elements with potential for the future.

At the national level, labor is nearly alone in advocating a radically new level of government intervention in economic life and is one of the most important defenders of the social welfare system against Reaganite and neo-liberal attacks. And, while by no means the rule, many unions have shown a new creativity in defending and advancing workers' power in the workplace. As this issue of *Labor Research Review* shows, unions have contributed to building broad-based coalitions around unique and creative community campaigns. If the labor movement can build

on these elements, we believe unions are in a position to take the lead in combating the crisis of manufacturing and the broader crisis of the American economy.

Our view of this is informed by the specific historical context in which labor finds itself. Following World War II, organized labor, along with other segments of the population, benefited from, and was deeply influenced by, an expanding economy. Inscribed into the American system of collective bargaining was a "social contract" which gave new rights to unions to bargain over the terms and conditions of employment so long as they ceded to management a nearly absolute right to run the business as it saw fit. Embodied in very brief and all-encompassing management rights clauses in nearly every union contract, this system narrowly defined labor's role in the life of the business. Decisions about the organization of production, plant location, pricing and marketing, levels of investment and research and development—all these were beyond the realm of what labor could concern itself with. For more than three decades following World War II, this arrangement provided unions with a clear path for steadily improving the standard of living of their members and, in so doing, the general standard of living in our society. On the other hand, labor leadership and membership became accustomed to a narrow relationship with the company, leaving them unprepared for the current crisis.

Thirty years of substantial success, 30 years of hard-won experience with this approach to collective bargaining has made labor—both leadership and rank and file—extremely hesitant to break with it. But break with it, it must, and as the crisis has deepened, that's exactly what unions have begun to do. If nothing else has been learned from the crisis thus far, it is this: If corporate management is allowed to pursue its own business agenda, manufacturing industries will continue to decline and unions will find themselves bargaining over smaller slices of a shrinking pie.

Labor has begun to encroach on management rights in three distinct ways—at the bargaining table, in its advocacy of a national industrial policy, and in the fight against shutdowns. While our particular concern here is to argue for expanding the fight against shutdowns, we believe it is necessary to advance on all three fronts if labor is to win a leading role in combating our economic crisis. Brief looks at the other two paths are, therefore, in order. Our overall point, however, is that labor is, and needs to be, in a *period of experimentation*—a period when it initiates a variety of efforts to restrict management rights, to reverse decisions that eliminate productive capacity and jobs, and to build coalitions on the local

level to provide economic development leadership.

This approach is in conflict with the perspective of many traditional unionists, including a significant section of the left in the labor movement that says: "New initiatives and experiments are dangerous at a time of weakness in the labor movement. We can't afford to flirt with new relationships with management when we are at a low in membership and influence because our members will inevitably be corrupted by the contact. Only when we are strong can we afford to be loose."

Of course these are dangerous times, but experimentation is essential if unions are to readjust their tactics and perspectives to new and more severe conditions. Fears of "membership corruption" are exaggerated and display an unjustifiable lack of confidence in rank-and-file savvy and capacity to learn from experience. Inevitably, some members and leaders will make mistakes, even on occasion sacrificing broader interests for some short-term local gain, but those members are a small minority. The bulk of the labor movement will gain strength, confidence and sophistication in the course of greater experimentation.

At the Bargaining Table

At the bargaining table, a wide variety of unions are experimenting with negotiated "employee involvement" programs, premised on a widespread understanding that the exclusion of workers' input from shopfloor management is a major cause of the crisis in manufacturing. Though many existing attempts are half-hearted and extremely tentative, with some deliberately anti-union, unions are gradually gaining experience with how these programs can be used to give workers a greater say in the day-to-day management of their work and to provide leverage in bargaining on other issues.

Unions are also experimenting with various forms of worker ownership and with other ways to control larger management decisions. The Steelworkers and other unions are actively fostering employee buyouts, in some situations, as an alternative to shutdowns. The Machinists (at Eastern Airlines), the Steelworkers (at Wheeling-Pittsburgh Steel) and the Airline Pilots (at TWA and Frontier Airlines) have actually used partial ownership along with more traditional union weapons to oust one management team for another. Unions in these situations have intervened to change company investment strategy, business plans and even arrangements with their bankers—all management prerogatives most sacred to corporate decision-makers and



Workers and community residents gather outside Congressman Dan Rostenkowski's Chicago office, seeking his intervention with the Stewart-Warner Company. UE Local 1154 and community supporters, fearing a shutdown, want the company to invest in new equipment and product development. The company's two plants are in Rostenkowski's Congressional district.

territory never before entered by unions.

Unions are also growing increasingly sophisticated in the use of pension and insurance funds to influence corporate decisions. Likewise, the growing use of "corporate campaigns" is geared to changing management behavior both in its labor relations and in other areas traditionally beyond the reach of the bargaining table. Even the use of "in-plant strategies" (covered in-depth in *Labor Research Review #7*), builds on both the informal shopfloor powers and the formal rights of workers to expand workers' control of the day-to-day flow of work.

A National Industrial Policy

At an altogether different level of struggle, the top leadership of the AFL-CIO, the Autoworkers, the Steelworkers, the Machinists and other unions have developed a national economic policy program which is virtually the only coherent and feasible alternative to Reaganomics. Besides traditional labor advocacy of social welfare programs and stimulative fiscal and monetary policies, official labor has been the chief and most consistent advocate of a *national industrial policy* focused on saving the manufacturing sector and its jobs.

A national industrial policy would establish a federal government mechanism to coordinate various forms of government subsidies to industries in trouble. It would involve regional and sectoral planning of a sort common in most other advanced industrial countries, but completely alien to the Reaganite reliance on "the free market." Through such a mechanism, government could intervene decisively in corporate decision-making to ensure specific investments which take into account the social impacts of investment and plant location decisions.

There are lots of different ways that this major new policy direction might work out in practice, and, as many people have pointed out, it could result in even tighter corporate control of the American economy and a new form of "corporate welfare." But that is not the only possibility. A national industrial policy could provide a major vehicle for labor and industrial communities to shape corporate decision-making in the broad public interest. It could provide a whole new arena for the citizenry at large to affect our economic destiny—and the fates of hundreds of industrial communities across the country.

Which direction America's industrial policy might take in the future is highly dependent, in our view, on labor taking the lead *now* in expanding the fight against shutdowns toward major new initiatives in local and regional economic development. Only in this way will labor be able to build a constituency for an industrial policy approach to our economic problems. And only in this way will labor and industrial communities adequately prepare themselves to play an active and decisive role in shaping both the broad direction and the specific actions of an industrial policy program.

Fighting Shutdowns

Against the magnitude of the crisis in manufacturing, the isolated and sporadic efforts of unions and labor-community coalitions to stop plant closings may seem insignificant. But they are not. A lot has been learned about how to fight back and what is needed to mount a broader offensive.

In the four years that MCLR has been actively involved, we have seen the fight against shutdowns develop a maturity and sophistication we could scarcely have imagined when we began.

No longer do experienced coalitions merely decry the occurrence of a plant closing and simply protest the corporate decision which caused it. They actively seek alternatives based on sound business practices, contending with major corporations (like U.S. Steel and



Steelworkers from USWA 1256 at U.S. Steel's Duquesne Works listen to the results of a feasibility study on their mill.

General Motors) over the viability of existing facilities. In areas where anti-shutdown groups have been active, the educational value of public debate over the fate of a plant is incalculable: these campaigns have shattered the myth that corporations always know what they're doing. They have convinced more and more people that there can be viable alternatives to corporate decisions, and have educated local public opinion on the difference between decisions based solely on private profit-maximizing criteria and those which include a social cost analysis.

A process for more effectively fighting shutdowns has been developed. It begins with what are now widely recognized as *early warning signs* of potential plant closings, and with systems for monitoring local plants for these signs.

MCLR's research into specific plant closings in our area has shown time and again that profitable plants are being closed—because they are *not profitable enough* for traditional entrepreneurs or investors, or because they are located in communities (often black or Latino) and mature industrial sectors that are being discarded in this period of deindustrialization. Viable plants close because of problems with succession—there simply isn't a son or daughter who wants to take over the old man's manufacturing company. They close because they are mismanaged by owners used to the wide tolerance in an expanding economy and who are simply unprepared to provide creative and innovative leadership under current conditions. Through early warning efforts, these opportunities waiting to become disasters can be identified at a time when something can be done which preserves jobs, economic

stability and justice. These are the kinds of opportunities the labor movement should be seeking out with energy.

Of course, there are some plants that cannot be saved no matter how strenuous the effort—because of shrinking markets, dramatic changes in technology, or unbeatable foreign competition. Hence the first step taken by a union or community coalition is a brief pre-feasibility analysis which identifies situations that cannot be salvaged and are not worth further risk, money or emotional energy. If there isn't a reasonable opportunity to retain jobs and capacity, leadership is earned by a firm "No go!" decision, and valuable resources are preserved for other opportunities.

Where a positive opportunity is identified, however, the next stage for action is a full feasibility analysis which looks at the company in more depth, assessing its markets, financial capacity and management resources to determine the risk and potential of further investment. In many cases with a relatively small financial investment, unions and community leaders have been able to leverage the kind of money and talent required to do a full feasibility analysis from local and state government agencies as well as from churches and foundations. Through this feasibility process, MCLR and others have relied upon important information and perspectives from workers directly linked with the company—a process that not only vastly improves the quality of the study, but raises the expectations and confidence of the workers themselves.

If the feasibility study determines that a plant could be viable under certain conditions, the labor-community coalition, in alliance with local government, has a variety of options for intervention depending on what is required. Community or union pressure can be exerted to get the company to change debilitating management practices, investment strategies or the business plan. Local government and the development network can offer technical and financial assistance to facilitate these changes. If this doesn't work, local government can seek a new owner who is willing to do what is required to make the plant viable; if the present owner is recalcitrant, local government can use its *eminent domain* power to force the sale.

Just the threatened use of eminent domain has had an important impact on key struggles in Massachusetts, Pennsylvania and Illinois. In New Bedford, Massachusetts, Mayor Brian Lawler's threat to exercise eminent domain in taking Morse Cutting Tool from Gulf + Western stimulated the interest necessary to attract a new buyer who has converted a candidate for shutdown into a viable company that has retained the jobs at union pay rates.

Finally, the fight against shutdowns has opened up a wealth of possibilities for developing new and more democratic forms of ownership—including *worker ownership*, *community ownership* and hybrid forms of *local entrepreneurship*.

Most of the fights against shutdowns thus far have begun too late, after the plant is already down. Most of the feasibility studies have been negative, eminent domain has only been used as a threat, and worker ownership has been successful in only a handful of cases. But there now exists a clear methodology for doing better in the future. Beginning with an early warning system, through the feasibility process, the public intervention and the possibility of worker ownership—each stage relies on bringing workers' production insights and community interests into the process of business decision-making. Each stage educates workers and the local community about business and prepares them to intervene more effectively in the future.

Local Economic Development

Even the best fight against a shutdown is inherently reactive, and the final result will be dependent on the economics of a single plant. But fighting shutdowns can be a first step in a broader labor participation in the whole range of local economic development activities.

Where unions have made a determined effort to fight plant closings, public officials have become increasingly sensitive to the problems of deindustrialization and more willing to challenge corporate decisions. When left to themselves, public officials will follow the lead of local business leaders—who very often advocate decreasing living standards to improve the "business climate." But when challenged with a labor-community coalition mobilized around a real alternative, politicians can often act in surprisingly supportive ways.

Similarly, local economic development staff are often eager to work with labor-community coalitions who have real alternatives to present. Development staff's day-to-day work involves trying to come up with something that can stem the tide of economic decline in their communities; and they are often acutely aware of what a dead end business-led efforts to improve the "business climate" will lead to in the long run. Likewise, many staff of neighborhood development corporations have a background in community organizing, share the democratic values of the labor movement and are eager for the opportunity to work with unions.

Even many local business people—particularly in the commercial

sector—can be mobilized around alternative business plans and new economic development approaches. The interests of locally-based business are often antithetical to those of absentee conglomerates who control the fates of so many local communities.

In distressed industrial communities, the reality is sinking in. Traditional approaches to economic development are widely perceived as woefully inadequate to face the current crisis, and there is a growing void of political, economic and social leadership—a void which labor can and must fill.

We believe that labor has no choice but to fill this void, and that as labor advances its short-range objectives to coalesce with the needs and interests of the broader community, an opportunity will emerge for labor to regain and even surpass its previous strength and status in society.

Against this background, we want to summarize what we think is necessary for labor to maximize its role in the immediate period ahead.

First, labor needs to re-hone its skills in the use of traditional tactics related to organizing, negotiations, strikes, boycotts and legislative initiatives. The capacity to fight effectively on many fronts gave labor what prestige and strength it has today and is a prerequisite for effective relations in new types of initiatives. The new relations that labor seeks need to be based on strength and mutual respect, not token representation on a committee or capitulation to powerful interests under the guise of "cooperation."

For these purposes, as well as for gaining broader economic leadership, labor must:

- * *Broaden its ties on the community level.* There is a growing network of organizations and leaders being pulled into the crisis with labor, including community groups, churches, development organizations, local business and local government. The labor movement needs to train its leaders to engage in this type of liaison work at the local level and not rely solely on relationships established by national and state-level contacts.
- * *Continue to expand labor's experiments.* Creative efforts linked to economic development are just one part of the creative revival needed in the labor movement in all its different aspects of work. Because of the complexity and dangers of experiments in difficult times, we need to be rigorous in our evaluation of these new initiatives. Labor needs to be determined to look closely at complex facts and issues; to encourage debate and evaluation; to have a willingness to acknowledge mistakes; and to be skilled in building unity within the labor movement and between labor and the broader community.

Specifically related to playing a leading role in local economic development, the labor movement needs to give concerted attention to new approaches that have emerged in the last few years:

- *Early warning research and networks.* Union members are a vast, untapped resource in identifying dangers and opportunities in troubled industries. They are a potential resource for anyone interested in economic development. Unions, therefore, have the potential to be more comprehensive and factual than many traditional resources. In utilizing this capacity, the labor movement can effectively target opportunities for intervention. MCLR has recently published an *Early Warning Manual Against Plant Closings* that provides a comprehensive treatment of this approach.
- *Expand labor's role in management.* This is not to be confused with joining management where we work. That depends on the particular situation and choosing what seems to be appropriate. Labor needs its own corporate plans and aggressive campaigns to have power and influence to protect what has been built with decades of sweat equity. Labor's interests in jobs coincides with the main concern of the decade, but labor's views inevitably stand in sharp contrast with those guided by the desire for the greatest profit in the shortest amount of time.
- *Setting up unionized worker-owned firms.* Labor needs concrete examples of how capable workers are of establishing and managing companies. Through worker-owned firms, labor has a unique opportunity to demonstrate how socially conscious assumptions can guide the use of business and entrepreneurial skills. In these projects, labor necessarily needs technical and financial capacity. Working with local development organizations in worker-ownership efforts not only provides the opportunity to learn technical skills, but also educates development professionals about the role of labor and the advantages of democratically run enterprises.
- *Developing labor's "capital strategies."* Labor can play a direct role in economic development through the vast financial resources it has direct and indirect control over, such as pension and insurance funds. These funds can provide tremendous leverage in economic development projects that are done on behalf of union members and their communities. Aggressively using its own financial resources prepares labor for other campaigns to gain access to other forms of capital. As building trades unions have provided funds for construction projects, industrial unions like the Steelworkers are contributing to the

funds required for pre-feasibility and feasibility studies. This is money well spent. Its use needs to be conceived of on a broader scale.

- *Organize for government intervention on behalf of jobs, productive capacity, and the industrial community.* We cannot afford to cede the role of government to narrow anti-labor interests in the corporate community. Many examples of positive government intervention, particularly on the state and local levels, have emerged in the last decade. It's up to labor to strengthen its effort to define the terms for that intervention and to promote the interests and involvement of the local community in the effort.

Conclusion

Leading the fight to save manufacturing industries and industrial communities can propel the labor movement into a position of not only effectively representing the interests of its dues-paying members, but in being the most effective force in representing the interests of the growing section of our society that is feeling the weight of the deepening crisis.

In the course of this struggle, new assumptions and objectives begin to emerge. Various clashes sharpen the exposure of classes and institutions and the values that guide their roles and influence in society. The need for dramatic changes in local and national policy is revealed in event after event on a local level. New forms of economic democracy become real and reasonable options, and the potential of a labor-managed market economy is suggested.

These new possibilities remain vague but are exciting in their potential. They deserve deliberate and determined focus by all sections of the labor movement from the International President to the shop steward. ■